



## **Submission of SONYMA Express® Post-Closing Loan Files**

### **Training Module**

### **Revised April 2016**

This module is intended to assist Lenders in completing and packaging the post-closing loan files that must be sent to SONYMA for review and approval. SONYMA reviews each post-closing file to ensure that the documentation meets SONYMA's requirements and complies with specific IRS regulations, and conditions of the SONYMA Express® Findings Report have been satisfied. Adherence to the following will greatly enhance the likelihood of receiving timelier purchases of Mortgage Loans from SONYMA. Please note that any capitalized words or terms shall mean those as defined in the Seller's Guide. Further, the terms "Mortgagor" and "Borrower" and the terms "Seller" and "Lender" are used in this document interchangeably.

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*This module applies to all SONYMA programs except as stated herein and submitted through SONYMA Express® loans. For lenders not utilizing SONYMA Express®, please refer to "Submission of Post-Closing Loan Files Training Module".*

#### **A. PROCEDURE TO SUBMIT POST-CLOSING LOAN FILES**

Each **post-closing** loan file containing the listed documents, completed and executed as set forth below, must be submitted to SONYMA for approval.

Seller must submit each post-closing loan file to SONYMA via upload to SONYMA Express®. Simultaneously, Seller must submit certain HARD-COPY original documents as described below to:

**SONYMA**  
**641 Lexington Avenue, 2nd Floor**  
**New York, NY 10022**  
**Attn: Originations Unit**

SONYMA will not approve any Mortgage Loan for purchase unless it has received all of the required original documents.

Lender must receive SONYMA approval of the post-closing package within 35 days from the Closing Date. If SONYMA does not approve the post-closing file within this timeframe, Lender will be assessed late delivery penalties. Please see Section 2.710(f) of the Seller's Guide for more details on penalties. To afford SONYMA sufficient time to review and approve the Mortgage Loan file, Lender must submit the required file not later than three (3) business days prior to the 35th day from closing.

Upon receipt of a Mortgage Loan file, SONYMA will review the file and e-mail a notice of decision to Lender within 3 business days of file receipt. Lender will be required to access the Lender Online system (LOL) to determine the loan status and, if applicable, the documentation necessary to obtain loan approval. If the file is approved, the notification will include the scheduled purchase date. Files containing inadequate documentation will not be purchased until all deficiencies have been cured.

## **B. GENERAL INFORMATION**

### **Signed A/K/A**

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In the event of a change in Mortgagor(s) name, [a signed A/K/A, is acceptable.](#)

### **Power of Attorney**

Power of Attorneys for Mortgagor(s) or the property seller are acceptable to execute the Mortgage Loan closing, except a Power of Attorney on behalf of Mortgagor(s) cannot reaffirm the Recapture Notification and Mortgagor(s) Affidavit (SONYMA Form 211) (see Item E. 11. below).

### **Closing Interest/First Payment Date**

Lender must collect interest from the date of the loan closing through the end of the month. If the loan closes on the first calendar day of the month, no closing interest should be collected. For Mortgage Loans closed on the first calendar day of the month, the first principal and interest payment will be due on the first day of the succeeding month. For Mortgage Loans closed on the second day through the last day of the month, the first principal and interest payment will be due on the first day of the second month following the loan closing.

**Example:** If a loan closes on July 13, Lender should collect 19 days of interest at the closing, counting the day of closing as day number one. The first payment date would be September 1.

**Example:** If a loan closes on July 1st, Lender should not collect any interest at closing. The first payment date would be August 1.

### **Errors**

Any errors must be stricken and the correct information specified and initialed by all Mortgagor(s).

### **Computer Produced or Third-Party Printed Documents**

SONYMA permits Lenders to computer-produce or third-party print documents. Within 90 days of each Lender's fiscal year-end, Lenders must execute and submit to SONYMA the [Seller/Service Annual Certification Form \(Form 240/1-12\)](#), which certifies, among other things, that Lender has complied with the requirements for reproducing SONYMA documents. Regardless of the entity that produces the forms, Lender is fully responsible for ensuring that the forms will contain the exact language as, and will look similar to the camera-ready versions published by, as applicable, SONYMA, Fannie Mae, Freddie Mac, or HUD. Lender will also be responsible for ensuring that any future changes or revisions to the documents are made by the required implementation dates.

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### **RemodelNY Repair Escrow Option**

Many homes in New York State that have been foreclosed and/or sold as a "short sale" suffer from deferred maintenance and require repair. The SONYMA [RemodelNY Repair Escrow Option](#) is designed to provide mortgage financing to homebuyers to purchase and repair homes. This enhancement can be utilized with specific SONYMA programs for 1- and 2-family homes, PUDs and condominiums. Cooperatives, 3- and 4-family homes, and manufactured homes are not eligible for the [RemodelNY Repair Escrow Option](#).

*Refer to the [SONYMA RemodelNY Repair Escrow Option announcement](#) for additional information. For a list of the required documents for the RemodelNY Repair Escrow Option, see Section F of this Post-Closing Loan File Training Module.*

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**Escrow Holdback (for Loans Not Utilizing the SONYMA RemodelNY Repair Escrow Option)**

Escrow holdbacks are permitted for weather related items only. No structural repairs, no health or safety repairs, no roofs or foundation work are permitted. For permission to hold an escrow for repairs or other situations, e-mail a letter of request, along with signed bids, contractor information, source of funds for escrow, and other relevant documentation, to the SONYMA Quality Control and Renovation Escrow Administration Analyst. If the borrower is funding the escrow account, the funds should be reduced from their available assets when calculating funds available for closing. Escrow amount will be 1½ times the cost of repairs. Funds are to be held by Lender. SONYMA will purchase the loan prior to completion of the weather related items. The Lender is required to obtain a completion inspection, including color photographs, to ascertain that all conditions/work have been met or completed in a satisfactory manner. The lender should provide the final inspection, along with color photographs to SONYMA for review prior to releasing the escrowed funds. All weather related work should be completed by June 15, of the year the loan closes, and inspections should be completed and provided accordingly. Note that it is not necessary to submit an escrow hold-back request if the escrow hold-back is less than \$2,000.

**Title Issues**

Any title exceptions, certificate of occupancy problems, easements, rights-of-ways, building violations, etc. that might adversely affect SONYMA's security or the future marketability of the property must receive SONYMA's prior written approval. Send such requests for approval to the Post-Closing Manager.

**Mortgage Servicing**

If Lender does not service Mortgage Loans for SONYMA, a copy of the servicing file, as required by SONYMA's master servicer, M&T Bank, must be sent to M&T within **five (5) days of closing**, along with a check for all prepaid escrows.

***M&T Bank needs to book a Mortgage Loan and begin servicing to provide SONYMA with the current unpaid balance. If M&T does not receive file as required, the purchase of the Mortgage Loan will not take place or will be delayed.***

For more information on transferring servicing, please see [Requirements for Transferring Servicing to SONYMA's Master Servicer \(for Non-Servicing Sellers\)](#).

**C. DOCUMENT SUBMISSION**

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**ALL OF THE DOCUMENTS DESCRIBED IN SECTIONS C, D, E, AND F BELOW, AS APPLICABLE, MUST BE ACCURATELY COMPLETED AND UPLOADED TO BLITZDOCS (SONYMA'S DOCUMENT MANAGEMENT VENDOR) VIA SONYMA EXPRESS®.**

**Post-Closing Loan File Checklist for SONYMA Express® Loans (Form #S1/3-15)**

Lender uses this form to certify to SONYMA that the loan is being submitted in accordance with SONYMA guidelines. Lender also uses this form to determine if all documentation, as required by SONYMA, is completed and submitted in the appropriate format. The checklist, if used properly, will greatly reduce the possibility of SONYMA rejecting or suspending the file.

Lender to complete the form as follows:

- a. On page 1, the SONYMA Number, Closing Date, Borrower(s) Name, Property Address, and Lender Name and contact information.

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- b. In the appropriate boxes, check applicable box for Program Name, the SONYMA RemodelNY Repair Escrow option, and/or DPAL option.
- c. Indicate if the loan is being closed with a SONYMA Down Payment Assistance Loan (DPAL), RemodelNY Repair Escrow Option, as an ENERGY STAR®, Homes for Veterans or Community Land Trust loan option(s).
- d. Place an "X" by each item that is applicable to the loan file being submitted.

**Note: The Contact Person should be the individual that is most familiar with the loan file. Questions and correspondence from SONYMA will be directed to this person.**

### **D. COMPLIANCE REVIEW OF PRE-CLOSING CREDIT DOCUMENTS**

The following credit documents, as applicable, in addition to those documents listed in Section E below, will be reviewed by SONYMA for IRS compliance purposes and MUST be uploaded to SONYMA Express®. If the most recent versions of the documents in this Section D have already been uploaded to SONYMA Express®, they do not have to be reloaded.

**Note: The items listed below are intended only for SONYMA compliance purposes. They are not intended to cover all documentation requirements of the Pool Insurer. Lender must ensure that it has an effective pool insurance certificate prior to closing any loan.**

#### **1. Standard Fannie Mae/Freddie Mac Residential Loan Application (Fannie Mae Form 1003)**

Initial (handwritten or computer produced) **and** verified final application (1003) are required. Document should reflect the interest rate as reserved on SONYMA Express®.

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Document must be fully completed with any DPAL **and renovation** amounts added to the Details of Transaction section and any gift funds or subsidies should **be shown** in the Assets or Details of Transaction section. ***The initial and final applications must be signed and dated.***

#### **2. Uniform Underwriting & Transmittal Summary (Fannie Mae Form 1008)**

Fully completed Transmittal Summary (1008) is required.

#### **3. Fully Executed Contract of Sale**

Fully executed contract is required. Lenders are permitted to reserve loans with a fully executed binder in lieu of a formal sales contract. *If a binder was used to reserve a loan with SONYMA, a copy of the binder must also be submitted.*

The contract or binder must **pre-date** the application. The contract must contain all terms and conditions, riders, and property condition disclosure or \$500 credit to Applicant(s). Contract must be signed by all Applicant(s) and property sellers. If new construction, any change orders must also be submitted.

If the loan was reserved under SONYMA's ENERGY STAR® Program, the contract of sale must state that the home is being built in accordance with the New York ENERGY STAR® labeled home requirements. ***The loan must not be closed at the special incentive interest rate until the Home Energy Rating Certificate (HERC) is obtained.***

## **4. Standard Fannie Mae/Freddie Mac Appraisal Report**

SONYMA requires that all photographs be in color and legible.

Acceptable forms, depending on the property type, are as follows:

- a. Uniform Residential Appraisal Report (Fannie Mae Form 1004/Freddie Mac Form 70);
- b. Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073/Freddie Mac Form 465);
- c. Individual Cooperative Interest Appraisal Report (Fannie Mae Form 2090);
- d. Small Residential Income Property Appraisal Report (Fannie Mae Form 1025/Freddie Mac Form 72);
- e. Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B).

Clear, descriptive original or laser-produced color photographs must be incorporated within the report. At minimum, photographs should be: (1) a front view of the property showing the complete improvements; (2) a rear view of the property; (3) a street scene showing neighboring improvements; and (4) interior photographs, which must include the kitchen, all bathrooms, main living area, any examples of physical deterioration, and any examples of recent updates, such as restoration, remodeling, and renovation. Additional color photographs will be necessary as described below.

**3/30/16** Lender should instruct appraisers to describe in detail the usage and the interior of any outbuildings, barns, etc. where there is evidence of plumbing or electricity, or evidence of **illegal or other residential use**. Color photos of the exterior and interior of such buildings are required.

**3/2/15** If the borrower is utilizing the SONYMA **RemodelNY Repair Escrow option**, the appraisal report must reflect the “as-repaired” value of the property (subject to satisfactory completion). The appraisal must contain a copy of the Specification of Repairs or detailed list of the improvements the appraiser considered in determining the after-improved value. All other conditions of the appraisal report must be satisfied prior to loan closing.

Lender should have appraiser provide detailed comments on any of the following items:

- 3/30/16**
- a. Property does not comply with local zoning ordinances.
  - b. Property shows evidence of an **illegal** use.
  - c. Property contains more kitchens than housing units (provide clear, color photos of kitchen and surrounding area).
  - d. Any grants/subsidies referenced in the purchase contract.
  - e. Property utilizes a private sewer system.
  - f. Property utilizes a private well as its water source.
  - g. Property appears to have structural defects, water seepage/damage, evidence of pest infestation/damage, and/or evidence of asbestos.

**3/30/16** **Policy for Properties with Additional Kitchens**

SONYMA has modified its policy regarding the presence of a second kitchen in a SONYMA property. SONYMA requires that no financed home contain rental units other than those specifically permitted via the Certificate of Occupancy. To ensure compliance with this rule, when a property contains more kitchens than the number of legal living units in the property (e.g., accessory apartment, in-law suite, summer/canning kitchen), SONYMA previously required the removal of additional kitchen’s cabinetry, appliances, sinks and the capping of any plumbing inside the relevant wall.

To satisfy this requirement, SONYMA will rely on the following statement made by all Borrowers and non-applicant titleholders in Section 5 of the Recapture Notification and Mortgagor's Affidavit (Form

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211) affirming that for the entire term of the SONYMA mortgage, that they will not permit the property to be occupied by more families than is allowed under the applicable certificate of occupancy or its equivalent.

If the appraisal, or any other documentation in the loan file, reflects more kitchens than the number of legal living units, lenders should address any reference made by the appraiser regarding the presence of a potential illegal rental unit. If there is an illegal use, SONYMA will require the removal of the additional kitchen. However, if the loan file shows no indication of an illegal use, SONYMA will no longer require removal of the additional kitchen.

As a reminder, for credit underwriting purposes, a property with an accessory apartment, in-law suite, or summer/canning kitchen must be common to the area and noted as such in the appraisal report. The appraiser must also supply at least one recent comparable in the area and interior access must be present between the units. Lastly, the income from such a unit will not be considered as borrower income for credit qualifying purposes.

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### **Private Water and Sewer Systems**

SONYMA requires well and septic/cesspool certifications for all properties where a private water and/or sewer system is utilized. If the property has a septic or cesspool system, it must be tested to determine it is functioning properly and no repairs are required.

If the property has a private well, a well water analysis is required. The water sample must meet New York State Department of Health potability requirements. In order to perform on-site well and septic/cesspool inspections, inspectors must meet the following criteria:

1. Inspections should be completed by experienced, reputable, local providers;
2. Perform inspections in accordance with the requirements and standards established by the local or State health authority; and
3. For well water tests, utilize laboratories which are State-certified and meet EPA standards.

Lenders should verify inspector qualifications and review septic/cesspool and well certifications for compliance prior to submission to SONYMA.

#### **For Existing Construction:**

Valid septic or cesspool certifications cannot always be obtained on vacant properties, either as a result of municipal regulations or lack of system use. To protect borrowers from a potential significant loss resulting from undetected septic system/cesspool defects, it is necessary to perform additional diligence in certifying the functionality of a septic system or cesspool on a vacant property.

For properties that have been vacant for 60 days or more during the period of November 15 through April 15 or 120 days or more during the period of April 16 through November 14, SONYMA will accept any one of the following:

- A septic/cesspool certification that includes an open tank inspection. The location of the tank can be obtained by accessing the septic plans filed with the municipality.

**Note: An inspection of the tank using a camera inserted through the pipes is a permissible substitute for the open tank inspection.**

- A septic/cesspool certification without an open tank inspection, but with documentation demonstrating that the system was properly winterized at time of vacancy.

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- A septic/cesspool certification without an open tank inspection, but with documentation demonstrating that the system has a valid warranty in place.
- Seller or borrower funded escrow holdback for 125% of septic system/cesspool replacement cost as determined on an estimate from a qualified septic/cesspool contractor.
- RemodelNY renovation escrow including replacement cost of new septic/cesspool as determined on an estimated provided by a qualified contractor.

