MONTHLY LENDER NOTICE

Dated: September 1, 2011

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.*

ANNOUNCEMENT

FANNIE MAE/FREDDIE MAC UNIFORM MORTGAGE DATA PROGRAM (UMDP)

Effective September 1, 2011, Fannie Mae and Freddie Mac are requiring that appraisers utilize new Uniform Appraisal Dataset (UAD) report standards. The purpose of the new requirement is to make uniform terminology used by property appraisers and to improve reporting consistency. In March 2012, the GSEs will also require Lenders to electronically deliver the data to the GSEs via a web portal. *At this time*, SONYMA encourages, but will not require, Lenders to submit appraisals using the UAD standards. Appraisal reports must continue to be submitted to SONYMA using the most recent version of the Uniform Residential Appraisal Report (Fannie Mae Form 1004/Freddie Mac Form 70); Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073/Freddie Mac Form 465); Individual Cooperative Interest Appraisal Report (Fannie Mae Form 2090); Small Residential Income Property Appraisal Report (Fannie Mae Form 1025/Freddie Mac Form 72); or Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B), as applicable.

PROGRAMS

SONYMA OWN IT, FIX IT NEW YORK! HOME MORTGAGE

On March 14, 2011, SONYMA announced the Own it, Fix it New York! Home Mortgage repair escrow option. Under this 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**.**

CHANGES TO DOWN PAYMENT ASSISTANCE LOANS (DPAL)

As announced in our March 18, 2011, Weekly Availability of Funds and Notice of Terms Bulletin, effective for reservations made March 18, 2011, and until further notice, SONYMA has reduced the interest rate differential for loans with a Down Payment Assistance Loan ("DPAL") from 0.5% to 0.375% and increased the maximum DPAL

amount from $10,000 to $15,000. Please be reminded that DPALs must be in a second lien position for SONYMA to be legally able to purchase the DPAL. For more information on our Down Payment Assistance Loan (DPAL) click on the following link: **http://www.nyhomes.org/Home/Buyers/SONYMA/DownPaymentAssistanceLoan(DPAL).htm**

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 #225/3-11)**. 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.

GENWORTH'S JOB LOSS PROTECTION PRODUCT

Genworth offers job loss protection to any borrower receiving Genworth mortgage insurance. This product is available at no additional cost to borrowers or Lenders and provides protection from temporary unemployment. Borrowers who become involuntarily unemployed will have their mortgage payments covered up to a maximum of $2,000 a month for a three month period, per occurrence (to a maximum of 6 months). For more information, please see our website (**http://www.nyhomes.org/Home/Buyers/SONYMA/JobLossPaymentProtectionPlan.htm**).

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 on the following page:

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

LENDER ONLINE/LOAN RESERVATIONS

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 projectand 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 projectwhen 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 or 7 days or more, SONYMA may require the lender to pay a penalty if SONYMA's rates change during that time.

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

RESPA GUIDELINES FOR SONYMA DOWN PAYMENT ASSISTANCE LOANS

On October 6, 2010, HUD released a notice exempting, among other things, certain down payment and closing cost assistance products from Sections 4 and 5 of the Real Estate Settlement Procedures Act ("RESPA") requirements. Because SONYMA funds its Down Payment Assistance Loan ("DPAL") with proceeds from tax-exempt mortgage revenue bonds, DPALs qualify for this exception. However, Item "E. Settlement Cost" of the notice states (as one of six eligibility characteristics) that if the second mortgage settlement charges exceed one percent (1%) of the down payment assistance loan amount, the loan is NOT exempt from the RESPA requirements. SONYMA believes that due to the one percent (1%) settlement cost requirement, most DPALs will not be exempt from RESPA requirements since the combined cost of the recording fee and the New York State mortgage tax for the DPAL will likely exceed one percent (1%) of the second mortgage loan amount. Therefore, lenders should prepare a GFE and HUD-1 for the DPAL when the costs exceed one percent (1%). However, in those instances where the DPAL loan expense is less than one percent (1%), it is not necessary for the lender to prepare the GFE and HUD-1 for the DPAL. Refer to **Lender Letter dated October 27, 2010** for more details.

