



MONTHLY LENDER NOTICE

Dated: *September 1, 2012*

NOTE TO LENDERS: *The purpose of the Monthly Lender Notice is to provide Lenders with important program information updates and reminders. Interest rate information is published each week in the "Availability of Funds and Notice of Terms Bulletin". A new Monthly Lender Notice is issued by SONYMA by the first calendar day of each month.*

ANNOUNCEMENTS

ELIMINATION OF 40 YEAR MORTGAGE TERM

As announced in Weekly Availability of Funds and Notice of Terms Bulletins since August 10, 2012, SONYMA will no longer offer 40-year mortgages as a product option. Effective for reservations dated on or after **August 31, 2012**, SONYMA will only offer a 30-year term mortgage for all programs. Loans reserved with a 40-year term prior to August 31st that require an extension after this date, will continue to be extended at the 40-year term and higher rate (0.25% more than the equivalent 30-year product). However, after August 30th, SONYMA will not entertain any request to switch the term of any existing 30-year term mortgage to a 40-year term, regardless of the reason.

FANNIE MAE CONVENTIONAL PLUS PROGRAM FOR PURCHASE MONEY MORTGAGES AND REFINANCES

On July 8th, SONYMA sent participating lenders a letter announcing two new products that it would offer as a complement to our existing tax-exempt bond financed programs. The products are designed to take advantage of certain benefits afforded to SONYMA as a state housing agency. SONYMA is preparing to launch the Conventional Plus program that will offer a Fannie Mae MyCommunityMortgage® with:

- no loan level price adjustments;
- lower mortgage insurance coverage requirements;
- the availability of mortgage insurance provided by Genworth Mortgage Insurance or SONYMA's Mortgage Insurance Fund (MIF);
- the availability of SONYMA down payment/closing cost assistance (which can be used to pay a one-time upfront mortgage insurance premium, thus significantly reducing a borrowers monthly payment); and
- the availability of a SONYMA Mortgage Credit Certificate (MCC) for (a) military veterans, and (b) first-time buyers who are: (i) active military; (ii) purchasing a home in specific geographic areas impacted by last year's devastating flooding; or (c) have a household income of 80% of AMI or less.

The product will be available for home purchases and for limited cash-out refinances. Attached is an updated term sheet for Conventional Plus. ***Please note that SONYMA will not be launching the FHA Plus product at this time.***

More information including program operational instructions, forms, lender sign-up information, and training will be forthcoming shortly.

REMINDERS

INCREASES TO GENWORTH MORTGAGE INSURANCE PREMIUMS

Effective for applications received on or after July 25, 2012, Genworth has increased their monthly premiums for mortgage insurance (MI). Attached is Genworth's revised HFA Monthly Premium Rate Card.

CENSUS TRACT NUMBER REPORTING – CONTINUED USE OF 2000 CENSUS TRACTS

Please be reminded that the appraisers must continue to report the Census Tract number on the appraisal report based on 2000 Census Data and not the 2010 Census Data Information. The following link will take you to our Lender Notice dated November 4, 2011 which describes the use of 2000 Census Tracts for Target Area determinations:

<http://www.nyshcr.org/Topics/Lenders/Lenders/Useof2000CensusTracts.pdf>

ELIMINATION OF GENWORTH MORTGAGE INSURANCE JOB LOSS PROTECTION

Job Loss Protection, a benefit provided by Genworth Mortgage Insurance for borrowers who have a mortgage insurance policy from Genworth, will no longer be available for homebuyers effective July 16, 2012. Job Loss Protection will remain in effect for those borrowers who have already received this benefit and will continue to be available for mortgage insurance applications received by Genworth prior to July 16, 2012; however, the loan must close by December 31, 2012.