**For New Construction:**

A septic/cesspool certification is not required if there is a warranty in place on the system. If there is no warranty in place, we would require that the borrower have funds available to replace the system from either their own funds, seller holdback or RemodelNY escrow.

**Maximum Lot Size**

The lot size must conform to SONYMA’s maximum, as set forth below:

<b>Zoned Areas</b>	
Up to 5 acres	Eligible for financing.
5+ to 10 acres*	(*includes properties with more than 1 tax parcel)
<b>If Not Subdivided</b>	and cannot be subdivided, eligible for financing. Lender must provide a letter from the local municipality or other evidence stating that: (1) the property is not sub-dividable, or (2) if sub-dividable, that any additional lot(s) would not be buildable.
<b>If Subdivided</b>	and additional lot(s) is not buildable, eligible for financing. Lender must provide a letter from the local municipality or other evidence stating that additional lot(s) are not buildable.  If the additional lot is buildable, SONYMA’s loan can only secure the lot with the home located on it.
10+ acres	Not eligible for financing.
<b>Rural or Unzoned Areas</b>	
Up to 5 acres*	Eligible for financing.
5+ to 10 acres*	Parcel must be subdivided to no more than 5 acres. As an alternative, Lender may provide a letter from the local municipality or other evidence stating the property can only be used for residential purposes and not for a business, commercial, or agricultural use.
10+ acres	Not eligible for financing.

**Note:** SONYMA will not permit the land to be sub-divided post-closing, nor will SONYMA approve any request for a partial release of the mortgage premises.

**5. Computer-Generated Paystubs for Most Recent 30 Days or Equivalent and/or Other Income Documentation**

Income documentation must be submitted for all Borrowers.

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Evidence of income from self-employed Borrowers must also be provided. For additional income documentation requirement from sources such as Social Security, pension, disability, alimony, and child support, refer to items 13(d) and 22 below. Equivalent documentation (i.e., VOE) can be substituted and must reflect YTD earnings.

### **6. Bank Statements and/or Other Asset Documentation**

Equivalent documentation can be substituted (see Section 3.105 or 3.110 of Seller's Guide).

If any of the statements include names other than the Borrowers or other Household Members, an affidavit of explanation must be provided by the Borrower(s). The affidavit should include commentary on whether the other person(s) named on the statement will be occupying the SONYMA-financed property. If the other person(s) will be occupying the property, income documentation must be submitted.

### **7. Residential Mortgage Credit Report or Equivalent**

**Note: SONYMA Express® is programmed to generate a new credit report or reissue an existing report. If the loan is being submitted with non-traditional credit lines, copies of these documents must be uploaded to SONYMA Express®.**

Equivalent non-traditional documentation can be substituted [see Section 3.103(a) or 3.110 of Seller's Guide].

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### **8. Homebuyer/Landlord Counseling Certificate, if applicable**

Required if: (a) LTV exceeds 95%; (b) applicants contribute less than 5% of the purchase price from his/her own funds; (c) the CLTV exceeds 100%; (d) if the applicant is utilizing a DPAL; or (e) if an Achieving the Dream, Home of Your Own, or Habitat for Humanity loan application. **All applicants purchasing a 2- to 4-family home must also complete face-to-face landlord counseling (effective for loans reserved 9/15/15 or later).**

### **9. Subsidy Documentation (other than DPAL), if applicable**

Lender must submit documentation if any mortgage subsidies, other than a DPAL subsidy, are being utilized in the transaction.

Information provided should include name of subsidy provider, subsidy amount, terms and conditions of repayment, and an indication of how funds are being distributed (purchase price buy-down, down payment or closing cost assistance, etc.).

### **10. SONYMA Condominium or Cooperative Project Questionnaire, if applicable**

If property is a cooperative, the cooperative questionnaire must specify the unit's pro rata share of the underlying mortgage.

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### **ADDITIONAL DOCUMENT SUBMISSION FOR REMODELNY REPAIR ESCROW OPTION LOANS**

In addition to the above listed documents, as applicable, the following documents must also be submitted for loans utilizing the RemodelNY Repair Escrow Option.

**11a. Homeowner/Contractor Agreement(s) (Form R7/12-14 or Equivalent)**

All contracts between Borrower(s) and contractor(s), evidencing the total repair cost, is required. SONYMA Form R7 is recommended but not required. Alternative formats must include:

- a. Borrower’s name(s) and subject property address
- b. Contractor’s name and contact information
- c. Detailed list of all repairs and materials
- d. List of any warranties being included by the contractor
- e. Completion date within 6 months of closing
- f. Binding arbitration clause

All Borrowers and contractors must execute this document.

**11b. Contractor Bids (corresponding with work in Specification of Repairs or Work Write-Up, if using a consultant)**

Contractor should provide detailed list of work to be completed, and materials to be utilized with corresponding dollar amounts. This should be signed by the contractor and the list should correspond with the scope of work detailed in the Specification of Repairs.

**11c. SONYMA RemodelNY Repair Escrow Option Borrowers Acknowledgment (Form R2/12-14)**

Photocopy of document signed by all Borrower(s) and a Lender representative is required.

Borrower(s) must check the appropriate box indicating how they would like the interest to be paid.

**11d. Consultant Agreement, if applicable**

A consultant may be used on any RemodelNY transaction and is required under ANY of the following circumstances:

- More than \$35,000 work being completed
- Structural repairs are being completed
- The subject property is vacant
- The utilities are off at the time of inspection
- When the work is being completed by a contractor with any relationship to the borrower

SONYMA uses HUD-approved 203(k) consultants. Your local non-profit counseling agency may also have a consultant who can perform the scope of work. The fees are permitted to charge are determined by the amount of work being completed and are as follows:

Cost of Repairs	Fee*
≤\$15,000	\$500
≤\$30,000	\$600
≤\$50,000	\$700
>\$50,000	\$800

\*Consultants can add \$200 if they perform a feasibility study, and an additional \$100 for a 2 unit property. The agreement should list the terms of the consultant’s work for the borrower, including the services to be provided.

**11e. Consultant Invoice, if applicable**

Required only if a consultant is being used and if the Consultant Agreement did not include the fees for services rendered.

Invoice amount should match fee stated on the RemodelNY Repair Escrow Option Maximum Mortgage Worksheet (Form R11).

**11f. Specification of Repairs or Work Write-up**

Document signed by all Borrower(s) and contractor(s), and if applicable, the consultant is required.

If the amount or the nature of the renovation requires a consultant (see 4 above), the Specification of Repairs or similar work write-up must have been prepared by the consultant. If the renovation does not require a consultant, the Specification of Repairs or similar work write-up must have been prepared by a contractor or other qualified professional.

The form must be completed as follows:

- a. Borrower's name(s) and property address stated on the form.
- b. All work to be performed itemized with a cost breakdown for each job or stage of the project listed.
- c. Document must be signed by all Borrower(s), the contractor(s) and if applicable, the consultant.

**11g. Draw Request and Rehabilitation Inspection Report (Form HUD 9746-A)**

If consultant prepared the work specifications and work write-up, this form must be submitted.

The form must be completed as follows:

- a. Borrower's name(s) and address and lender's name and address completed at the top of the form.
- b. Column 1 fully completed with totals for each line item matching the Specification of Repairs.
- c. Signed and dated by the consultant, contractor, and Borrower.

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**11h. SONYMA RemodelNY Repair Escrow Option Maximum Mortgage Worksheet (#R11/3-16)**

This worksheet lists the anticipated repair/renovation costs and indicates how the Lender arrived at the maximum repair escrow mortgage amount.

Form R11/3-16 is required for all loans reserved on or after June 1, 2016.

Total repair cost must be a minimum of \$1,000.

**Contingency Reserve Requirements**

SONYMA requires at least 10% contingency reserve for all RemodelNY loans. This percentage can be increased up to 20% upon recommendation of a consultant. SONYMA will require a **15% contingency** reserve for all properties utilizing the RemodelNY loan feature in which the utilities are off at the time of the inspection. This allows room to address unforeseen repairs resulting from an inability to test the adequacy of certain systems.

**11i. Plot plan of property, if applicable**

Required only if the exterior footprint of property is being changed.

**11j. Floor plan, if applicable**

Required only if the interior walls are being moved.

**11k. RemodelNY Repair Escrow Option Contractor Forms (Form R6/12-14)**

The following forms must be submitted for each Contractor:

a. **RemodelNY Contractor's Checklist**

Must be completed for each Contractor.

All of the listed forms as described must be submitted (as applicable).

b. **Contractor Profile**

Must be completed in its entirety and signed by the Contractor.

c. **RemodelNY Contractor's Acknowledgement**

Must be completed, signed and dated by the Contractor and Borrower.

d. **Contractor's License, if applicable**

e. **Contractor's Liability Insurance Policy information**

Policy amount should be equal to or greater than the loan amount and cannot be expired at time of closing. If policy expires during course of renovation, an updated binder will be required prior to disbursement of any additional draws.

f. **Contractor's Lead-Based Paint Certification, if applicable**

Submit only if lead-based paint remediation is part of the scope of work.

g. **Contractor's Mold Remediation Certification, if applicable**

Submit only if mold remediation is part of the scope of work.

h. **Contractor's NYS Asbestos Certificate of Competence, if applicable**

Submit only if asbestos removal is part of the scope of work.

**E. POST-CLOSING MORTGAGE LOAN DOCUMENTS REQUIRED BY SONYMA**

The following documents are required, where applicable, to be in the Lender's possession as of the loan closing date. If the property is a cooperative, skip to Section F below. Lenders must ensure that each Mortgage Loan is closed under the provisions of the *SONYMA Express® / Lender Online User Guide* and this training module, and in conformance with all conditions and requirements of the *SONYMA Express® Findings Report*.

**Note: All original documents, when specified below, must be submitted to SONYMA, in addition to uploading these documents on SONYMA Express®.**

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**11. Original Recapture Notification and Mortgagor's Affidavit (Form 211/3-16)  
(For SONYMA Express® loans only) or Form 211/1-12], as applicable**

Mortgagor(s) completes this document which is required for IRS compliance purposes. The form must be accurately completed in its entirety. *No revisions to the form are permitted.*

HARD-COPY ORIGINAL document must be submitted with the post-closing loan file after it is reaffirmed at title closing. This document must also be uploaded to BltDocs. Form 211/3-16 is required for all loans reserved on or after June 1, 2016.

**Note: SONYMA Express® has functionality to automatically generate this form with most fields pre-populated based on entries made by the Lender. Lenders are responsible, however, for ensuring all fields are fully and accurately completed.**

Refer to the following website address for a detailed example of completion of this document:

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

Applicant(s) to complete the following sections on the document:

a. Top of Page 1

- SONYMA Loan Reservation Number
- Lender's Name
- Mortgagor(s) Name(s)
- Property Seller Name(s)
- Number of total persons (including children) expecting to occupy the residence

b. PART II - GENERAL INFORMATION

Mortgagor(s) Name(s) at top of page 2.

Item 2: "X" the appropriate line to indicate if the property is (A) an existing one unit dwelling; (B) a newly constructed one unit dwelling; (C) a newly constructed or existing two unit dwelling, located in a Target Area, OR an existing two unit dwelling not located in a Target Area; or (D) an existing 3- or 4-unit dwelling. If the property is a 3- or 4-family unit dwelling, the number of units must be checked.

Item 5: If the property is a 2- to 4-family home, check the number of rental units.

Item 9: "X" the appropriate line concerning ownership interest in a principal home during the 3 year period immediately prior to loan closing. *Please note this information is used for IRS reporting purposes. It is based on their definition of first-time homebuyer which differs from SONYMA's definition.*

If Item "B2" is checked, submit an executed Military Veteran's Eligibility Affidavit (SONYMA Form 243).

Item 9(C): Complete only if a Non-Target Area loan or an Achieving the Dream, Habitat for Humanity, and Home of Your Own Program Mortgagor and if SONYMA Express is unable to obtain the tax return information electronically for any of tax years

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required by SONYMA:

"X" the appropriate line or lines which indicate the type of Federal Tax returns filed by the Mortgagor(s) during the previous 3 years.

If the last line is "X", indicate the name(s) of the Mortgagor(s) and the tax year in which returns were not required to be filed.

**Note: Eligible Military Veterans are not required to complete Item 9(c).**

**c. PART III - ACQUISITION COST OF THE RESIDENCE**

Enter the following:

- Line 1: Purchase Price of Existing or Newly Constructed Home. Cost of Construction, if New Construction, and if land was obtained from a person or entity other than the contractor building the residence. Subtract out any subsidy amount(s) for down payment, *including any DPAL amount*.
- Line 2: Subsidy Amount for down payment, *including any DPAL amount*, if applicable.
- Line 3: Cost to complete any unfinished areas of the residence whether or not the cost of completing construction is being financed by the SONYMA loan. Provide a contractor's estimate or an appraiser's comments to support this amount. If the borrower is utilizing the SONYMA [RemodelNY Escrow Repair](#) option, the repair cost plus allowable financed fees (Line B9 of the Maximum Mortgage Worksheet) must be entered on line 3.
- Purchase Price of Land, if New Construction, and if land was purchased within the last 2 years immediately preceding the loan application date.
- Do not include the value of land that was gifted or land purchased more than 2 years ago.
- If financed land and the original loan term exceeds 2 years, do not include. The IRS considers payoff of a loan with a term greater than 2 years as a refinance. SONYMA cannot lend for refinance loans. [Purchaser(s) would be required to pay off and satisfy land loans from an acceptable source of funds as of the closing date of the SONYMA loan.] The value of the land would not be included in the Purchase Price/Acquisition Cost Limits in this instance.
- Line 4: Cost of fixtures such as lights and wall-to-wall carpeting not included on Lines 1, 2, or 3 above.
- Line 5: Any amounts paid by Purchaser(s) on behalf of the property seller such as property taxes, settlement, and financing costs that are in excess of the Purchaser(s) usual and customary expenses.
- Line 6: Any personal property such as appliances, not permanently attached to the Eligible Property, and itemized and attributed a value in the sales contract.

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Line 7: Total Acquisition Cost: Add lines 1 through 5 and subtract any amount on line 6.

**Note: If the amount on line 7 exceeds the current applicable SONYMA program Purchase Price/Acquisition Cost Limits, at either the time of application or loan closing, the Mortgagor(s) are not eligible for this program. Also, this amount must equal the figure indicated in Item 2 on the Property Seller's Affidavit.**

**d. PART IV - INCOME ELIGIBILITY**

Lenders must have Mortgagor(s) complete this section once at application and again at loan closing.

**Note: If Mortgagor(s) household income exceeds the applicable SONYMA program Income Limits, the Mortgagor(s) is not eligible for the program.**

3/2/15 Enter on the appropriate lines, in the columns entitled "At Loan Application" and "At Loan Closing", the current gross monthly income of all Borrowers (and each Borrower's spouse, regardless of whether they sign the Mortgage documents) and all non-applicant titleholders. *The IRS requires SONYMA to use current income for this calculation and the below listed guidelines should in no way be construed as guidelines to determine a potential Applicant(s) creditworthiness.* Please see Section 3.1 of the Seller's Guide for credit underwriting requirements.

3/2/15 SONYMA uses the following guidelines/calculations to determine if Mortgagor(s) meet income limit eligibility requirements. Not all sources of income are listed in the text of this list; the sources referred to are the ones most commonly submitted by SONYMA Mortgagor(s). *For purposes of this section, the term Borrower shall refer to all Borrowers (and each Borrower's spouse, regardless of whether they sign the Mortgage documents) and all non-applicant titleholders.*

3/2/15  
4/22/16 **Reminder:** If a Borrower's spouse or non-applicant titleholder is not currently employed (or has no other form of income), the Borrower must provide an explanatory statement indicating such.