Important Note: Please be advised that SONYMA does not give legal advice. Lenders must make their own determination as to whether these forms are necessary.

CLOSING INTEREST RATE CALCULATOR

Lenders are reminded that the **Closing Interest Rate Calculator** is the only source available to assist Lenders in determining closing interest rates for SONYMA loans. A revised calculator will be published each Friday morning.

MISCELLANEOUS INFORMATION

ANOTHER WAY TO FIND US

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

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.

COMING THIS FALL – SONYMA AUTOMATED UNDERWRITING AND IRS COMPLIANCE SYSTEM

SONYMA is developing a system that will transform the way we do business. 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. For more information, **please link here**.

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.**

SONYMA HELPFUL TIPS

SONYMA periodically publishes helpful tips to provide Lenders with information regarding SONYMA financing. Note that we maintain an archive of these tips on our website (**http://www.nyhomes.org/Lenders/Lenders/ArchiveofWeekly LenderTips.htm**), with links from both the Lender and Loan Officer pages.

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 MANAGERS

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

Downstate (Albany and South)	Gail Kresge	Cell 917-576-8250 **gkresge@nyshcr.org**
Upstate (North and West of Albany)	Lynn Morris	Cell 917-613-1465 **lmorris@nyshcr.org**

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.***

SONYMA COMMITMENT EXTENSION REQUESTS

Requests for an extension of the commitment, accompanied by appropriate supporting documentation, must be made by completing and submitting the **Commitment Extension Request Form (Form #235/3-11)** to the attention of Sylvia Roberts, SONYMA Team Leader. SONYMA, at its sole discretion, will determine if the extension request is valid and may assess penalties to the Lender as described on the form. Upon the commitment being extended, the initial interest rate field on Lender Online will display "TBD". If the extension is granted, the loan must close at the rate stated in the **Closing Interest Rate Calculator**. Loans requiring extensions, depending on when reserved, may close at a substantially higher rate than initially locked. Before closing any loan that has been extended by SONYMA, Lenders must ensure that the higher interest rate is acceptable to any mortgage insurer and the Pool Insurer (Genworth or MIF). In addition, please note that an extension from SONYMA does not imply an extension of the pool insurance commitment. Please see above.

REMINDER: **When SONYMA extends a commitment, it is extending the time period to close a loan. It is NOT extending the interest rate.**

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 Mortgage Revenue Bond (MRB) Indenture.

SONYMA HOLIDAYS

SONYMA will be closed for business on Monday, September 5th in observance of Labor Day.

SONYMA FREQUENTLY ASKED QUESTIONS

1) Does SONYMA require a minimum number of credit references?

Applicants must have at least three lines of credit (trade lines) established for a minimum period of 18 months prior to the mortgage loan application date. If not, the loan must be manually underwritten. Alternative or non-traditional credit references that require regular periodic payments such as rent or utilities may be verified and included in the manual underwriting submission.

2) In the case of a joint application, must BOTH the borrower and the co-Borrower meet the minimum credit reference requirement?

No. Only the "primary" borrower (the applicant with the most income) must meet this requirement.

3) Must a revolving trade line on a traditional credit report be currently "active" in order to be counted?

No. The revolving trade line must have been "open" for a period of 18 months prior to the date of application. A revolving account that has been open for 18 months *but never used,* however, *would not be eligible.*

4) Can a paid-off installment loan be counted as an eligible credit reference?

Yes.

5) Does a revolving account that was opened more than 18 months prior to loan application but now appears "closed" qualify?

Yes, as long as the account was used.

6) If a borrower has only 1 or 2 eligible credit references on his/her traditional credit report, can non-traditional credit references be used to meet the minimum requirement?

Yes. Any combination of traditional and non-traditional credit may be used to meet the 3 credit reference minimum. If, however, the traditional credit report does not include at least 3 eligible trade lines, the LP or DU decision is not valid and the loan must be manually underwritten.