COMPARE SONYMA WITH FHA

Members of the SONYMA Advisory Council recently developed a reader- friendly comparison between SONYMA and FHA loans. The comparison chart can be found on our [Loan Officer's webpage](#) which contains a wealth of information for loan officers including a list of required forms and documents, MIF and Genworth rate cards, a Loan Officer brochure which can be personalized, product training notes and much more.

LOAN OFFICER RECOGNITION PROGRAM

On May 15th, SONYMA announced a Loan Officer Recognition Program. Each year, SONYMA will release a list of the top 10 producing Loan Officers statewide. Each of the Loan Officer's names will appear in the new 2011 Hall of Fame section of the SONYMA website. In addition, the Top 10 Loan Officers will be recognized as Platinum Award recipients and each Loan Officer's contact information will be posted on the applicable Region page of our List of Participating Lenders. We are also recognizing the top producing Loan Officers within each SONYMA Region. Each have received a congratulatory letter from New York State Commissioner of Homes and Community Renewal, Darryl C. Towns, and their names and contact information will also appear on our website within the Region pages of our [List of Participating Lenders](#). We congratulate all of the top producing Loan Officers of 2011. We're proud to share their accomplishments and we thank them for their commitment to first-time homebuyers across the state.

REVISED MASTER HAZARD AND FLOOD INSURANCE CERTIFICATE, MASTER LOAN FUNDING CERTIFICATION AND SELLER/SERVICER ANNUAL CERTIFICATION DOCUMENTS

On January 30, 2012, SONYMA released [Seller's Guide Bulletin #1-2012](#), announcing two new forms that will reduce the number of hard-copy documents that Lenders are required to submit in each post-closing loan file. Once Lenders have submitted the executed [Master Hazard and Flood Insurance Certificate \(Form 247/1-12\)](#) and the [Master Loan Funding Certification \(Form 248/1-12\)](#) documents to SONYMA, it will no longer be necessary for Lenders to submit a completed and executed document with each closed loan file. The Seller/Service Annual Certification was revised to incorporate the use of these two forms. Please refer to the bulletin for more information.

SUBMISSION OF FILED UCC DOCUMENTS

The New York City Register Office recently announced that they will no longer return filed UCC documents for cooperative loans. Therefore, SONYMA will not require Lenders to submit original filed UCC documents for the counties of Bronx, Kings, New York, Queens, and Richmond. Instead, SONYMA will accept a copy of the filed UCC documents that have been printed from the Automated City Register Information System (ACRIS). Note that Lenders must continue to submit original filed UCC documents for all other counties.

COMING SOON - SONYMA EXPRESS® AUTOMATED UNDERWRITING AND IRS COMPLIANCE SYSTEM

SONYMA, along with the members of the SONYMA Advisory Council, **have almost completed the testing** phases of **SONYMA Express**, our proprietary automated underwriting and IRS compliance system, **and have been providing feedback**. This system will provide automated decisions on SONYMA loan eligibility and eliminate the need for

Lenders to send Pre-Closing compliance file submissions to SONYMA for review. **SONYMA Express** is expected to be launched during the **fourth** quarter of 2012. For more information, [please click here](#).

PROGRAMS

HOMES FOR VETERANS PROGRAM

SONYMA is currently offering the Achieving the Dream Program interest rate to all applicants eligible for the Homes for Veterans Program. Active duty US military personnel and qualified US military veterans are eligible to receive the current Achieving the Dream Program rate as long as their household income is within the income limits of the Low Interest Rate Program. This program allows active duty US military personnel who are first-time homebuyers to take advantage of the benefits of the program.

SONYMA OWN IT, FIX IT NEW YORK! HOME MORTGAGE

Under Own it, Fix it New York! Home Mortgage repair escrow option, eligible purchasers can buy a home and finance the cost of renovating it with one low, fixed rate mortgage. The main features of the Own it, Fix it New York! Home Mortgage are as follows:

- Financing up to the lower of 97% of the “after-improved” appraised value or the Purchase Price plus financeable repairs and allowable “soft costs”;
- Availability of Down Payment Assistance Loan (higher of \$3,000 or 3% of the home purchase price, not to exceed \$15,000);
- Eligible repairs allowed up to the lower of 20% of the “after-improved” appraised value or \$25,000;
- Eligible properties are existing 1 and 2 family homes, PUDs and condominiums; and
- SONYMA will purchase these mortgages from Lenders prior to the completion of repairs and escrow pay-out.