1. **Basic Income Calculation:** Obtain year-to-date (YTD) gross income from current paystub. If Borrower(s) does not receive computer-generated paystubs, Lender may obtain a Verification of Employment (VOE). Deductions for pre-tax income (e.g., 401k, 457b contributions, health benefits, etc.) are **not** allowed. Divide **gross** YTD income by number of pay periods elapsed in the current year [using the "Pay Date" (check date)] and multiply by 52 if paid weekly, 24 if paid bi-monthly or 26 if paid semi-monthly, to obtain annual income.

**Note: Using this method of calculating income avoids the need to determine income earned in a previous calendar year.**

2. **Salary/Job Changes:** If Borrower(s) receives an increase/decrease in pay due to a job change, promotion, or terms of a new employment contract, the new salary will be treated as though it was received the entire year. Obtain employment letter or copy of contract and current paystub or VOE.
3. **Overtime, Bonuses, and Commissions:** Must be included in the YTD income calculation, as above. If the paystubs from application date to current date do not reflect this type of pay, it may be removed from the YTD income calculation as stated above, but the amount must be added back to the total income. This income may be excluded completely if

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paystubs from application date to current date do not reflect this type of pay and it can be demonstrated that there is no history (in prior years) of receiving this type of income If there is a consistent prior history, SONYMA will require last year's income to be added to this year's income.

**Note: Documentation from the employer must be submitted to support any of these scenarios.**

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4. **Self-Employed Borrower(s):** Obtain YTD Profit and Loss Statement and the previous year's Federal tax return, with all schedules. Corporate Federal tax returns, Partnership Federal tax returns and K-1's may be required, as applicable. Net profit, after business expenses, will be used to calculate annual income. Any disbursements or distributions received will be added to annual income. Divide YTD net profit by number of months represented and multiply by 12 to obtain annual income. Any deviations in income of 25% or more from the previous year must be explained in writing. SONYMA will accept a P&L from the Borrower(s). The P&L must state that these numbers are true and accurate and must be signed by the applicable borrower(s).

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**Note: For loan applications dated within the first quarter of the new year,** SONYMA will not require a YTD P&L but will accept the previous year's Federal tax return to determine the Borrower(s) income for the current year. If the Borrower(s) has not yet filed a Federal tax return for the previous year, then SONYMA will require a P&L for that tax year. Any major deviations in income from the previous year must be explained in writing.

5. **Retroactive Pay:** Income received in the current year that was earned in a prior year(s) can be excluded as long as there is no continuous history of receiving this type of income and such income will not reoccur.
6. **Sign-On Bonus:** Income can be excluded as long as there is no continuous history of receiving this type of income and such income will not reoccur.
7. **Social Security or Disability benefits:** Do not gross up. Survivor benefits received for a child must be included if the income is being used for the child's living expenses.
8. **Proposed Rental Income:** Do not include proposed rental income anticipated from the purchase of a 2- to 4-unit property.
9. **Child Support/Alimony Paid by Borrower(s):** Cannot be deducted from income.
10. **Child Support/Alimony Received by Borrower(s):** Must be included in income.

**Note:** If court ordered documents such as a separation agreement or divorce decree indicate that the Borrower should be receiving child support and/or alimony, but Borrower has not actually received any child support and/or alimony payments for the three months immediately prior to the loan application date and through the current date, this income can be excluded from the compliance income calculation. Further, if Borrower consistently receives less than the court ordered child support/alimony payment, for the compliance income calculation SONYMA will annualize the total YTD payments to determine the actual income received. **In either instance,** SONYMA will require the

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Borrower(s) to submit a signed statement verifying non-receipt or reduction of the payments.

11. **Relocation Allowance:** This income may be excluded completely if paystubs from application date to current date do not reflect this type of pay and there is no history (in prior years) of receiving this type of income.
12. **Clothing Allowance:** Must be included in income.
13. **Car Allowance:** Must be included in income.
14. **Military Housing and Food Allowance:** Must be included in income.
15. **Unreimbursed Business Expenses for Salaried Employee (Union Dues, Safety Equipment, Business Equipment, etc.):** Cannot be deducted. *However*, if an individual receives 1099 income and pays self-employment tax, business deductions are allowed.
16. **Foster Care Income:** Payments received as consideration for foster care duties with respect to children in the Borrower(s) care are not considered income for this purpose and should not be included in the income calculation.
17. **Public Assistance:** Any assistance received from Section 8 housing vouchers and expecting to continue after home purchase must be included in income.
18. **Employer Reimbursement:** Income for travel reimbursement or employer-imposed tuition expenses may be excluded if the Borrower(s) can document via a letter from his/her employer that he/she is being reimbursed for expenses incurred while traveling on company business or for completing courses required by his/her employer.

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19. **Income for Full-time Students:** If a non-applicant titleholder is classified as a full-time student, an exception applies to dependents (excludes a spouse) who are age 18 years or older. The compliance income for a person(s) aged 18 years or older, with a full-time student status, who is a dependent, will be calculated as follows:

If the income is less than \$480 annually, count all of the income. If the annual income exceeds \$480, count only \$480 and exclude the amount that exceeds \$480.

SONYMA requires verification of full-time student status in the form of any formal school document or verification on school letterhead (i.e. SONYMA will accept copies of recent transcripts, letters from counselors or school advisors, or verifications from the office of registrars, etc.).

20. **Seasonal Income:** If a Borrower has a history of working in a seasonal industry (e.g. construction, landscaping, golf course) where he/she receives unemployment benefits for the same period of time each year (i.e. November – March), the Borrower's wages as well as any annual unemployment income must be included in the compliance income calculation. The employer must provide a letter stating that lay off occurs annually and for what period of time. The Borrower's current YTD gross wages should be divided by the actual number of weeks worked YTD (do not count the weeks unemployment was received) and multiplied by the total number of weeks the Borrower works during a

calendar year. Add the Borrower's documented YTD unemployment income to the annualized wages to complete the Borrower's compliance income calculation. The total unemployment benefits received in the previous calendar year (and reported on the prior year's tax return) should be added to the annualized seasonal wages (in lieu of the YTD benefits) if the borrower has not yet received all anticipated unemployment benefits for the current year.

Refer to Items 21 and 22 below for further information regarding other income calculations involving unemployment benefits.

- 21. Unemployment Income: Borrowers with history of receiving unemployment benefits (i.e., union electrician) but receipt can vary from year to year:** Must be included in the compliance income calculation. If the Employee is not currently receiving unemployment benefits but received benefits earlier in the year, divide the Borrower's YTD gross wages (from his/her employer) by the actual number of weeks worked YTD (do not count the weeks the Borrower received unemployment benefits) and multiply by the total number of work weeks in the current year (i.e., 52 weeks less the number of weeks unemployment benefits were received YTD). Add the documented YTD unemployment benefits to the annualized wages to complete the Borrower's compliance income calculation.
- 22. Unemployment Income: Borrower(s) currently receiving long term unemployment benefits:** Must be included in the compliance income calculation. To calculate, multiply the weekly benefit by the number of weeks in the current benefit period. If the Borrower's unemployment benefits have been extended, add the projected income from the current extension to the Borrower's YTD unemployment benefits.

**Note: Documentation must be submitted to support the amount of weekly benefits, the start date, and the date the benefits are expected to end.**

**Note: If Borrower(s) household income exceeds the applicable SONYMA program Income Limits, at either the time of application or loan closing, the Borrower(s) is not eligible for this program. Further, if Borrower (defined as all Borrowers, each Borrower's spouse, regardless of whether they sign the Mortgage documents, and all non-applicant titleholders) gross income on the previous year's tax return (i) exceeds the current SONYMA income limit, and (ii) the income of the Borrower submitted in the loan file by more than 15%, SONYMA will require an explanation from the Borrower as to why the income decreased by more than 15% from the previous year.**

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**e. PART VI - CERTIFICATION**

All Mortgagor(s) (and Guarantors, if applicable) must execute the document on the last page of the document. This document cannot be signed or re-affirmed by a power-of-attorney.

1. Obtain Notary Public signature and affix notary stamp and/or seal; notary must complete the entire section and include name(s) of all Mortgagors (titleholders).
2. *Ensure that the Notary Public commission has not expired prior to execution of this document.*
3. Both the "At Loan Application" and "Original Reaffirmation at Title Closing" sections must be executed. Submit the original reaffirmed document in the closed loan file.
4. Recapture Tax Calculation Attachment(s) must be provided to Applicant(s) at time of

application.

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## **12. Property Seller's Affidavit (SONYMA Form 210/3-16 or 210/5-09, as applicable), if applicable**

Property seller(s) completes this form which is required for IRS compliance purposes. The form must be completed accurately in its entirety. *No revisions to the form are permitted.* The document may be signed by a POA and a copy of the POA (recorded or unrecorded document is acceptable) must be submitted with the file. **(This document must always be duly notarized.)** Form 210/3-16 is required for all loans reserved on or after June 1, 2016.

**Note: SONYMA Express® has functionality to automatically generate this form with most fields pre-populated, based on entries made by the Lender. Lenders are responsible, however, for ensuring that all fields are fully and accurately completed.**

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The amount indicated on item 2 of this document must equal the figure indicated on line 7 of Part III on the Recapture Notification and Mortgagor(s) Affidavit (Form 211). For loans utilizing the RemodelNY Repair Escrow Option, the repair portion of the acquisition cost should be excluded from this amount.

**Form is waived in the following cases:**

- a. For New Construction, if the owner of the land and the builder are different individuals or entities.
- b. Foreclosed properties being sold by a foreclosing Lender/investor.

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

## **13. Documentation Required for the Homes for Veterans Program**

In November 2011, SONYMA expanded the Homes for Veterans Program to include active duty US military personnel. The benefit of the program (down payment assistance with no rate increase) applies to all eligible military veterans and active duty service members, but the waiver of ***the first-time homebuyer requirement applies only to veterans discharged or released under conditions other than dishonorable.*** As such, the documentation requirements differ depending on the applicant's status at the time of loan application.

### **US Military Veterans Only:**

#### **i. DD Form 214, Certificate of Release or Discharge from Active Duty**

*A copy of this document is only required for Veteran(s) who served in the active US military, naval, or air service and was discharged or released under conditions other than dishonorable.*

#### **ii. Military Veteran's Eligibility Affidavit (Form 243/5-09), if applicable**

*Borrower(s) completes this form ONLY if he/she is an eligible military veteran who is not a first-time homebuyer [or if Veteran's Co-Borrower or any non-applicant Mortgagor is not a first-time homebuyer].*

Veteran Borrower(s) to complete the form as follows:

- a. Fill in the top of the form.
- b. Enter Veteran Borrower(s) name and the property address being financed.
- c. Must be signed by all Veteran Borrower(s) and notarized.

**Active Duty US Military Personnel:**

**Leave and Earning Statement and Military ID Card**

*Copies of these documents are required only for active military personnel, currently serving in active military (and stationed in New York), National Guard or Reserves.*

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**14. Interest Rate Option Form (Form D3/4-16, D3/8-15 or D3/8-11 as applicable)**

All Borrowers must complete this document regardless of whether opting for DPAL. The document serves as the applicant's acknowledgment and acceptance of the interest rate locked in with SONYMA.

**Note: SONYMA Express® has functionality to automatically generate this form with most fields pre-populated, based on entries made by the Lender. Lenders are responsible, however, for ensuring that all fields are fully and accurately completed.**

Form D3/4-16 is required for all loans reserved on or after June 1, 2016.

Applicant(s) to complete the form as follows:

- a. Enter the Lender name, SONYMA Reservation Number, and Loan Amount at the top of the form.
- b. Enter the names of all Borrowers and the Property Address being financed.
- c. Check the appropriate box as to whether Borrower(s) is/is not accepting DPAL and indicate the applicable interest rate and lock-in period (either 120 or 240 days) information.
- d. Must be signed and dated by all Borrowers.

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**15. Down Payment Assistance Loan ("DPAL") Recapture Notification (Form D4/3-16 or Form D4/9-09 as applicable), if applicable**

If utilizing a SONYMA Down Payment Assistance Loan, all Borrowers and non-applicant titleholders must complete this document. *No revisions to the document are permitted.*

Form D4/3-16 is required for all loans reserved on or after June 1, 2016.

Borrower(s) and non-applicant titleholders to complete the document as follows:

- a. Enter Lender name, Borrower(s) and non-applicant titleholders names(s) and residence at the top of the form.
- b. Must be signed and dated by all Borrowers and non-applicant titleholders.

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**16. Federal Income Tax Return Verifications (TRVs) for Previous Three Years**

The IRS requires SONYMA to obtain Federal tax return data for **all Mortgagors [Borrower(s) and non-applicant titleholders]** for the three years immediately preceding the loan application date. The returns are required to determine eligibility under SONYMA's first-time homebuyer requirement and to establish that the property will be used for residential purposes. SONYMA uses the TRV data for other purposes such as verifying SSNs, marital status, number of dependents, and sources of income not reported on the application. For each Borrower and non-applicant titleholder, lenders must order the TRVs by submitting IRS Form 4506-T (Rev. 9-2015) to the IRS. Items 6 through 9 of Form 4506-T must be completed so that the TRVs can be sent directly to the lender.

*Although the first-time homebuyer requirement is waived for loan applications where the subject*

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*property is located in a Targeted Area or for eligible military veterans (and any other borrowers and/or titleholders), SONYMA requires three years tax returns for ALL Mortgagors [Borrowers and non-applicant titleholders].*

**Note:** The first-time homebuyer requirement is not waived for Borrowers applying for the Achieving the Dream Program and purchasing a home in a Targeted Area. This requirement is waived, however, for eligible US military veterans who apply for an Achieving the Dream Program loan. **Regardless of this, SONYMA still requires the tax return data to be submitted.**

**Note:** SONYMA Express® is programmed to receive Federal tax return data directly from DataVerify, a TRV vendor. Lenders are required to upload the TRV data into SONYMA Express® so the system may analyze the tax data for IRS compliance and other purposes. Lenders are also responsible for ensuring that all conditions in the SONYMA Express® Findings Report relating to tax returns have been satisfied.

*SONYMA will not accept hard-copies of tax returns unless it can be documented that the TRVs are not available to be uploaded into SONYMA Express® (e.g., TRV is not available because return was recently filed). However, if the lender can document that any of the last three years Federal returns are not available for upload into SONYMA Express®, the following requirements must be met (for Non-Target and non-Veterans loans only):*

Submission of signed Federal returns and all schedules is required; *state returns are unacceptable and not necessary.* If the Federal tax returns are not available, Tax Transcripts from the IRS are acceptable in lieu of the copies of the returns, as long as the transcripts allow SONYMA to determine that no deductions were taken for real estate taxes and/or home mortgage interest.

Lender must review the tax returns to determine if Borrower(s) itemized deductions for real estate taxes and/or Mortgage interest. If so, an original notarized affidavit explaining these deductions must be included in the loan file. Depending on the explanation, Borrower(s) may or may not be eligible. See Section 2.301 of the Seller's Guide for more details.