7) A borrower has the required number of traditional credit references, meets SONYMA credit underwriting requirements, yet the loan does not receive a standard approval through automated underwriting. May the loan be submitted as a manual underwrite?

Yes. If the loan meets SONYMA credit underwriting requirements, you may disregard the LP/DU credit decision and submit the loan as a manual underwrite.

8) What are SONYMA's qualifying ratios?

The housing payment and debt ratios for manually underwritten loans (LTV's of 97% or less) are 40% and 45%, respectively.

9) When verifying rental payments, is a standard VOR form acceptable documentation?

A standard VOR is acceptable only if the landlord is a management company. When the landlord is an individual, borrowers must provide either 12 consecutive months of cancelled checks or 12 consecutive monthly bank statements reflecting the clearing of rental payments.

10) Under what circumstances can a qualified Guarantor be added to the loan?

If a borrower does not have the minimum number of credit references but otherwise meets SONYMA credit underwriting guidelines, a qualified Guarantor with an acceptable credit history may be added to the loan to provide additional security. The Guarantor's income MAY NOT be used for qualifying purposes. The Guarantor must be a blood relative and may not be a spouse. Lenders must submit a complete credit package on the Guarantor (i.e. 1003, credit report, income verification). The Guarantor will sign the Note at loan closing and is required to sign the Mortgagor's Affidavit at both application and loan closing.

11) What is the age of the credit documents and appraisal reports at time of loan submission? At time of closing?

Lenders must ensure that credit documents (paystubs, credit report, bank statements) are dated within 90 days and that property appraisals are dated within four (4) months of the date that a file is submitted for MI/Pool insurance consideration. The credit and appraisal documents must be updated upon the expiration of the MI/Pool Certificate. In no event may the appraisal be more than one (1) year old at the time of loan closing.

12) Does SONYMA require color photographs of the subject property and comparables and where does the Lender send the appraisal for review?

SONYMA's pool insurer requires that the appraisal report include color copies of photographs of the subject property and of the comparable sales. ***Loans will be suspended by the pool insurer if the appraisal report does not include color copies of the photographs.*** The color photographs should be e-mailed to Genworth Mortgage Insurance Corporation (**branch.albany@genworth.com**). Please include the SONYMA # and borrower's name in subject line of the e-mail.

13) What type of Mortgage Insurance (MI) is required on SONYMA loans and what are the monthly premiums?

The premium rates for both Genworth Mortgage Insurance Company and SONYMA's Mortgage Insurance Fund ("MIF") are attached to this FAQ as exhibits. You will note that the premiums differ. For the programs that Genworth underwrites for Mortgage Insurance (Low Interest Rate and Achieving the Dream), Lenders may wish to disclose to applicants the highest premium which appears on either exhibit for the applicable LTV, to ensure applicants are not quoted a premium lower than they will actually will be required to pay. For all other programs, the MIF will be the primary insurer and thus, MIF's premiums should be used.

14) Does SONYMA require a walls-in policy for Condominiums?

Yes. SONYMA requires that borrowers obtain a "walls-in" coverage policy (commonly known as an HO-6 policy) for condominium units, if the condominium master policy does not provide the same interior unit coverage. See our **Seller's Guide Bulletin #2-2010** for more details.

15) Does SONYMA have a list of approved Condominiums and Co-ops?

SONYMA's list of approved projects under the Project Set-Asides program can be found on SONYMA's website on the **Information for SONYMA Participating Lenders** page and the **Information for Loan Officers** page. The Project Set-Aside approval list provides information pertaining to SONYMA's approved condominium and cooperative projects. When reserving loans on our Lender Online (LOL) system, lenders must select the appropriate project name from the drop-down list in the "Project" field. If the project name does not appear on the LOL drop-down list, please contact our Project Set-Aside Program Director, Marie Cammarata, at **mcammarata@nyshcr.org** for assistance. If you find that the number of units financed is near the allotted loans available for financing, we strongly recommend that you contact Marie Cammarata to establish if any more units are available for financing.