Complete details of the Own it, Fix it New York! Home Mortgage can be found in the [SONYMA Own it, Fix it New York! Home Mortgage Seller’s Guide Bulletin #1-2011](#) and [Bulletin #2-2011](#).

For training information on the Own it, Fix it New York! Home Mortgage, see [Information for SONYMA Participating Lenders](#) or [Information for Loan Officers](#) web pages to view a recent SONYMA staff conducted Webinar; PowerPoint Presentation; list of Eligible Renovations and a list of Required Home Improvement Contract Provisions found under our “**Lender Training Materials**” section.

COMPLIANCE UNDERWRITING

IMPORTANT REMINDER WHEN SUBMITTING FILES TO SONYMA

SONYMA’s Pre-and Post-Closing Checklists (and other SONYMA forms) require Lenders to provide the name, phone number, and email address of the Lender’s contact person. This information is vital as it gives SONYMA the ability to respond quickly and directly with the person most familiar with the loan file.

SONYMA PRE-CLOSING FILE REVIEW

SONYMA’s review time for loan application files is approximately 24 to 48 hours from receipt of the loan file. Lenders could help us improve our turnaround time by ensuring that all documents are submitted in the manner described on the [Pre-Closing Application File Checklist \(Form #225/1-12\)](#). Files submitted with missing or incomplete documents require us to perform multiple reviews of the same file and slows our response time in reviewing newly submitted loans. Additionally, if your loan file is suspended for deficient or further documentation, please submit any corrective or trailing documents at one time.

MORTGAGE INSURANCE/POOL INSURANCE/CREDIT UNDERWRITING

SUBMISSION OF CREDIT DOCUMENTATION AND APPRAISALS FOR PMI/POOL INSURANCE UNDERWRITING

Lenders are reminded that credit documents (paystubs, credit report, bank statements) must be dated within 90 days of the date a file is submitted for PMI/pool insurance consideration. ***Additionally, until further notice, property appraisals must be dated within four (4) months of the date a file is submitted for review.*** If the appraisal is greater than 4 months old at the time of submission, the mortgage insurance underwriter will determine whether an appraisal update or a new appraisal is required. If an appraisal update is submitted and the appraiser states that the value of the property has declined since the original appraisal, a new appraisal will be required. Once a loan has been approved, if the loan does not close prior to the expiration of the pool and/or MI certificate (six (6) months), the credit documents must be updated and a new appraisal is required.

POOL INSURER COMMITMENT TIMEFRAMES

Both Genworth Mortgage Insurance Corporation and SONYMA's Mortgage Insurance Fund ("MIF") issue insurance commitments for a 6-month period, starting from the date the loan is approved for mortgage insurance and/or pool insurance. As a reminder, loans not closing within the 6-month commitment period will require a second review by Genworth and/or MIF, as applicable, to ensure the loan application remains a good credit risk. As such, after the 6-month commitment period has expired, Genworth and/or MIF will require updated credit documentation (paystubs, credit report, bank statements, etc.) and a new appraisal (i.e. Fannie Form 1004 or Freddie Form 70). ***The SONYMA loan must close on or prior to the extended expiration date of the MI/pool commitment.***

INTEREST RATE CHANGES; LAPSE OF COVERAGE; MATERIAL CHANGES TO LOAN FILE AFTER COMMITMENT

If SONYMA approves an extension of the mortgage commitment, lenders are responsible for notifying the pool insurer and the appropriate PMI insurer, if applicable, of changes in interest rates prior to closing. AN INCREASE IN THE INTEREST RATE MAY RESULT IN A REJECTION OF THE LOAN BY THE POOL INSURER. Lenders are also responsible for ensuring that coverage from such insurer has not lapsed prior to loan closing.