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SONYMA has modified its policy regarding the potential use of the financed property by the Borrower(s) for business or commercial purposes. The IRS mandates that the SONYMA-financed property be used for residential purposes and no more than 15 percent of the property can be used for business or income producing purposes. Effective immediately, to satisfy this requirement, SONYMA will rely on the following statements made by all Borrowers and non-applicant titleholders in Section 5 of the Recapture Notification and Mortgagor's Affidavit (Form 211) affirming that for the entire term of the SONYMA mortgage, that they:

- a. will not use, nor will any other person use (other than in connection with the rental units of a 2- to 4-family home), more than 15 percent of the property for business or income producing purposes [as determined on Line 3 of IRS Form 8829 (or a successor form) of their Federal tax return(s);
- b. will not permit the property to be occupied by more families than is allowed under the applicable certificate of occupancy or its equivalent;
- c. will not subdivide or attempt to subdivide the land containing the property and encumbered by the SONYMA mortgage; and
- d. will not construct another dwelling on the land containing the property that could be used as another residence.

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If Borrower's most recent tax return shows evidence of using their current residence for business or commercial use (Schedule C – Profit or Loss from Business indicates their primary residence as their business address), Lender should remind the Borrowers and non-applicant titleholders of the IRS' requirement.

### **17. PMI Certificate, if applicable**

Lender must submit this certificate if the loan-to-value ratio (LTV) exceeds 80 percent, as evidence that the loan will have primary mortgage insurance coverage. State law permits SONYMA to require mortgage insurance based on the lower of the sales price or appraised value.

**Note: The PMI certificate, if applicable, will be generated and uploaded into SONYMA Express® by the mortgage insurance company (if the insurer is Genworth or SONYMA MIF). If an insurer other than Genworth or MIF is providing MI, the Lender must upload the certificate.**

Lender must ensure that coverage meets SONYMA's requirements as stated in Section 2.221 of the Seller's Guide and that all loan information listed on the certificate is accurate. Lender must be named as the insured.

### **18. Pool Insurance Certificate**

Lender must submit this certificate for ALL loans as evidence that the loan has been reviewed and approved for credit underwriting by SONYMA's Pool Insurer. Section 3.1 of the Seller's Guide provides the credit underwriting guidelines and Section 2.706(b) states the documentation requirements to obtain Pool Insurer approval.

**Note: The pool insurance certificate will be generated and uploaded into SONYMA Express® by the pool insurance company.**

Lender must ensure that all loan information, including the SONYMA loan number listed on the certificate, is accurate. State of New York Mortgage Agency must be named as the insured.

### **3/2/15 19. Computer-Generated Paystubs and/or Other Income Documentation for Non-Borrower Spouses and Other Titleholders, if any**

Documentation must be submitted for each non-Borrower spouse of a Borrower and any other non-Borrower titleholder. Equivalent documentation (i.e. a VOE) can be substituted and must reflect YTD earnings. The income derived from such documents must be incorporated into the income calculation described in Item 13(d) above. If a non-Borrower spouse and any other non-Borrower titleholder has no income, submit a statement indicating such [the statement must be signed by all Borrowers].

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### **3/2/15 20. Award Letters, or Other Proof of Income for All Borrowers, Non-Borrower Spouses and Other Titleholders, if applicable**

Evidence of income from Social Security, pension, disability, alimony and/or child support must be submitted and incorporated into the income calculation described in Item 13(d) above. If the applicant receives income from alimony and/or child support, a copy of the divorce decree or separation agreement must be submitted.

**Note: This income must be documented regardless of whether it's used in the mortgage transaction**

or not.

**21. FEMA Standard Flood Hazard Determination (FEMA Form 81-93, Dec. 05)**

If property is determined to be located in a Special Flood Hazard Area, Lender must ensure that the Eligible Property is covered by a flood insurance policy, in conformance with Section 2.219 (e) of the Seller's Guide.

**22. Home Energy Rating Certificate (HERC) or equivalent (for ENERGY-STAR® Labeled Homes only)**

If the loan was reserved under SONYMA's ENERGY-STAR® option, the HERC is a required document. This certificate states that the home was built in accordance with the New York ENERGY-STAR® labeled home requirements. In the event the HERC is not available at loan closing, SONYMA will accept a letter from the New York State Builders Association stating that home has been built to New York ENERGY-STAR® standards.

**23. Documentation to Satisfy All Conditions of the IRS Compliance Section of the SONYMA Express® Findings Report**

All documentation to satisfy the conditions of the findings report/feedback certificate must be submitted.

**Note: SONYMA Express® will automatically generate a Findings Report and upload it into SONYMA Express®. The report will have an IRS Compliance Section that will list all compliance conditions required to be satisfied in order to make the loan saleable to SONYMA.**

**3/2/15 24. Satisfactory Completion Certificate (Fannie Mae Form 1004D), applicable if appraised value made subject to completion of repairs and RemodelNY Repair Escrow Option, NOT being used**

Document should be completed by the original property appraiser, setting forth that all conditions of the appraisal report have been met. Computer-generated color photographs must be submitted.

**25. Original Mortgage Note (Fannie Mae/Freddie Mac Uniform Instrument Form 3233 1/01 – New York Fixed Rate Note - Single Family)**

Borrower(s) executes the Note and all riders to evidence his, her or their obligation to pay the indebtedness secured by the mortgage.

**3/30/16** HARD-COPY ORIGINAL document must be submitted to SONYMA. [This document must also be uploaded to BlitzDocs.](#)

The following fields must be accurately completed:

- a. Item #1: Mortgage Loan amount and name of Lender.
- b. Item #2: The interest rate must be the rate specified on Lender Online.
- c. Item #3A: Initial payment date, maturity date and location as to where Borrower(s) are to make monthly payments.
- d. Item #3B: Monthly principal and interest payments.

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The document must be signed by all Borrower(s) and if applicable, any Guarantor(s).

Lender must endorse the Note to SONYMA. The endorsement must state the following:

*"Pay to the order of the State of New York Mortgage Agency without recourse this day (the closing date)".*

An Allonge to the Note with the same endorsement language is an acceptable alternative.

### **26. Original Mortgage (Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01 - New York - Single Family)**

Borrower(s) executes the Mortgage, *and all applicable riders*, that is secured by a lien on the Eligible Property and is collateral for the Note.

HARD-COPY *DUPLICATE ORIGINAL* of the signed unrecorded Mortgage (with applicable Riders attached) which has been submitted for recording is required. If original Mortgage and Riders have been recorded, submit HARD-COPY ORIGINALS. [This document must also be uploaded to BlitzDocs.](#)

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The Mortgage must accurately contain the following information:

- a. The Closing Date, Borrower(s) name(s), Lender's name and address, Mortgage Loan amount, maturity date, and Eligible Property address.
- b. If Lender is an approved "MERS Member" (see Section 2.705 of the Seller's Guide) and elects to close SONYMA Mortgage Loans with MERS as the nominee, Lender must incorporate into the Mortgage the applicable MERS as Original Mortgagee ("MOM") language and other modifications required by Fannie Mae and Freddie Mac. The authorized changes are as follows:
  1. Insert a new definition (C), which reads as follows:

**(C) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS. FOR PURPOSES OF RECORDING THIS MORTGAGE, MERS IS THE MORTGAGEE OF RECORD.**
  2. Re-designate the definition of "Lender" as (D) and then re-designate all subsequent definitions (as E, F, G, etc.) as required.
  3. Delete the first sentence of the first paragraph of the section titled "BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY" and replace it with the following sentence:

*I mortgage, grant and convey the Property to MERS (solely as nominee for Lender and Lender's successors in interest) and its successors in interest subject to the terms of this Security Instrument.*
  4. Revise the paragraph of the section titled "BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY" (as amended above) by adding the following new paragraph at the end of the section:

*I understand and agree that MERS holds only legal title to the rights granted by me in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right:*

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*(A) to exercise any or all of those rights, including, but not limited to, the right to foreclose and sell the Property; and*

*(B) to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.*

5. Delete from the first sentence of the first paragraph of the section titled "DESCRIPTION OF THE PROPERTY" the words "I give Lender..." and replace them with the following words:

*I give MERS (solely as nominee for Lender and Lender's successors in interest)...*

- c. The below rider(s), if applicable, must be checked off on the first page of the Mortgage, completed and executed by all Borrower(s), and made part of the Mortgage instrument sent for recording. For the SONYMA Rider to Fannie Mae/Freddie Mac Mortgage (SONYMA Form 230/12-00), Lender should check the "Other" box and insert "SONYMA Rider(s)" on the line provided.

1. **SONYMA Rider to Fannie Mae/Freddie Mac Mortgage (SONYMA Form 230/12-00)**  
This document is required for all Mortgage Loans.
2. **Fannie Mae/Freddie Mac Multistate 1-4 Family Rider - Uniform Instrument Form 3170 1/01**  
Must be used for 2 to 4 Family Properties only.
3. **Fannie Mae/Freddie Mac Multistate Condominium Rider - Single Family - Uniform Instrument Form 3140 1/01**  
Must be used for Condominium Properties only.
4. **Fannie Mae/Freddie Mac Multistate PUD Rider - Single Family - Uniform Instrument Form 3150 1/01**  
Must be used for PUD Properties only.
5. **RemodelNY Repair Escrow Loan Rider (SONYMA Form R5/12-14)**  
Must be used only for those properties where the SONYMA [RemodelNY Repair Escrow Option](#) is being utilized.

3/2/15

**Note: SONYMA does not permit any additional riders to be attached to the Mortgage unless language is included in the rider(s) stating that the rider(s) is null and void upon the sale of the Mortgage to a government entity or the secondary Mortgage market.**

- d. The attached Schedule "A" referencing the legal description of the Eligible Property must conform with the Schedule "A" contained within the preliminary title report or final Title Policy.
- e. All Borrowers must execute the document.
- f. Notarize the document in the appropriate section. ***The Notary Public's commission must be in effect at time of the mortgage closing date.***

**Note: DO NOT STAMP OR TYPE ON THE DUPLICATE ORIGINAL: "Copy or certified true copy sent for recordation". If this occurs, SONYMA will require a new duplicate original in order for the review/purchase process to continue.**

**27. Original Consolidation, Extension, and Modification Agreement [Fannie Mae/Freddie Mac Single Family 3172-1/01 (rev.5/01)], if applicable**

This document, if applicable, is used to convert a Building Loan Note and Mortgage to permanent financing. No rider, other than as listed below, should be added to this document unless approved by SONYMA.

HARD-COPY *DUPLICATE ORIGINAL* of signed of the unrecorded Consolidation, Extension, and Modification Agreement (“CEMA”) which has been submitted for recording is required. If original is available, submit the HARD-COPY original. [This document must also be uploaded to BlitzDocs.](#)

3/30/16

The procedures to be used in the completion of the CEMA are as follows:

- a. The original term of the Building Loan Note(s) and Mortgage(s) cannot be greater than 24 months.
- b. The SONYMA Rider to the Fannie Mae/Freddie Mac Mortgage (Form 230/12-00), together with the Fannie Mae/Freddie Mac Condominium, PUD, or 1-4 Family Rider, as applicable, are to be attached to and incorporated within the original CEMA document and the executed duplicate original submitted to SONYMA.
- c. If converting two Notes and Mortgages into a permanent Mortgage (in addition to the Building Loan Note and Mortgage, new funds are advanced at the time of closing), instruction number (6) on page 4 of the CEMA form must be followed. Both Mortgage amounts, combined, must be equivalent to the Mortgage Loan amount approved by SONYMA.
- d. If Lender is an approved “MERS Member” [see Section 2.705 of the Seller’s Guide and 3(b) above] and elects to close SONYMA Mortgage Loans with MERS as the nominee, Lender must incorporate into the CEMA the applicable MERS as Original Mortgagee (“MOM”) language and other modifications required by Fannie Mae and Freddie Mac.

The authorized changes are as follows:

1. Insert a new Definition (E), which reads as follows:  
***(E) “MERS” is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender’s successors and assigns. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-***

***MERS. FOR PURPOSES OF RECORDING THIS AGREEMENT, MERS IS THE MORTGAGEE OF RECORD.***

2. Re-designate the definition of “Note Holder” as (F) and then re-designate all subsequent definitions (as G, H, etc.) as required.
3. Insert the following in the blank that follows the words “in favor of” in the description for any Mortgage listed in Exhibit A to the Agreement that is registered with MERS at the time of the consolidation:

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

*... Mortgage Electronic Registration Systems, Inc. (MERS), solely as nominee for Lender and Lender's successors and assigns, ...*

**Further, in subsection (H) "Riders." on page 2 of Exhibit D, the "Other(s)" box must be checked and labeled as "SONYMA Rider" (Form 230).**

- e. Please refer to the instructions on page 4 of the CEMA form for further explanation of the proper procedures to complete this document. Borrower(s) and Lender must execute the CEMA and the document must be notarized. ***The Notary Public's commission must be in effect at time of the mortgage closing date.***

SONYMA requires the original document and a photocopy of the Building Note and Mortgage to be submitted with the loan file.

The terms of CEMA must be reflected in the Assignment of Mortgage (SONYMA Form 202) and the Final Title Policy.

**Note: DO NOT STAMP OR TYPE ON THE DUPLICATE ORIGINAL: "Copy or certified true copy sent for recordation". If this occurs, SONYMA will require a new duplicate original in order for the review/purchase process to continue.**

### **28. Original Building Note, if applicable.**

This document is required if Lender uses the CEMA to extend, modify, and/or consolidate a Building Mortgage(s) into permanent financing.

**3/30/16** HARD-COPY ORIGINAL of the Building Note(s) endorsed to SONYMA is required. [This document must also be uploaded to BlitzDocs.](#)

### **29. Original Building Mortgage, if applicable**

This document is required if Lender uses the CEMA to extend, modify, and/or consolidate a Building Mortgage(s) into permanent financing.

**3/30/16** HARD-COPY ORIGINAL of the recorded Building Mortgage(s) is required. [This document must also be uploaded to BlitzDocs.](#)

### **30. Original Assignment of Mortgage (SONYMA Form 202/9-99)**

Lender utilizes this form to assign its interest in the Mortgage Loan to SONYMA.

Signed HARD-COPY DUPLICATE ORIGINAL of the unrecorded Assignment of Mortgage which has been submitted for recording is required. If original Assignment of Mortgage has been recorded, submit HARD-COPY ORIGINAL. [This document must also be uploaded to BlitzDocs.](#)

**3/30/16**

**Lender must accurately complete or adhere to the following:**

- a. Lender's name and address [as Assignor(s)], Borrower name(s), Mortgage date and recording information, Mortgage Loan amount and Eligible Property address.
- b. Document must be dated and executed by an authorized officer of the Lender, witnessed, and duly notarized.

**SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

- c. The executed date of the Assignment of Mortgage and the notarization date cannot be prior to the closing date.
- d. The terms of the Consolidation, Extension and Modification Agreement, if applicable, must be stated in the document.
- e. If Lender is a "MERS Member", SONYMA will require the Assignment of Mortgage (Form 202/9-99). The Assignment must come from MERS to SONYMA and must be executed by a MERS certifying officer (an employee of Lender that is duly elected as an officer of MERS). The Assignment of Mortgage must be recorded in the appropriate county clerk's office.

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

**Note: DO NOT STAMP OR TYPE ON THE DUPLICATE ORIGINAL: "Copy or certified true copy sent for recordation". If this occurs, SONYMA will require a new duplicate original in order for the review/purchase process to continue.**

The Assignment of Mortgage must be re-recorded if there is an error on the form. It is not necessary to re-record the Assignment if only the Mortgage or the Consolidation, Extension and Modification Agreement is being corrected and re-recorded.

***Please note that the fee for recording an Assignment of Mortgage to SONYMA is waived under Section 2412 of the New York State Public Authorities Law.***

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**31. Original DPAL Enforcement Note and Mortgage (Form D1/3-16 or Form D1/9-09, as applicable), if applicable**

Borrower(s) executes the DPAL Enforcement Note and Mortgage that is secured by a second lien on the Eligible Property when the Borrower obtains a DPAL loan.

Signed HARD-COPY DUPLICATE ORIGINAL of the unrecorded DPAL Enforcement Note and Mortgage which has been submitted for recording is required. If original has been recorded, submit HARD-COPY ORIGINAL. [This document must also be uploaded to BlitzDocs. Form D1/3-16 is required for all loans closed on or after June 1, 2016.](#)

The DPAL Enforcement Note and Mortgage must accurately contain the following information:

- a. The Borrower(s) name and current address, Lender's name and address, date of loan closing, and County name.
- b. Item #1: The approved DPAL Amount (Recapture Obligation).
- c. Item #2: The Property Address being financed.
- d. Item #4: Lender's name.
- e. The attached Schedule "A" referencing the legal description of the Property must conform with the Schedule "A" contained within the preliminary title report or final Title Policy.
- f. All Borrower(s) must execute the document.
- g. Notarize the document in the appropriate section. *The Notary Public's commission must be in effect at time of the mortgage closing date.*

**Note: DO NOT STAMP OR TYPE ON THE DUPLICATE ORIGINAL: "Copy or certified true copy sent for recordation". If this occurs, SONYMA will require a new duplicate original in order for the review/purchase process to continue.**

### **32. Original Assignment of DPAL Enforcement Note and Mortgage (SONYMA Form 202/9-99), if applicable**

Lender utilizes this form to assign its interest in the DPAL Loan to SONYMA.

Signed HARD-COPY DUPLICATE ORIGINAL of the unrecorded Assignment of Mortgage for the DPAL Enforcement Note and Mortgage, which has been submitted for recording, is required. If original Assignment of Mortgage for the DPAL Enforcement Note and Mortgage has been recorded, submit HARD-COPY ORIGINAL. [This document must also be uploaded to BltzDocs.](#)

3/30/16

**Lender must accurately complete or adhere to the following:**

- a. Lender's name and address [as Assignor(s)], Borrower name(s), Mortgage date and recording information, DPAL amount and Eligible Property address.
- b. Document must be dated and executed by an authorized officer of the Lender, witnessed, and duly notarized.
- c. The executed date of the Assignment of Mortgage for the DPAL Enforcement Note and Mortgage and the notarization date cannot be prior to the closing date.

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

**Note: DO NOT STAMP OR TYPE ON THE DUPLICATE ORIGINAL: "Copy or certified true copy sent for recordation". If this occurs, SONYMA will require a new duplicate original in order for the review/purchase process to continue.**

The Assignment of Mortgage for the DPAL Enforcement Note and Mortgage must be re-recorded if there is an error on the form.

***Please note that the fee for recording any Assignment of Mortgage to SONYMA is waived under Section 2412 of the New York State Public Authorities Law.***

### **33. Executed Subordinate Lienholder's Mortgage and/or Note from Government Subsidized Program (other than DPAL), if applicable**

Lender must submit a copy of the executed secondary Mortgage and/or Note for each government subsidy utilized in the Mortgage Loan transaction (other than for a DPAL subsidy), identifying the subsidy provider.

The dollar amount on the secondary Mortgage and/or Note must agree with the amount indicated on the [Closing Disclosure](#) (formerly, the HUD-1).

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### **34. Mortgage Title Insurance Policy - ALTA Loan Policy 2006**

Lender must submit the preliminary marked-up title report, the Certificate of Title, or the final Mortgage Title Insurance Loan Policy as evidence that Borrower(s) has clear and marketable title to the property. *The final Mortgage Title Insurance Policy must be submitted on the 2006 ALTA standard Lender's policy.*

If the final Mortgage Title Insurance Policy is submitted, we require the HARD-COPY ORIGINAL. If Lender submits the preliminary marked-up title report or Certificate of Title, the final HARD-COPY ORIGINAL Mortgage Title Insurance Policy must be submitted to SONYMA upon receipt.

## SONYMA Express® Post-Closing File Training Module April 2016 (Continued)

Lender must adhere to the following requirements:

- a. The following endorsements must be incorporated into all reports or Title Policies:
  - Standard New York Endorsement;
  - Environmental Protection Endorsement (ALTA Form 8.1);
  - Residential Mortgage Endorsement (1-4 Family);
  - Waiver of Arbitration Endorsement; and
  - If the Eligible Property is a condominium or PUD, the Condominium Endorsement or PUD Endorsement, respectively, must be attached. If the Eligible Property is Manufactured Housing as described in Section 3.107 of the Seller's Guide, ALTA Form 7, Manufactured Housing Unit Endorsement and ALTA Endorsement Form 7.1 Manufacturing Housing – Conversion Loan must be attached.
- b. The insured amount should be equal to the principal amount approved by SONYMA and as specified on the Note and Mortgage. The insured amount cannot be less than the approved Mortgage Loan amount.
- c. The date of issue or the effective date of policy must be the Closing Date. If the final title policy is submitted, the effective date of policy must be the Closing Date or Mortgage recording date.
- d. The name of insured must reflect: *"The State of New York Mortgage Agency"* **or** *"Lender, its Successors and/or Assigns"*
- e. If preliminary report is dated prior to closing it must be recertified as of the Closing Date. The preliminary title report must contain either: (1) a schedule listing all endorsements, to be incorporated into the final title policy, or (2) the endorsements.
- f. If the Borrower(s) are listed as proposed insured on the preliminary title report, they must be recertified as the insured as of the Closing Date.
- g. Schedule "A" of the Title Policy must reflect:
  - Borrower(s) have title to property.
  - Mortgage amount and date must be accurate.
  - If a CEMA is utilized, the date and recording information of the Consolidation/ Extension/Modification Agreement must be cited.
  - If the Mortgage and/or CEMA is executed with MERS MOM language, Section 1 and 4 must reflect MERS as nominee for the Lender.
- h. Legal Description of the Eligible Property
  - The Schedule "A" of the Eligible Property must be incorporated into the policy and must match the Schedule "A" incorporated into the Mortgage.
  - Policy must insure marketable title with no liens, encumbrances or encroachments that may adversely affect SONYMA's security.
- i. The final title policy must reflect the date and recording information of the DPAL Enforcement Note and Mortgage, indicating a second lien position (for DPAL Loans), as applicable.
- j. SONYMA will accept computerized signatures of an officer of the title insurance company or its authorized agent on any page of the title policy or title report. If a page calls for a countersignature, the page must be signed either by hand or electronically.
- k. Stamped duplicate originals of the final title policy will be accepted with original signature of an authorized agent.
- l. The front and back cover pages of the policy citing the conditions and stipulations must be submitted.

Any title problems that Lender believes may affect SONYMA's security must be reviewed and

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

approved by SONYMA prior to Mortgage Loan closing. This includes but is not limited to easements, encroachments, certificate of occupancy issues, violations, etc.

**Note: SONYMA does not accept the Short Form Title Policy.**

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**Note: For loans utilizing the SONYMA RemodelNY Repair Escrow option, SONYMA will order a title update once all the repairs are completed to ensure that there are no mechanics liens that may adversely affect SONYMA's security. The title update fee must be included on the Maximum Mortgage Worksheet (Form R11) so it will be financed into the Repair Escrow.**

### **35. Hazard and Flood Insurance Certificate (SONYMA Form 216/7-10)**

Lender completes and executes this form as a certification that the hazard and flood insurance requirements as stated in the Seller's Guide have been met.

**Note: This document is not required if Lender has executed a Master Hazard and Flood Insurance Certificate (Form 247).**

Lender must complete the following items:

- a. The SONYMA Loan Number, Closing Date, Mortgagor(s) name and Eligible Property address must be accurately stated.
- b. The document must be signed by an authorized officer of the Lender.

**Note: The homeowner's insurance policy or a flood insurance policy will not be accepted in lieu of the Hazard and Flood Insurance Certificate.**

3/30/16

### **36. Closing Disclosure (formerly, HUD-1) for First Mortgage**

Lender must ensure the following requirements are met:

- a. Any secondary financing grant/subsidy amounts must be stated and must equal the total amount of the subsidy Mortgage and/or Note.
- b. The points and fees must not exceed the maximum permitted by SONYMA under the program in which the Mortgage Loan was originated.
- c. Appropriate escrow reserves have been collected in conformance with Section 2.215 of the Seller's Guide.
- d. The document must be accurately completed in accordance with industry standards and signed off by all Borrower(s) and property sellers.
- e. If applicable, the DPAL amount must be accurately stated on the [Closing Disclosure \(formerly, HUD-1\)](#).
- f. All renovation-related escrow items should be accurately stated on the [Closing Disclosure \(formerly, HUD-1\)](#) if using a [RemodelNY Repair Escrow Option](#).

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### **37. Closing Disclosure or HUD-1 (as applicable) for DPAL Second Mortgage, if applicable**

Lender must ensure the following requirements are met:

- a. Closing costs associated with the second mortgage must be accurately stated.
- b. Down Payment Assistance amount must be correctly stated.

**IMPORTANT NOTE: SONYMA is working with the National Council of State Housing Agencies (NCSHA)**

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

and CFPB to address concerns regarding the impact of TRID on the disclosures for DPAL loans. In the meantime, we are honoring both the new TRID disclosures and the legacy GFE and HUD-1, depending upon the interpretation of our lender partner compliance departments.

### **38. Loan Funding Certification (SONYMA Form 229/6-91)**

Lender, and if applicable, Lender's Warehouse Lender must execute this document to evidence the source of funds utilized to close the Mortgage Loan.

**Note: This document is not required if Lender has executed a Master Loan Funding Certification (Form 248).**

Lender must complete the following items:

- a. Lender's name, SONYMA Loan Number, Mortgagor(s) name, Eligible Property address and Mortgage Loan Closing Date.
- b. Check the appropriate response of 1, 2, or 3 as required:
  - Loans Disbursed with Lender's Own Funds: Item #1 must be checked.
  - Loans Disbursed through an Unsecured Line of Credit: Item #2 must be checked. If this response is checked, Lender must have provided SONYMA with a Certificate as to Unsecured Credit Agreement. See Section 2.710 of the Seller's Guide for more details.
  - Loans Disbursed through a Warehouse Line: Item #3 must be checked. If this response is checked, Lender must have provided SONYMA with a copy of a valid Warehouse Agreement. See Section 2.710 of the Seller's Guide for more details.
- c. If Lender checked Item #1 or #2, Lender should proceed to end of the form and complete and execute it in the Seller's section.
- d. If Lender checked Item #3, Lender must: (1) provide wiring instructions of the Warehouse Lender; (2) execute document in the name of Lender; and (3) have an authorized officer of the Warehouse Lender execute the document.

3/2/15

## **F. SUBMISSION OF SONYMA REMODELNY REPAIR ESCROW OPTION DOCUMENTS, IF APPLICABLE**

In addition to the above listed documents, as applicable, the FINAL VERSIONS of the following documents must also be submitted for loans utilizing the RemodelNY Repair Escrow Option.

### **39a. Homeowner/Contractor Agreement(s) (Form R7/12-14 or Equivalent)**

All contracts between Borrower(s) and contractor(s), evidencing the total repair cost, is required. SONYMA Form R7 is recommended but not required. Alternative formats must include:

- a. Borrower's name(s) and subject property address
- b. Contractor's name and contact information
- c. Detailed list of all repairs and materials
- d. List of any warranties being included by the contractor
- e. Completion date within 6 months of closing
- f. Binding arbitration clause

All Borrowers and contractors must execute this document.

**39b. Contractor Bids (corresponding with work in Specification of Repairs or Work Write-Up, if using a consultant)**

Contractor should provide detailed list of work to be completed, and materials to be utilized with corresponding dollar amounts. This should be signed by the contractor and the list should correspond with the scope of work detailed in the Specification of Repairs.

**39c. Original SONYMA RemodelNY Repair Escrow Option Mortgage Loan Agreement (SONYMA Form R3/12-14), if applicable.**

Borrower(s) executes this document, if Borrower is utilizing a RemodelNY Repair Escrow option, acknowledging that funds to repair the property and pursuant to a home repair contract, have been deposited into an escrow account and will be disbursed as work on the home is completed.

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HARD-COPY ORIGINAL of the RemodelNY Repair Escrow Option Mortgage Loan Agreement is required. This document must also be uploaded to BltDocs.

The following fields must be accurately completed:

- a. The date of the document should be the same date as indicated on the Mortgage.
- b. Borrower(s) Name(s)
- c. Lender Name
- d. Property Address and County
- e. Item #1: Loan Amount
- f. Item #3: Repair Escrow Amount [Line B9 from the Maximum Mortgage Worksheet (Form R11)]
- g. Item #18: Number of months following date of agreement needed for completion
- h. Item #19: Date of Completion
- i. All Borrowers must execute the document
- j. An authorized representative of the Lender must execute the document

**39d. Specification of Repairs or Work Write-up**

Document signed by all Borrower(s) and contractor(s), and if applicable, the consultant is required.

If the amount or the nature of the renovation requires a consultant (see 4 above), the Specification of Repairs or similar work write-up must have been prepared by the consultant. If the renovation does not require a consultant, the Specification of Repairs or similar work write-up must have been prepared by a contractor or other qualified professional.

The form must be completed as follows:

- a. Borrower's name(s) and property address stated on the form.
- b. All work to be performed itemized with a cost breakdown for each job or stage of the project listed.
- c. Document must be signed by all Borrower(s), the contractor(s) and if applicable, the consultant.

**39e. Draw Request and Rehabilitation Inspection Report (Form HUD 9746-A)**

If consultant prepared the work specifications and work write-up, this form must be submitted.

The form must be completed as follows:

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

- a. Borrower's name(s) and address and lender's name and address completed at the top of the form.
- b. Column 1 fully completed with totals for each line item matching the Specification of Repairs.
- c. Signed and dated by the consultant, contractor, and Borrower.

### **3/30/16 39f. SONYMA RemodelNY Repair Escrow Option Maximum Mortgage Worksheet (#R11/3-16)**

This worksheet lists the anticipated repair/renovation costs and indicates how the Lender arrived at the maximum repair escrow mortgage amount.

Form R11/3-16 is required for all loans reserved on or after June 1, 2016.

Total repair cost must be a minimum of \$1,000.

### **39g. Plot plan of property, if applicable**

Required only if the exterior footprint of property is being changed.

### **39h. Floor plan, if applicable**

Required only if the interior walls are being moved.

### **3/2/15 ADDITIONAL REQUIREMENTS FOR LENDERS RETAINING RESPONSIBILITY OF ADMINISTERING THE RENOVATION ESCROW**

For loans that closed using the SONYMA RemodelNY Repair Escrow Option, ***AND for which the lender has retained responsibility of administering the renovation escrow***, within 30 days from the work completion date, Lenders are required to submit to SONYMA, the MI company, the Pool Insurer, and the Servicer (if not the same as the Lender), a photocopy of the below documents. All documents must have the SONYMA Loan Number indicated on the document.

1. Satisfactory Completion Certificate (Fannie Mae Form 1004D) evidencing that all work specified in the home repair contract and subsequent changes approved by SONYMA have been completed satisfactorily;
2. Title update showing no additional liens (i.e., mechanics' liens) through the date of the final inspection; and
3. Completed and fully executed SONYMA RemodelNY Repair Escrow Option Final Accounting Form and Certification (Form #R7/12-14).

## **G. SUBMISSION OF RECORDED INSTRUMENTS AND FINAL TITLE POLICIES**

Within 180 days (6 months) from the Closing Date, Lenders are required to submit to SONYMA the original and a photocopy of the below documents. All documents must have the SONYMA Loan Number indicated on the document. SONYMA recognizes that this timeframe may not be attained in some counties of the State and exceptions will be made on a case-by-case basis.