Most lenders update credit documents and appraisals prior to closing. In the event these updates indicate the borrower's credit, income, or asset position has changed to the point where the borrower's ability to repay or close on the requested loan amount is impacted, or the value of the property has declined, these updates must be forwarded to the appropriate pool and/or mortgage insurer for reconsideration of the insurance commitment.

SUBMITTING FILES TO THE POOL INSURER

All Low Interest Rate and Achieving the Dream Program loan files must be sent directly to Genworth Mortgage Insurance Corporation for pool (and MI, if necessary) insurance underwriting [not to SONYMA's Mortgage Insurance Fund (MIF)]. Loans for which Genworth elects not to provide mortgage insurance, but which meet SONYMA guidelines, will continue to be approved through Genworth with MIF providing the mortgage insurance. Only loans reserved under the Construction Incentive, Remodel New York, and Habitat for Humanity Programs should be sent directly to MIF for mortgage insurance. Files should be sent as noted below and on the following page:

<i>Program</i>	<i>SONYMA Loan Number Prefix</i>	<i>Pool Insurer Address</i>
<i>Low Interest Rate and Achieving the Dream Programs</i>	890, 895, 910, 915, 920, 925, 935	Genworth Mortgage Insurance Corporation Attn: Central Imaging 8325 Six Forks Road Raleigh, NC 27615
<i>Construction Incentive, Remodel New York, and Habitat for Humanity Programs</i>	892, 896, 912, 916, 919, 932	SONYMA Mortgage Insurance Fund 641 Lexington Avenue, 5 th Floor New York, NY 10022 Attention: Mike Esposito

LENDER ONLINE/LOAN RESERVATIONS

WEEKLY AND MONTHLY LENDER REPORTS

Lenders are encouraged to prepare weekly loan status reports on LOL in order to confirm new reservations, extensions and cancellations, as well as to review the monthly status of all loans in the Lender's SONYMA pipeline. If you need assistance running these reports, please click on the appropriate links located at the bottom of the [LOL Home Page](#) or contact Marie Cammarata for guidance at 212-872-0401 or mcammarata@nyshcr.org. Click here for "[Instructions on How to Run Reports on Lender Online](#)" from our website.

USE PROJECT-SET ASIDE NUMBERS (PSA #) WHEN RESERVING LOANS ON LENDER ONLINE (LOL)

Under SONYMA's Project Set-Aside Program, SONYMA will pre-approve a condominium or co-operative project and agree to finance up to 50% of the units to eligible purchasers. In order for SONYMA to accurately track the number of units reserved in each project, it is very important that Lenders enter the PSA # assigned to the project when registering loans on Lender Online. This will enable SONYMA to maintain a more accurate accounting of the number of units available for financing and assist Lenders in knowing when the maximum has been reached. Below is the link to our Project-Set Aside Approval List which contains a list of SONYMA approved condominium and co-operative projects, the number of loans available for reservation, and the project's respective PSA number.

<http://www.nyhomes.org/assets/documents/ProjectSetAsideApprovalList.pdf>

SONYMA LOAN STATUS

Lenders can get up-to-date loan status information by accessing Lender Online as discussed above or by calling Lou Germanakos at 212-872-0407.

RESERVATION/RATE LOCK-IN REQUESTS & USE OF LENDER ONLINE

Lenders must reserve loans via our internet-based Lender Online ("LOL") system. As a reminder, if you have not been assigned a logon ID and password to allow you to access LOL, please contact your SONYMA Primary Contact. If you do not know whom to contact, please call Lou Germanakos at 212-872-0407 or e-mail him at lgermanakos@nyshcr.org. *LOL Administrators:* When reserving loans on LOL, a Contact Person and Loan Officer must be assigned to the loan; otherwise, the reservation will not be accepted. If the Loan Processor information is available, this name can also be assigned at the time of reservation. Please remember to set up a Contact Person, Loan Officer and Loan Processor for each branch office listed on LOL.