### **For All Mortgage Loans Except Cooperative Share Loans:**

1. **ALL recorded instruments:**

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

- a. Mortgage (Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01 - New York - Single Family);
- b. Assignment of Mortgage (SONYMA Form 202);
- c. DPAL Enforcement Note and Mortgage (SONYMA Form D1), if applicable;
- d. Assignment of DPAL Enforcement Note and Mortgage (SONYMA Form 202), if applicable;
- e. Consolidation, Extension, and Modification Agreement [Fannie Mae/Freddie Mac Single Family 3172-1/01 (rev. 5/01)], if applicable.

### **2. Final Title Policy.**

County Clerk certified copies of the recorded instruments as well as a stamped duplicate original of the Final Title Policy (with an original signature of an authorized agent) are acceptable in lieu of the original documents. SONYMA recommends Lenders submit outstanding documents with the SONYMA Final Document Transmittal Form (SONYMA Form 245) listing the information requested on the form and indicating which of the documents are being submitted. A designee of the SONYMA Closed Documents Unit will sign the transmittal form, acknowledging receipt of the documents. The signed transmittal form will be returned to the Lender as evidence of SONYMA's receipt of the documents.

### **ASSESSMENT OF PENALTIES FOR LATE DELIVERY OF RECORDED INSTRUMENTS AND FINAL TITLE POLICIES**

SONYMA will assess penalties to Lenders who do not deliver all final recorded instruments and title policies within one and one-half (1 1/2) years from the Mortgage Loan Closing Date. Any document overdue for a period of more than 1 1/2 years from the Closing Date will incur a penalty fee of \$25 per month, per outstanding document. For documents overdue for more than two (2) years, the fee will increase to \$50, per document, per month. If the overdue period reaches three (3) years, SONYMA, at its discretion, will require the Lender or the succeeding Lender to repurchase the Mortgage Loan. The aforementioned penalty fees will be netted out of current Mortgage Loan fundings on a quarterly basis. Or, if no Mortgage Loan fundings take place for a period of six months, Lender will be billed for the fees. Lenders who are billed, but do not pay the penalty charges, will not be permitted to register new Mortgage Loans until the bill has been paid in full. Further, SONYMA's acceptance of the payment of the penalty fee does not exonerate Lender from securing and sending to SONYMA the outstanding documentation, and as a result, additional penalties could be charged.

### **H. POST-CLOSING COOPERATIVE SHARE LOAN DOCUMENTS REQUIRED BY SONYMA**

The below section replaces Section E above, if the property being financed is a cooperative. The following documents are required, where applicable, to be in the Lender's possession as of the loan closing date. Lenders must ensure that each cooperative share loan is closed under the provisions of the *SONYMA Express® / Lender Online User Guide* and this training module, and in conformance with all conditions and requirements of the *SONYMA Express® Findings Report*.

**Note:** All original documents, as identified below, must be submitted to SONYMA, in addition to uploading these documents on *SONYMA Express®*.

### **Post-Closing Cooperative Share Loan File Checklist for SONYMA Express® Loans (Form S2/1-12)**

Lender uses this form to certify to SONYMA that the cooperative loan is being submitted in accordance

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

with SONYMA guidelines. Lender also uses this form to determine if all documentation, as required by SONYMA, is completed and submitted in the appropriate format. The checklist, if used properly, will greatly reduce the possibility of SONYMA rejecting or suspending the file.

Lender to complete the form as follows:

- a. On page 1, the SONYMA Number, Closing Date, Loan Amount, Borrower(s) Name, Property Address, and Lender Name and contact information.
- b. In the appropriate boxes, check applicable box for Program Name and/or DPAL option.
- c. Place an "X" by each item that is applicable to the loan file being submitted.

**Note: The Contact Person should be the individual that is most familiar with the loan file. Questions and correspondence from SONYMA will be directed to this person.**

*The following numbered documents reflect the same Item Number as indicated in the "Post-Closing Documents Required by SONYMA" section of the Post-Closing Cooperative Share Loan File Checklist for SONYMA Express® Loans.*

### **3/30/16 11. Original Recapture Notification and Mortgagor's Affidavit (Form 211/3-16 (For SONYMA Express® loans only) or 211/1-12, as applicable)**

Mortgagor(s) completes this document which is required for IRS compliance purposes. The form must be accurately completed in its entirety. *No revisions to the form are permitted.*

HARD-COPY ORIGINAL document must be submitted with the post-closing loan file after it is reaffirmed at title closing. [Form 211/9-15 is required for all loans reserved on or after June 1, 2016.](#)

**Note: SONYMA Express® has functionality to automatically generate this form with most fields pre-populated based on entries made by the Lender. Lenders are responsible, however, for ensuring all fields are fully and accurately completed.** Refer to the following website address for a detailed example of completion of this document:

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

Applicant(s) to complete the following sections on the document:

#### a. Top of Page 1

- SONYMA Loan Reservation Number
- Lender's Name
- Mortgagor(s) Name(s)
- Property Seller Name(s)
- Number of total persons (including children) expecting to occupy the residence

#### b. PART II - GENERAL INFORMATION

Mortgagor(s) Name(s) at top of page 2.

- Item 2: "X" the appropriate line to indicate if the property is (A) an existing one unit dwelling; (B) a newly constructed one unit dwelling; (C) a newly constructed or existing two unit dwelling, located in a Target Area, OR an existing two unit dwelling not located in a Target Area; or (D) an existing 3- or 4-unit dwelling. If

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the property is a 3- or 4-family unit dwelling, the number of units must be checked.

Item 5: If the property is a 2- to 4-family home, check the number of rental units.

Item 9: "X" the appropriate line concerning ownership interest in a principal home during the 3 year period immediately prior to loan closing. *Please note this information is used for IRS reporting purposes. It is based on their definition of first-time homebuyer which differs from SONYMA's definition.*

If Item "B2" is checked, submit an executed Military Veteran's Eligibility Affidavit (SONYMA Form 243).

Item 9(C): Complete only if a Non-Target Area loan or an Achieving the Dream, Habitat for Humanity, and Home of Your Own Program Mortgagor and if SONYMA Express is unable to obtain the tax return information electronically for any of tax years required by SONYMA:

"X" the appropriate line or lines which indicate the type of Federal Tax returns filed by the Mortgagor(s) during the previous 3 years.

If the last line is "X", indicate the name(s) of the Mortgagor(s) and the tax year in which returns were not required to be filed.

**Note: Eligible Military Veterans are not required to complete Item 9(c).**

**c. PART III - ACQUISITION COST OF THE RESIDENCE**

Enter the following:

- Line 1: Purchase Price of Existing or Newly Constructed Home.  
Subtract out any subsidy amount(s) for down payment, *including any DPAL amount.*
- Line 1(a): For Cooperatives, the unit's pro-rata portion of the underlying mortgage (total number of shares allocated to unit divided by total shares in the project, multiplied by the outstanding balance of underlying mortgage).
- Line 2: Subsidy Amount for down payment, *including any DPAL amount*, if applicable.
- Line 3: Cost to complete any unfinished areas of the residence whether or not the cost of completing construction is being financed by the SONYMA loan. Provide a contractor's estimate or an appraiser's comments to support this amount.
- Line 4: Cost of fixtures such as lights and wall-to-wall carpeting not included on Lines 1, 2, or 3 above.
- Line 5: Any amounts paid by Purchaser(s) on behalf of the property seller such as property taxes, settlement, and financing costs that are in excess of the Purchaser(s) usual and customary expenses.

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Line 6: Any personal property such as appliances, not permanently attached to the Eligible Property, and itemized and attributed a value in the sales contract.

Line 7: Total Acquisition Cost: Add lines 1 through 5 and subtract any amount on line 6.

**Note: If the amount on line 7 exceeds the current applicable SONYMA program Purchase Price/Acquisition Cost Limits, at either the time of application or loan closing, the Mortgagor(s) are not eligible for this program. Also, this amount must equal the figure indicated in Item 2 on the Property Seller's Affidavit.**

**d. PART IV - INCOME ELIGIBILITY**

Lenders must have Mortgagor(s) complete this section once at application and again at loan closing.

**Note: If Mortgagor(s) household income exceeds the applicable SONYMA program Income Limits, the Mortgagor(s) is not eligible for the program.**

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Enter on the appropriate lines, in the columns entitled "At Loan Application" and "At Loan Closing", the current gross monthly income of all Borrowers (and each Borrower's spouse, regardless of whether they sign the Mortgage documents) and all non-applicant titleholders. *The IRS requires SONYMA to use current income for this calculation and the below listed guidelines should in no way be construed as guidelines to determine a potential Applicant(s) creditworthiness.* Please see Section 3.1 of the Seller's Guide for credit underwriting requirements.

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SONYMA uses the following guidelines/calculations to determine if Mortgagor(s) meet income limit eligibility requirements. Not all sources of income are listed in the text of this list; the sources referred to are the ones most commonly submitted by SONYMA Mortgagor(s). *For purposes of this section, the term Borrower shall refer to all Borrowers (and each Borrower's spouse, regardless of whether they sign the Mortgage documents) and all non-applicant titleholders.*

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**Reminder:** If a Borrower's spouse or non-applicant titleholder is not currently employed (or has no other form of income), the Borrower must provide an explanatory statement indicating such.

1. **Basic Income Calculation:** Obtain year-to-date (YTD) gross income from current paystub. If Borrower(s) does not receive computer-generated paystubs, Lender may obtain a Verification of Employment (VOE). Deductions for pre-tax income (e.g., 401k, 457b contributions, health benefits, etc.) are **not** allowed. Divide **gross** YTD income by number of pay periods elapsed in the current year [using the "Pay Date" (check date)] and multiply by 52 if paid weekly, 24 if paid bi-monthly or 26 if paid semi-monthly, to obtain annual income.

**Note: Using this method of calculating income avoids the need to determine income earned in a previous calendar year.**

2. **Overtime, Bonuses, and Commissions:** Must be included in the YTD income calculation, as above. If the paystubs from application date to current date do not reflect this type of pay, it may be removed from the YTD income calculation as stated above, but the amount must be added back to the total income. This income may be excluded completely if paystubs from application date to current date do not reflect this type of pay and it can be demonstrated that there is no history (in prior years) of receiving this type of income.

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**Note: Documentation from the employer must be submitted to support any of these scenarios.**

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3. **Self-Employed Borrower(s):** Obtain YTD Profit and Loss Statement and the previous year's Federal tax return, with all schedules. Corporate Federal tax returns, Partnership Federal tax returns and K-1's may be required. Net profit, after business expenses, will be used to calculate annual income. Any disbursements or distributions received will be added to annual income. Divide YTD net profit by number of months represented and multiply by 12 to obtain annual income. Any deviations in income of 25% or more from the previous year must be explained in writing. **SONYMA will accept a P&L from the Borrower(s).** The P&L must state that these numbers are true and accurate and must be **and must be signed by the applicable borrower(s).**

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**Note: For loan applications dated within the first quarter of the new year,** SONYMA will not require a YTD P&L but will accept the previous year's Federal tax return to determine the Borrower(s) income for the current year. If the Borrower(s) has not yet filed a Federal tax return for the previous year, then SONYMA will require a P&L for that tax year. Any major deviations in income from the previous year must be explained in writing.

4. **Salary/Job Changes:** If Borrower(s) receives an increase/decrease in pay due to a job change, promotion, or terms of a new employment contract, the new salary will be treated as though it was received the entire year. Obtain employment letter or copy of contract and current paystub or VOE.
5. **Retroactive Pay:** Income received in the current year that was earned in a prior year(s) can be excluded as long as there is no continuous history of receiving this type of income and such income will not reoccur.
6. **Sign-On Bonus:** Income can be excluded as long as there is no continuous history of receiving this type of income and such income will not reoccur.
7. **Social Security or Disability Benefits:** Do not gross Survivor benefits received for a child must be included if the income is being used for the child's living expenses.
8. **Proposed Rental Income:** Do not include proposed rental income anticipated from the purchase of a 2- to 4-unit property.
9. **Child Support/Alimony Paid by Borrower(s):** Cannot be deducted from income.
10. **Child Support/Alimony Received by Borrower(s):** Must be included in income.

**Note:** If court ordered documents such as a separation agreement or divorce decree indicate that the Borrower should be receiving child support and/or alimony, but Borrower has not actually received any child support and/or alimony payments for the three months immediately prior to the loan application date and through the current date, this income can be excluded from the compliance income calculation. Further, if Borrower consistently receives less than the court ordered child support/alimony payment, for the compliance income calculation SONYMA will annualize the total YTD payments to determine the actual income received. **In either instance,** SONYMA will require the

## SONYMA Express® Post-Closing File Training Module April 2016 (Continued)

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Borrower(s) to submit a signed statement verifying non-receipt or reduction of the payments.

11. **Relocation Allowance:** This income may be excluded completely if paystubs from application date to current date do not reflect this type of pay and it can demonstrated that there is no history (in prior years) of receiving this type of income.
12. **Clothing Allowance:** Must be included in income.
13. **Car Allowance:** Must be included in income.
14. **Military Housing and Food Allowance:** Must be included in income.
15. **Unreimbursed Business Expenses for Salaried Employee (Union Dues, Safety Equipment, Business Equipment, etc.):** Cannot be deducted. *However*, if an individual receives 1099 income and pays self-employment tax, business deductions are allowed.
16. **Foster Care Income:** Payments received as consideration for foster care duties with respect to children in the Borrower(s) care are not considered income for this purpose and should not be included in the income calculation.
17. **Public Assistance:** Any assistance received from Section 8 housing vouchers and expecting to continue after home purchase must be included in income.
18. **Employer Reimbursement:** Income for travel reimbursement or employer-imposed tuition expenses may be excluded if the Borrower(s) can document via a letter from his/her employer that he/she is being reimbursed for expenses incurred while traveling on company business or for completing courses required by his/her employer.

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19. **Income for Full-time Students:** If a non-applicant titleholder is classified as a full-time student, an exception applies to dependents (excluding a spouse) who are age 18 years or older and are classified as a full-time student. The compliance income for a person(s) aged 18 years or older, with a full-time student status, who is a dependent, will be calculated as follows:

If the income is less than \$480 annually, count all of the income. If the annual income exceeds \$480, count only \$480 and exclude the amount that exceeds \$480.

SONYMA requires verification of full-time student status in the form of any formal school document or verification on school letterhead (i.e. SONYMA will accept copies of recent transcripts, letters from counselors or school advisors, or verifications from the office of registrars, etc.).

20. **Seasonal Income:** If a Borrower has a history of working in a seasonal industry (e.g. construction, landscaping, golf course) where he/she receives unemployment benefits for the same period of time each year (i.e. November – March), the Borrower's wages as well as any annual unemployment income must be included in the compliance income calculation. The employer must provide a letter stating that lay off occurs annually and for what period of time. The Borrower's current YTD gross wages should be divided by the actual number of weeks worked YTD (do not count the weeks unemployment was received) and multiplied by the total number of weeks the Borrower works during a

## SONYMA Express® Post-Closing File Training Module April 2016 (Continued)

calendar year. Add the Borrower's documented YTD unemployment income to the annualized wages to complete the Borrower's compliance income calculation. The total unemployment benefits received in the previous calendar year (and reported on the prior year's tax return) should be added to the annualized seasonal wages (in lieu of the YTD benefits) if the borrower has not yet received all anticipated unemployment benefits for the current year.

21. **Unemployment Income: Borrowers with history of receiving unemployment benefits (i.e., union electrician) but receipt can vary from year to year**: Must be included in the compliance income calculation. If the Employee is not currently receiving unemployment benefits but received benefits earlier in the year, divide the Borrower's YTD gross wages (from his/her employer) by the actual number of weeks worked YTD (do not count the weeks the Borrower received unemployment benefits) and multiply by the total number of work weeks in the current year (i.e., 52 weeks less the number of weeks unemployment benefits were received YTD). Add the documented YTD unemployment benefits to the annualized wages to complete the Borrower's compliance income calculation.
22. **Unemployment Income: Borrower(s) currently receiving long term unemployment benefits**: Must be included in the compliance income calculation. To calculate, multiply the weekly benefit by the number of weeks in the current benefit period. If the Borrower's unemployment benefits have been extended, add the projected income from the current extension to the Borrower's YTD unemployment benefits.