Lenders must be in receipt of a fully executed binder or sales contract, prior to accepting a loan application and registering the loan with SONYMA. Any applications taken without such verification must not be reserved. Reservations made without the proper documentation will be subject to a rate change and possible Lender penalty.

Reminder: Lenders locking new construction loans as short term are advised that Lender paid penalties may result should the loans close beyond the initial lock term.

RESERVATIONS NOT ACCEPTED BY LENDER ONLINE

Lenders will be unable to reserve a loan on Lender Online when (1) the application was taken 7 days or more prior to the reservation date, and (2) the applicant exists on the system from a previous reservation (already reserved, or if the application was denied or withdrawn); only SONYMA personnel can reserve these loans. If you receive a message that the application is 7 days or older or the applicant has a previous reservation, the reservation must be entered by SONYMA. When this occurs, the Lender is required to submit the below listed documents by fax to 917-274-0406:

- *Fully completed and executed [Loan Reservation Worksheet & Rate Certification Form \(Form #238\)](#);
- *1003 (1st page & signature page, executed and dated by applicants);
- *Sales Contract (only the 1st page & the last signature page fully executed) or signed Binder; and
- *Completed and executed [Interest Rate Option Form \(Form #D3\)](#).

SONYMA will research previously canceled or rejected reservations and will contact the sender of the fax if any issues arise. Additionally, for applications of 7 days or more, SONYMA may require the lender to pay a penalty if SONYMA's rates change during that time.

SONYMA LOAN EXTENSION AND RATE RE-LOCK POLICY

Requests for a loan extension, accompanied by appropriate supporting documentation, must be made by completing and submitting the [Loan Extension and Rate Re-Lock Request Form \(Form #235/8-11\)](#) on or before the initial rate expires for any loan not expected to close with the initial rate lock period. Send this request to the attention of Sylvia Roberts, SONYMA Team Leader. The re-locked interest rate will be determined on the date SONYMA receives Form 235 (and all acceptable supporting documentation). SONYMA will review the request and, if approved, will process the extension by modifying the expiration date of the loan and, if applicable, will change the interest rate on Lender Online (LOL) to the re-locked rate. Upon approval of the request, the loan will be extended and the interest rate re-locked for a period of **45 days** in accordance with the policy outlined in [Seller's Guide Bulletin #5-2011](#). Lenders will be able to view the revised expiration date and re-locked interest rate on LOL.

EXTENSION PENALTIES

Lenders who submit a Loan Extension and Rate Re-Lock Request Form *after* the rate expires will be subject to a 0.25% penalty.

MAINTENANCE OF LENDER ONLINE USERS

Lenders are reminded that it is your responsibility to maintain a current list of all LOL users within your organization. *In particular, individuals who are no longer employed by your company should be immediately removed.* For more information, please refer to the [Lender Online User's Guide](#).

CLOSINGS

REMINDER TO NON-SERVICING LENDERS – TIMELY SUBMISSION OF REQUIRED LOAN FILE TO SONYMA'S MASTER SERVICER

Lenders who do not service loans for SONYMA are reminded of their obligations to transfer servicing of loans to SONYMA's master servicer, M&T Bank ("M&T"), in accordance with previously agreed to procedures. [Click here to review the procedures](#). Each Lender has represented to SONYMA that it will transfer the servicing of each loan to M&T within 5 business days of the loan closing date. Lenders must advise borrowers at closing that M&T will be servicing their loan. Lenders may not process any servicing transactions prior to transfer and any mortgage payments received are to be sent to M&T for processing. ***Failure to do so may result in SONYMA suspending your company from taking new loan applications.***

MISCELLANEOUS INFORMATION

ANOTHER WAY TO FIND US

What's a simple, easy way to remember SONYMA's website? SONYMA.org

LOAN OFFICER WEB PAGE

SONYMA maintains a web page specifically for Loan Officers. All the tools necessary for a Loan Officer to originate SONYMA mortgages are located on one comprehensive page. To access this page, please click here: [Information for Loan Officers](#).

INQUIRIES REGARDING LOAN DECISIONS

Lenders are advised not to refer applicants to call Genworth, SONYMA, or the MIF regarding loan decisions. All dialogue should be between the SONYMA Lender, and Genworth or SONYMA/MIF.

SONYMA RELATIONSHIP MANAGER

Please contact SONYMA's Relationship Manager if you need assistance with training on products, or guidance on policies or procedures. Please feel free to contact Gail using the following information:

Downstate (Albany and South)

Gail Kresge

Cell 917-576-8250

gkresge@nyshcr.org

Upstate (North and West of Albany)

VACANT AS OF JULY 11, 2012

RETIREMENT OF LYNN MORRIS

After 5 years of outstanding service, Lynn Morris has retired from her Upstate Relationship Manager position. Lynn's dedication and knowledge will be sorely missed. SONYMA is in the process of identifying a replacement for Lynn. As soon as that occurs, we will advise lenders. In the meantime, please contact Gail Kresge at 917-576-8250 or gkresge@nyshcr.org, or Marie Cammarata at 212-872-0401 or mcammarata@nyshcr.org.

LOAN PURCHASE PROCEDURE

SONYMA will purchase approved post-closing loans on Thursdays. If Thursday is an Agency holiday, the loans will be purchased on Friday. Lenders will be advised by e-mail when each closed loan document file has been approved for purchase. The mortgage loan will be purchased on the next scheduled purchase date. Until further notice, all loans will be purchased under the Homeowners Mortgage Revenue Bond (HMB) Indenture.

SONYMA HOLIDAYS

[SONYMA will be closed on Monday, September 3, 2012 in observance on Labor Day.](#)



Conventional Plus Program Term Sheet

MAIN FEATURES	
<ul style="list-style-type: none"> • Competitively priced, 30-year fixed interest rate mortgages; • Significantly lower mortgage insurance coverage requirements. MI will be provided by the SONYMA Mortgage Insurance Fund (“MIF”) for mortgage loans that meet the terms of the Program, but that private mortgage insurers are unwilling to insure in the current market. • Down payment/closing cost assistance up to 3% of the home purchase price (but not to exceed the maximum CLTV) (assistance can be used to pay one-time upfront mortgage insurance premium, eliminating the need for a monthly MIP); • Mortgage Credit Certificates (“MCCs”) will be made available by SONYMA to: homebuyers who are military veterans, and first-time homebuyers who: (i) are in active duty military; (ii) who purchase a home in specific geographic areas of the State (described below); or (iii) who have an income of 80% of AMI or less. <p>The MCC will enable borrowers to convert a portion of their annual mortgage interest into a direct tax credit on their Federal tax return.</p>	