**Note: Documentation must be submitted to support the amount of weekly benefits, the start date, and the date the benefits are expected to end.**

### e. PART VI - CERTIFICATION

All Mortgagor(s) must execute the document on the last page of the document. This document cannot be signed or re-affirmed by a power-of-attorney.

1. Obtain Notary Public signature and affix notary stamp and/or seal; notary must complete the entire section and include name(s) of all Mortgagors (titleholders).
2. *Ensure that the Notary Public commission has not expired prior to execution of this document.*
3. Both the "At Loan Application" and "Original Reaffirmation at Title Closing" sections must be executed. Submit the original reaffirmed document in the closed loan file.
4. Recapture Tax Calculation Attachment(s) must be provided to Applicant(s) at time of application.

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## **12. Property Seller's Affidavit (SONYMA Form 210/3-16 or 5-09, as applicable), if applicable**

Property seller(s) completes this form which is required for IRS compliance purposes. The form must be completed accurately in its entirety. *No revisions to the form are permitted.* The document may be signed by a POA and a copy of the POA (recorded or unrecorded document is acceptable) must be submitted with the file. **(This document must always be duly notarized.)**

Form 210/3-16 is required for all loans reserved on or after June 1, 2016.

## SONYMA Express® Post-Closing File Training Module April 2016 (Continued)

**Note:** SONYMA Express® has functionality to automatically generate this form with most fields pre-populated, based on entries made by the Lender. Lenders are responsible, however, for ensuring that all fields are fully and accurately completed.

The amount indicated on item 2 of this document must equal the figure indicated on line 7 of Part III on the Recapture Notification and Mortgagor(s) Affidavit (Form 211).

**Form is waived if a foreclosed unit is being sold by a foreclosing Lender/investor.**

*Be advised that the Notary Public's commission must be in effect as of the date of execution.*

### **13. Documentation Required for the Homes for Veterans Program**

In November 2011, SONYMA expanded the Homes for Veterans Program to include active duty US military personnel. The benefit of the program (down payment assistance with no rate increase) applies to all eligible military veterans and active duty service members, but the waiver of ***the first-time homebuyer requirement applies only to veterans discharged or released under conditions other than dishonorable***. As such, the documentation requirements differ depending on the applicant's status at the time of loan application.

#### **US Military Veterans Only:**

i. **DD Form 214, Certificate of Release or Discharge from Active Duty**

*A copy of this document is only required for Veteran(s) who served in the active US military, naval, or air service and was discharged or released under conditions other than dishonorable.*

ii. **Military Veteran's Eligibility Affidavit (Form 243/5-09), if applicable**

*Borrower(s) completes this form ONLY if he/she is an eligible military veteran who is not a first-time homebuyer [or if Veteran's Co-Borrower or any non-applicant Mortgagor is not a first-time homebuyer].*

Veteran Borrower(s) to complete the form as follows:

- a. Fill in the top of the form.
- b. Enter Veteran Borrower(s) name and the property address being financed.
- c. Must be signed by all Veteran Borrower(s) and notarized.

#### **Active Duty US Military Personnel Only:**

**Leave and Earning Statement and Military ID Card**

*Copies of these documents are required only for active military personnel, currently serving in active military (and stationed in New York), National Guard or Reserves.*

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### **14. Interest Rate Option Form (Form D3/4-16, D3/8-15 or D3/8-11 as applicable)**

All Borrower must complete this document regardless of whether opting for DPAL. The document serves as the applicant's acknowledgment and acceptance of the interest rate locked in with SONYMA.

*Form D3/4-16 is required for all loans reserved on or after June 1, 2016.*

**Note:** SONYMA Express® has functionality to automatically generate this form with most fields pre-populated, based on entries made by the Lender. Lenders are responsible, however, for ensuring that all fields are fully and accurately completed.

Applicant(s) to complete the form as follows:

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- a. Enter the Lender name, SONYMA Reservation Number, and Loan Amount at the top of the form.
- b. Enter the names of all Borrowers and the Property Address being financed.
- c. Check the appropriate box as to whether Borrower(s) is/is not accepting DPAL and indicate the applicable interest rate and lock-in period (either 120 or 240 days) information.
- d. Must be signed and dated by all Borrowers.

### **15. Down Payment Assistance Loan (“DPAL”) Recapture Notification (Form D4/3-16 or Form D4/9-09 as applicable), if applicable**

If utilizing a SONYMA Down Payment Assistance Loan, all Borrowers and non-applicant titleholders must complete this document. *No revisions to the document are permitted.*

Form D4/3-16 is required for all loans reserved on or after June 1, 2016.

Borrower(s) and non-applicant titleholders to complete the document as follows:

- a. Enter Lender name, Borrower(s) and non-applicant titleholders names(s) and residence at the top of the form.
- b. Must be signed and dated by all Borrowers and non-applicant titleholders.

### **16. Federal Income Tax Returns for Previous Three Years**

**All Mortgagees [Borrower(s) and non-applicant titleholders]** must submit Federal income tax returns with all schedules for the three years immediately preceding the loan application date. The returns are required by the IRS to determine eligibility under SONYMA’s first-time homebuyer requirement and to establish that the property will be used for residential purposes. *Although the first-time homebuyer requirement is waived for loan applications where the subject property is located in a Targeted Area or for eligible military veterans (and any household members), **SONYMA now requires three years tax returns for ALL Mortgagees [Borrowers and non-applicant titleholders], including first-time homebuyers.***

**Note:** The first-time homebuyer requirement is not waived for Borrowers applying for the Achieving the Dream Program and purchasing a home in a Targeted Area. This requirement is waived, however, for eligible US military veterans who apply for an Achieving the Dream Program loan.

**Note:** SONYMA Express® is programmed to obtain tax return information directly from a TRV vendor. Lenders are responsible for ensuring that all conditions in the SONYMA Express® Findings Report relating to tax returns have been satisfied.

***If SONYMA Express® is unable to locate any returns filed in the last three years, the following requirements must be met (for Non-Target and non-Veterans loans only):***

Submission of signed Federal returns and all schedules is required; *state returns are unacceptable and not necessary.* If the Federal tax returns are not available, Tax Transcripts from the IRS are acceptable in lieu of the copies of the returns, as long as the transcripts allow SONYMA to determine that no deductions were taken for real estate taxes and/or home mortgage interest.

Lender must review the tax returns to determine if Borrower(s) itemized deductions for real estate taxes and/or Mortgage interest. If so, an original notarized affidavit explaining these deductions

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

must be included in the loan file. Depending on the explanation, Borrower(s) may or may not be eligible. See Section 2.301 of the Seller's Guide for more details.

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SONYMA has modified its policy regarding the potential use of the financed property by the Borrower(s) for business or commercial purposes. The IRS mandates that the SONYMA-financed property be used for residential purposes and no more than 15 percent of the property can be used for business or income producing purposes. Effective immediately, to satisfy this requirement, SONYMA will rely on the following statements made by all Borrowers and non-applicant titleholders in Section 5 of the Recapture Notification and Mortgagor's Affidavit (Form 211) affirming that for the entire term of the SONYMA mortgage, that they:

- a. will not use, nor will any other person use (other than in connection with the rental units of a 2- to 4-family home), more than 15 percent of the property for business or income producing purposes [as determined on Line 3 of IRS Form 8829 (or a successor form) of their Federal tax return(s);
- b. will not permit the property to be occupied by more families than is allowed under the applicable certificate of occupancy or its equivalent;
- c. will not subdivide or attempt to subdivide the land containing the property and encumbered by the SONYMA mortgage; and
- d. will not construct another dwelling on the land containing the property that could be used as another residence.

If Borrower's most recent tax return shows evidence of using their current residence for business or commercial use (Schedule C – Profit or Loss from Business indicates their primary residence as their business address), Lender should remind the Borrowers and non-applicant titleholders of the IRS' requirement.

### **17. PMI Certificate, if applicable**

Lender must submit this certificate if the loan-to-value ratio (LTV) exceeds 80 percent, as evidence that the loan will have primary mortgage insurance coverage. State law permits SONYMA to require mortgage insurance based on the lower of the sales price or appraised value.

**Note: The PMI certificate, if applicable, will be generated and uploaded into SONYMA Express® by the mortgage insurance company (if the insurer is Genworth or SONYMA MIF. If an insurer other than Genworth or MIF is providing MI, the Lender must upload the certificate.**

Lender must ensure that coverage meets SONYMA's requirements as stated in Section 2.221 of the Seller's Guide and that all loan information listed on the certificate is accurate. Lender must be named as the insured.

### **18. Pool Insurance Certificate**

Lender must submit this certificate for ALL loans as evidence that the loan has been reviewed and approved for credit underwriting by SONYMA's Pool Insurer. Section 3.1 of the Seller's Guide provides the credit underwriting guidelines and Section 2.706(b) states the documentation requirements to obtain Pool Insurer approval.

**Note: The pool insurance certificate will be generated and uploaded into SONYMA Express® by the pool insurance company.**

## SONYMA Express® Post-Closing File Training Module April 2016 (Continued)

Lender must ensure that all loan information, including the SONYMA loan number listed on the certificate, is accurate. State of New York Mortgage Agency must be named as the insured.

### 3/2/15 **19. Computer-Generated Paystubs and/or Other Income Documentation for Non-Borrower Spouses and Other Titleholders, if any**

Documentation must be submitted for each Non-Applicant Household Member(s), age 18 or older, and expecting to reside in the financed property. Equivalent documentation (i.e. a VOE) can be substituted and must reflect YTD earnings. The income derived from such documents must be incorporated into the income calculation described in Item 11(d) above. If a Household Member(s), age 18 or older, has no income, submit a [statement](#) indicating such [the [statement](#) must be signed by all Borrowers].

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### 3/2/15 **20. Award Letters, or Other Proof of Income for All Borrowers, Non-Borrower Spouses and Other Titleholders, if applicable**

Evidence of income from Social Security, pension, disability, alimony, and/or child support must be submitted and incorporated into the income calculation described in Item 11(d) above. If the applicant receives income from alimony and/or child support, a copy of the divorce decree or separation agreement must be submitted.

### **21. FEMA Standard Flood Hazard Determination (FEMA Form 81-93, Dec. 05)**

Photocopy is acceptable.

If property is determined to be located in a Special Flood Hazard Area, Lender must ensure that the Eligible Property is covered by a flood insurance policy, in conformance with Section 2.219 (e) of the Seller's Guide.

### **22. Home Energy Rating Certificate (HERC) or equivalent (for ENERGY-STAR® Labeled Homes only)**

If the loan was reserved under SONYMA's ENERGY-STAR® option, the HERC is a required document. This certificate states that the home was built in accordance with the New York ENERGY-STAR® labeled home requirements.

### **23. Documentation to Satisfy All Conditions of the IRS Compliance Section of the SONYMA Express Findings Report**

All documentation to satisfy the conditions of the findings report/feedback certificate must be submitted.

**Note: SONYMA Express® will automatically generate a Findings Report and upload it into SONYMA Express®. The report will have an IRS Compliance Section that will list all compliance conditions required to be satisfied in order to make the loan saleable to SONYMA.**

### 3/2/15 **24. Satisfactory Completion Certificate (Fannie Mae Form 1004D), applicable if appraised value made subject to completion of repairs**

All Borrowers and contractors must execute this document.

Document should be completed by the original property appraiser, setting forth that all conditions of

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

the appraisal report have been met. Computer-generated color photographs must be submitted.

### **25. Original Cooperative Loan Note (SONYMA Coop Exhibit 2/4-99)**

Borrower(s) executes the Note and all Riders to evidence his, her, or their obligation to pay the indebtedness secured by the Proprietary Lease and the shares.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

The following fields must be accurately completed:

- a. The Mortgage Loan amount, Closing Date and Eligible Property location must be specified.
- b. Item #1: Mortgage Loan amount, the interest rate, and the Lender's name must be referenced. The interest rate must be the rate specified on Lender Online.
- c. Item #2: Initial payment date, the principal and interest payment, maturity date and location as to where payments should be made must be referenced.
- d. Endorsement without recourse to SONYMA must be affixed and executed by an authorized officer of the Lender.

**The document must be signed by all Borrower(s) and if applicable, any Guarantor(s) and duly notarized.**

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

### **26. Original Security Agreement (SONYMA Coop Exhibit 8/4-99)**

Borrower(s) executes the security agreement as an acknowledgement that the cooperative share loan is being secured against the proprietary lease and the shares.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

The following fields must be accurately completed:

- a. SONYMA Loan Reservation Number, apartment number, Eligible Property address must be stated at the top of the form.
- b. Closing Date, Borrower(s) name(s), Borrower(s) address, Lender name, and Lender's address must be stated in the first paragraph.
- c. Item #1: Mortgage Loan amount.
- d. Item #3: Amount of shares, name of Cooperative Corporation, apartment number, and building address.

**This information MUST match the Stock Certificate.**

The document must be signed by all Borrower(s) and duly notarized.

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

### **27. Original Consent**

The Consent is applicable when there is a transfer or resale of shares between the unit seller and Borrower(s) and requires Cooperative Corporation approval. The Cooperative Corporation must provide the form of document.

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**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

The following fields must be accurately completed:

- a. Unit seller (Assignor) name(s).
- b. Proprietary Lease date.
- c. Number of shares.
- d. Borrower (Lessee) name(s).
- e. Proprietary rent and surcharges paid to date.

An authorized agent of the Cooperative Corporation must execute the form.

**Note: If a new Proprietary Lease is issued by the Cooperative Corporation in the Borrower(s)/ Lessee's name(s), the Consent and the Acceptance of Assignment and Assumption of Lease documents will be waived.**

### **28. Original Acceptance of Assignment and Assumption of Lease (SONYMA Coop Exhibit 3/4-99)**

Borrower(s) executes this form as acknowledgement and acceptance of the responsibilities stated under the Proprietary Lease.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

The following fields must be accurately completed:

- a. Borrower(s) name, lease date, name of Cooperative Corporation, apartment number, and building address.
- b. The assignment date must be the Closing Date.

Document must be executed by all Borrower(s) and must be duly notarized.

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

**Note: If a new Proprietary Lease is issued by the Cooperative Corporation in the Borrower(s)/ Lessee's name(s), the Consent and the Acceptance of Assignment and Assumption of Lease documents will be waived.**

### **29. Original Proprietary Lease**

Borrower(s) executes the Proprietary Lease that sets forth the rights of the tenant/stockholder (Borrower(s)) and the Cooperative Corporation. The Cooperative Corporation must provide the form of document.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

The document must reflect the following:

- a. Lease date, Borrower(s) name and correct number of shares.
- b. The Cooperative Corporation and Borrower(s) must execute document.
- c. Has been duly notarized.

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

### ***Occupancy Agreement***

In lieu of a Proprietary Lease, SONYMA will accept an Occupancy Agreement. If the Occupancy Agreement does not set forth that the agreement will not interfere with, refuse to extend, or terminate SONYMA's right to maintain its security interest in the underlying shares of stock in the Cooperative Corporation, provide a notarized affidavit, executed by all Borrowers, indicating that the Borrower(s) will not interfere with, refuse to extend, or terminate SONYMA's right to maintain its security interest in the underlying shares of stock in the Cooperative Corporation.