PROGRAM TERMS	
Eligible Products	<ul style="list-style-type: none"> ➢ Fannie Mae MyCommunityMortgage® (MCM) ➢ Freddie Mac Home Possible Mortgages
Interest Rate	Fixed-rate only. Rates will be published daily by M&T Bank.
LLPAs and Adverse Market Fees	No LLPAs. Adverse market fee of 25bps included in rate pricing.
Borrower Points	None required. Borrower may elect to pay points to obtain a lower rate.
Rate Lock Period	60 or 90 days (90 day locks will have a higher interest rate)
Maximum Lender Compensation and Allowable Fees	2% of loan amount (As with traditional SONYMA financing, Lenders may charge up to \$850 in ancillary fees)
Eligible Loan Purpose	Purchase Money Mortgages and Limited Cash-out Refinances
Eligible Occupancy	Owner-occupied primary residences only
Eligible Terms	30-year terms only
Maximum LTV/CLTV	<ul style="list-style-type: none"> ➢ 97%/105% for 1-family homes ➢ 95%/100% for 2- to 4-family homes & coops
Subordinate Financing	Must meet the requirements of Fannie Mae’s Community Seconds® Checklist
Maximum Loan Limits	Fannie Mae maximums: <ul style="list-style-type: none"> ➢ 1-Family \$417,000 ➢ 2-Family \$533,850 ➢ 3-Family \$645,300 ➢ 4-Family \$801,950
Purchase Price Limits	SONYMA Purchase Price limits apply for loans with MCCs only.
SONYMA Down Payment Assistance Loan (DPAL)	<ul style="list-style-type: none"> ➢ Maximum assistance equal to 3% of the home’s purchase price (not to exceed the maximum CLTV) ➢ Interest rate on first mortgage will be higher ➢ “Soft” second mortgage

	<ul style="list-style-type: none"> ○ 10 year term ○ Requires no monthly payment ○ Must be in a second lien position ○ Bears no interest <ul style="list-style-type: none"> ➤ May be used for closing cost assistance in the event of a refinance, including for the payment of a one-time upfront mortgage insurance premium. ➤ Down Payment Assistance will be evaluated as a gift when identified in DU as a Community Second. It must be included, however, when determining the actual CLTV.
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BORROWER ELIGIBILITY	
First-Time Homebuyer Requirement	No, except for MCCs. Target Area and Veteran waivers apply.
Household Income Limits	<ul style="list-style-type: none"> ➤ For non-MCC borrowers, SONYMA's Low Interest Rate Income Limits apply. ➤ For MCC borrowers who are: <ul style="list-style-type: none"> ○ military veterans; active duty military; or purchasers of homes located in specific geographic areas of the State (see below), SONYMA's Low Interest Rate Income Limits apply. <p>Otherwise, income must be 80% of AMI or less.</p>
Minimum Borrower Contribution (Own funds)	<ul style="list-style-type: none"> ➤ 0% - 1-Family Homes, Condos ➤ 3% - 2- to 4-Family Homes & Co-ops (when LTV exceeds 80%)
Pre-Purchase Homebuyer Education & Counseling Requirements	Pre-Purchase Homebuyer Education required for at least one borrower. Counseling from a HUD-approved homebuyer counseling agency is preferred but web-based counseling from a PMI company is acceptable.
Mortgage Credit Certificates (Only available for Conventional Plus borrowers) (Not applicable for Refinances)	<ul style="list-style-type: none"> ➤ Eligible Homebuyers: <ul style="list-style-type: none"> ○ Lower income first-time homebuyers (80% of AMI or less); ○ Military veterans (do not have to be first-time homebuyers); ○ Active duty military including National Guard and reservists (must be first-time homebuyers unless purchasing in a SONYMA Target Area); and ○ First time homebuyers purchasing homes located in the: <ul style="list-style-type: none"> ▪ Counties of Broome, Delaware, Greene, Schoharie, and Tioga; ▪ Cities of Port Jervis and Middletown and the Village of Goshen (in Orange County); and ▪ Towns of Hurley, Olive, Shandaken, Shawangunk, Ulster, and Wawarsing (in Ulster County). ➤ Issued by SONYMA, the certificate allows borrowers to annually convert 20% of their annual mortgage interest into a direct <u>Federal</u> tax credit – typically resulting in significant Federal income tax savings. ➤ Credit may be taken annually until mortgage loan is extinguished as long as the home remains the borrower's principal residence. ➤ The amount of the tax credit cannot exceed the amount of a borrower's <i>annual</i> federal income tax liability. Unused portions of the credit can be carried over for up to 3 years. ➤ All MCC applicants must meet SONYMA IRS compliance requirements including income and purchase price limits. ➤ MCC applicants will be required to pay an MCC fee of 0.25% (of the loan amount) to SONYMA
Owner Occupancy	Yes, required for all loans. If applicable, the MCC can be revoked if the property is no longer occupied by the borrower(s).

PROPERTY ELIGIBILITY	
Eligible Property Types	<ul style="list-style-type: none"> ➤ 1- to 4-Family homes including condos, PUDs and coops ➤ For MCCs, new 2-Family homes must be located in a Target Area. New 3- and 4-Family homes are NOT eligible.
Manufactured Housing	NOT eligible
Property Use (for MCC Loans only)	No more than 15% of the home can be used for business or commercial purposes.
Project Loans	Condo, PUD, and Co-op developments must meet Fannie Mae guidelines.

MORTGAGE INSURANCE	
Mortgage Insurance	Must be provided by Genworth Mortgage Insurance Corporation or SONYMA's Mortgage Insurance Fund (MIF). MIF will provide coverage on qualified loans that Genworth is unwilling to insure.
Mortgage Insurance Coverage Amounts	<ul style="list-style-type: none"> ➤ LTVs > 95% and <=97%: 18% ➤ LTVs > 90% and <=95%: 16% ➤ LTVs > 85% and <=90%: 12% ➤ LTVs > 80% and <=85%: 6%
Delegated Underwriting	Not Permitted. All loans must be underwritten by the MI company.
Pool Insurance	Not required

UNDERWRITING	
Allowable AU Recommendations	<ul style="list-style-type: none"> ➤ DU: Approve/Eligible ➤ LP: Accept
Manual Underwriting	Not Permitted
Maximum AU Qualifying Ratios	➤ Determined by DU or LP (Not to exceed 40%/45%)
Minimum Credit Score	Determined by DU or LP
Acceptable Sources for Flexible Funds (once minimum borrower contribution has been made, where applicable)	<ul style="list-style-type: none"> ➤ Gift from family member ➤ Grant or loan from a non-profit organization, municipality or employer ➤ Fannie Mae Community Seconds mortgage
Other Income	<p>Up to 30% of qualifying income can come from:</p> <ul style="list-style-type: none"> ➤ documented boarder income with a 12 month history (relatives or non-relatives) for the purchase of a single family home, or ➤ income from an occupying co-borrower lacking a traditional credit history, or ➤ projected rental income based upon the "lesser of" actual or projected rents may be used as qualifying income <ul style="list-style-type: none"> • 75% for 2-family homes • 65% for 3- and 4-family homes
Non-Traditional Credit	Not permitted.
Reserves	Not Required
Interested Party Contributions	<ul style="list-style-type: none"> ➤ Maximum 3% for CLTV's above 90% ➤ Maximum 6% for CLTV's <= 90%

PROGRAM STRUCTURE/MASTER SERVICER	
Financing Structure	Fannie Mae MBS
Master Servicer	M&T Bank
Loan Process	<ul style="list-style-type: none"> ➤ Loans must be registered and locked with the Master Servicer. MCCs must be registered on SONYMA’s Lender Online system. ➤ Lenders will underwrite and originate loans in accordance with the program terms and Fannie Mae requirements. ➤ Loans over 80% LTV require MI. MIF-insured loans must be submitted to SONYMA MIF for approval. ➤ MCC compliance files, along with the 0.25% MCC fee, must be submitted to SONYMA for approval prior to closing. ➤ Lender will deliver closed loan files (by the lock expiration date) to the Master Servicer for review and approval. ➤ Lender will deliver post-closing MCC loan files to SONYMA, if applicable. <p>Loans will be purchased by the Master Servicer who will pool the loans and request Fannie Mae to issue a mortgage-backed security (MBS).</p>

Except as otherwise stated, loans must be underwritten in accordance with the MCM credit underwriting requirements currently in effect.

Note: SONYMA and its partners continue to discuss the above terms. While we do not expect major deviations from these terms, they are subject to change.