### **30. Original Assignment of Lease to Lender (SONYMA Coop Exhibit 4/4-99)**

Borrower(s) executes this form to assign all of Borrower(s) rights under the Proprietary Lease to Lender.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

The following fields must be accurately completed:

- a. Lender's name, Mortgage Loan amount, apartment number, and building address.
- b. Borrower(s) must date and execute the document as of the Closing Date.
- c. Document must be duly notarized.

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

### **31. Original Assignment of Loan (SONYMA Coop Exhibit 5/4-99)**

Lender utilizes this form to assign its interest in the Cooperative Share Mortgage Loan to SONYMA.

HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

The following fields must be accurately completed:

- a. Lender's name and location.
- b. Consideration amount must be \$1.00, \$10.00 or actual loan amount approved by SONYMA.
- c. Item (i): Closing Date, Borrower(s) name, and the Mortgage Loan amount.
- d. Item (ii): Cooperative Corporation name, lease date, the apartment number and building address.
- e. Item (iii): Number of shares and Cooperative Corporation name and Stock Certificate Number.
- f. Item (iv): Date of the Security Agreement (same as the Closing Date).

Document must be dated and signed by an authorized officer of the Lending Institution.

### **32. Original DPAL Cooperative Enforcement Note and Security Agreement (Form D2/9-09 Rev.), if applicable**

Shareholder(s) executes the DPAL Cooperative Enforcement Note and Security Agreement as an acknowledgement that the DPAL Loan is being secured as a second lien against the proprietary lease and the shares.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

The DPAL Cooperative Enforcement Note and Security Agreement must accurately contain the following information:

- a. The date of the closing, Shareholder(s) name, and Lender's name and address.
- b. Item #1: Number of Shares of capital stock, Cooperative Corporation name, and Property Unit number.
- c. Item #4: Amount of DPAL (Recapture Obligation).
- d. Item #6: Lender Name.
- e. All Shareholder(s) must execute the document.
- f. Notarize the document in the appropriate section. ***The Notary Public's commission must be in effect at time of the mortgage closing date.***

### **33. Original Assignment of DPAL Loan (SONYMA Coop Exhibit 5/4-99), if applicable**

Lender utilizes this form to assign its second lien interest in the DPAL Loan to SONYMA.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitZDocs.](#)

The following fields must be accurately completed:

- a. Lender's name and location.
- b. Consideration amount must be \$1.00, \$10.00 or actual loan amount approved by SONYMA.
- c. Item (i): Closing Date, Borrower(s) name, and the DPAL Loan amount.
- d. Item (ii): Cooperative Corporation name, lease date, the apartment number and building address.
- e. Item (iii): Number of shares and Cooperative Corporation name and Stock Certificate Number.
- f. Item (iv): Date of the Security Agreement (same as the Closing Date).

Document must be dated and signed by an authorized officer of the Lending Institution.

### **34. Executed Subordinate Lienholder's Security Agreement and/or Note from Government Subsidized Program (other than DPAL), if applicable**

Lender must submit a copy of the executed secondary Security Agreement and/or Note for each government subsidy utilized in the Mortgage Loan transaction (other than for a DPAL subsidy), identifying the subsidy provider.

**3/30/16** The dollar amount of the secondary Security Agreement and/or Note must agree with the amount indicated on the [Closing Disclosure \(formerly HUD-1\)](#).

### **35. Original Stock Certificate**

Cooperative Corporation issues the Stock Certificate to evidence Borrower(s) ownership of shares in the Cooperative Corporation.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitZDocs.](#)

The document must reflect the following:

- a. Names of Cooperative Corporation and Borrower(s).
- b. Correct number of shares and Stock Certificate number.

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

Certificate must be dated and signed by authorized officers of the Cooperative Corporation on the Closing Date.

### **36. Original Stock Power (SONYMA Coop Exhibit 9/4-99)**

Borrower(s) completes and executes the Stock Power to assign Borrower(s) shares of ownership in the Cooperative Corporation to Lender.

**3/30/16** HARD-COPY ORIGINAL is required. [This document must also be uploaded to BlitzDocs.](#)

The following fields must be accurately completed:

- a. SONYMA Loan Reservation Number, Lender's name, Cooperative Corporation name, and number of shares.
- b. Document must be dated and signed by all Borrower(s) on the Closing Date. The signature must be witnessed.

### **37. Original National UCC Financing Statement (Form UCC1) (Rev. 05/22/02)**

Lender completes the National UCC Financing Statement as evidence that the State of New York Mortgage Agency has a lien secured against the shares and proprietary lease.

**3/30/16** ORIGINAL ACKNOWLEDGEMENT COPY of the County Clerk filed form is required. [This document must also be uploaded to BlitzDocs.](#)

If the Borrower(s) is also utilizing a SONYMA Down Payment Assistance Loan, a separate ORIGINAL ACKNOWLEDGEMENT COPY of the County Clerk filed form for the Down Payment Assistance Loan is also required. (Refer to Item #39 below.)

Lender must complete the form exactly as stated on instructions accompanying the form. In addition, the following must be adhered to:

- a. Boxes A and B must reflect the Lender's name and acknowledgment address.
- b. Boxes 1b and 1c must reflect the Borrower(s) exact full legal name and property address.
- c. Boxes 2b and 2c must reflect the Co-Borrower(s) exact full legal name and property address.
- d. In Boxes 3a and 3c, State of New York Mortgage Agency and SONYMA's address **MUST** be named as the Secured Party.
- e. Box 4 must fully describe the collateral by including at minimum: (i) the number of shares of stock; (ii) the Cooperative Corporation name; (iii) the full apartment address including the apartment number; and (iv) the real property tax designation (i.e., section, block and lot number).

**Example:** Debtor(s) interest in [*insert #*] shares of stock for [*insert property address, unit #, city, state, zip*] plus the Proprietary Lease with [*insert name of Cooperative Corporation*] and any replacement or additional Stock and any Lease amendments or replacement. This Cooperative financing statement shall be effective until a termination statement is filed.

**Note:** If Borrower(s) is not utilizing a SONYMA DPAL loan, no additional language is required.

If the Borrower(s) is also utilizing a SONYMA Down Payment Assistance Loan, include the following additional language in **Box 4** of Form UCC1 with respect only to the UCC filing of the Mortgage Loan:

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

*Pursuant to the terms of a certain agreement between the Debtor and Secured Party entitled “Security Agreement – Co-op”, the security interest described herein is a first-position lien.*

- f. Box 6 must be checked.

**UCC Financing Statement Addendum (Form UCC1Ad) (Rev. 05/22/02)** must also be completed:

1. Box 9b must reflect the Borrower’s name.
2. If the loan transaction involves more than two Borrower(s), Lender must add the third Borrower’s name in Box 11b.
3. In Box 12, check the box for “ASSIGNOR S/P’S NAME”.
4. Complete Boxes 12a and 12c with Lender’s full name and address.
5. Attach the completed UCC1Ad to the UCC1 for filing.

**Note: The UCC Financing Statement Addendum (Form UCC1Ad) (Rev. 05/22/02) must be filed with Form UCC1 and bear County Clerk markings evidencing that the UCC1Ad was also filed.**

### **38. Original New York UCC Financing Statement Cooperative Addendum (Form UCC1CAAd) (Rev. 6/14/01)**

Lender completes this form to acknowledge that the loan is collateralized by a Cooperative interest.

3/30/16

**ORIGINAL ACKNOWLEDGEMENT COPY** of the County Clerk filed form is required. **This document must also be uploaded to BlitzDocs.**

If the Borrower(s) is also utilizing a **SONYMA Down Payment Assistance Loan**, a separate ORIGINAL ACKNOWLEDGEMENT COPY of the County Clerk filed form for the Down Payment Assistance Loan is also required. (Refer to Item #40 below.)

Lender must complete the form exactly as stated on instructions accompanying the form. In addition, the following must be adhered to:

- a. Boxes A and B must reflect the Lender’s name and acknowledgement address.
- b. Box 19a or 19b must be completed.
- c. Box 20b must accurately reflect the Borrower(s) complete name, as stated in Box 1b of the UCC1.
- d. Box 21a must reflect the State of New York Mortgage Agency, exactly as stated in Box 3a of the UCC1.
- e. Box 22 must be appropriately checked.
- f. Box 23 must, at minimum, be checked as “Residential”.
- g. Boxes 24a through 24h must be fully completed.
- h. Box 25 must be completed, with the name of the Coop Corporation, as reflected on the Stock Certificate.

### **39. Original National UCC Financing Statement for DPAL Loan, if applicable (Form UCC1) (Rev. 05/22/02)**

Lender completes the National UCC Financing Statement as evidence that the State of New York Mortgage Agency has a Down Payment Assistance Loan secured against the shares and proprietary lease.

If the Borrower(s) is also utilizing a **SONYMA Down Payment Assistance Loan**, a separate ORIGINAL

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

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ACKNOWLEDGEMENT COPY of the County Clerk filed form for the Down Payment Assistance Loan is required. [This document must also be uploaded to BlitzDocs.](#)

Lender must complete the form exactly as stated on instructions accompanying the form. In addition, the following must be adhered to:

- a. Boxes A and B must reflect the Lender's name and acknowledgment address.
- b. Boxes 1b and 1c must reflect the Borrower(s) exact full legal name and property address.
- c. Boxes 2b and 2c must reflect the Co-Borrower(s) exact full legal name and property address.
- d. In Boxes 3a and 3c, State of New York Mortgage Agency and SONYMA's address MUST be named as the Secured Party.
- e. Box 4 must fully describe the collateral by including at minimum: (i) the number of shares of stock; (ii) the Cooperative Corporation name; (iii) the full apartment address including the apartment number; and (iv) the real property tax designation (i.e., section, block and lot number).

**Example:** Debtor(s) interest in [insert #] shares of stock for [insert property address, unit #, city, state, zip] plus the Proprietary Lease with [insert name of Cooperative Corporation] and any replacement or additional Stock and any Lease amendments or replacement. This Cooperative financing statement shall be effective until a termination statement is filed.

- f. Include the following additional language in **Box 4** of Form UCC1 with respect only to the UCC filing of the DPAL loan:

*Pursuant to the terms of a certain agreement between the Debtor and Secured Party entitled "Down Payment Assistance Loan Cooperative Enforcement Note and Security Agreement", the security interest described herein is a second lien which is subordinate to a first-position security interest of the Secured Party filed or to be filed in connection with the collateral described hereinabove.*

- g. Box 6 must be checked.

**UCC Financing Statement Addendum for the DPAL (Form UCC1Ad) (Rev. 05/22/02)** must also be completed:

1. Box 9b must reflect the Borrower's name.
2. If the loan transaction involves more than two Borrower(s), Lender must add the third Borrower's name in Box 11b.
3. In Box 12, check the box for "ASSIGNOR S/P'S NAME".
4. Complete Boxes 12a and 12c with Lender's full name and address.
5. Attach the completed UCC1Ad for the DPAL to the UCC1 for the DPAL, for filing.

**Note: The UCC Financing Statement Addendum for the DPAL (Form UCC1Ad) (Rev. 05/22/02) must be filed with Form UCC1 for the DPAL and bear County Clerk markings evidencing that the UCC1Ad was also filed.**

### **40. Original New York UCC Financing Statement Cooperative Addendum for the DPAL Loan, if applicable (Form UCC1CAd) (Rev. 6/14/01)**

Lender completes this form to acknowledge that the Down Payment Assistance Loan is collateralized by a Cooperative interest.

If the Borrower(s) is also utilizing a SONYMA Down Payment Assistance Loan, a separate ORIGINAL ACKNOWLEDGEMENT COPY of the County Clerk filed form for the Down Payment Assistance Loan is

## **SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

3/30/16 required. **This document must also be uploaded to BlitzDocs.**

Lender must complete the form exactly as stated on instructions accompanying the form. In addition, the following must be adhered to:

- a. Boxes A and B must reflect the Lender's name and acknowledgement address.
- b. Box 19a or 19b must be completed.
- c. Box 20b must accurately reflect the Borrower(s) complete name, as stated in Box 1b of the UCC1.
- d. Box 21a must reflect the State of New York Mortgage Agency, exactly as stated in Box 3a of the UCC1.
- e. Box 22 must be appropriately checked.
- f. Box 23 must, at minimum, be checked as "Residential"
- g. Boxes 24a through 24h must be fully completed.
- h. Box 25 must be completed, with the name of the Coop Corporation, as reflected on the Stock Certificate.

### **41. Original Recognition Agreement (Aztech or Blumberg Form)**

Cooperative Corporation, Borrower(s), and Lender execute this form to evidence that the Cooperative Corporation recognizes certain rights of the Lender financing the Cooperative share unit.

3/30/16 HARD-COPY ORIGINAL is required. **This document must also be uploaded to BlitzDocs.**

If the **Aztech Form** is used, the following fields must be accurately completed:

- a. Property address and apartment number
- b. Borrower(s)/Lessee name(s)
- c. Loan amount

If the **Blumberg Form** is used, the following fields must be accurately completed:

- a. Item #1: Name and address of the Cooperative Corporation
- b. Item #3: Borrower(s)/shareholder(s) name
- c. Item #4: Lender's name and address
- d. Item #5: Name and address of the managing agent for the Cooperative Corporation
- e. Item #6: Number of shares
- f. Items #7 & #9: Apartment number and building address
- g. Item #8: Mortgage Loan amount
- h. Item #10: Closing Date

Document must be signed by the Borrower(s), an authorized officer of the Cooperative Corporation and an authorized officer of the Lender.

### **42. Lien Search of the Apartment**

A lien search is required to establish that the Lender is receiving a perfected security position.

The document must comply with the following:

- a. Search must be done no more than sixty (60) days prior to the Closing Date of the Mortgage Loan.
- b. The lien search must be run against the Cooperative Corporation, the Borrower(s), and the unit seller and should include, at minimum: (1) Federal, State, and County tax liens, (2) UCC

financing statements (County and State), (3) orders appointing receivers, (4) assignments for the benefit of creditors, (5) judgments and New York tax liens, (6) mechanic's liens, (7) bankruptcies, (8) U.S. judgments, (9) leases affecting the apartment, (10) mortgages on apartment lease, (11) mortgages on the building, (12) miscellaneous docket, (13) bail bond liens, (14) criminal surety bonds, (15) hospital liens, and (16) lis pendens.

**43. No Lien Affidavit (SONYMA Coop Exhibit 7/4-99)**

Borrower(s) executes the No Lien Affidavit to certify that Borrower(s) has no outstanding liens, judgments, etc. that could jeopardize the Lender's security position.

The following fields must be accurately completed:

- a. Borrower(s) name, Lender's name, and Mortgage Loan amount
- b. Borrower(s) must execute the document as of Closing Date.
- c. Document must be duly notarized.

***Be advised that the Notary Public's commission must be in effect as of the date of execution.***

**44. Hazard and Flood Insurance Certificate (SONYMA Form 216/7-10)**

Lender completes and executes this form as a certification that the hazard and flood insurance requirements as stated in the Seller's Guide have been met.

**Note: This document is not required if Lender has executed a Master Hazard and Flood Insurance Certificate (Form 247).**

Lender must complete the following items:

- a. The SONYMA Loan Number, Closing Date, Borrower(s) name(s) and Eligible Property address must be accurately stated.
- b. The document must be signed by an authorized officer of the Lender.

**Note: The homeowner's insurance policy or a flood insurance policy will not be accepted in lieu of the Hazard and Flood Insurance Certificate.**

3/30/16

**45. Closing Disclosure (formerly, HUD-1) for First Mortgage**

Lender must ensure the following requirements are met:

- a. Any secondary financing grants/subsidies must be stated and equal the total of the subsidy Mortgage and/or Note.
- b. The points and fees must not exceed the maximum permitted by SONYMA under the program in which the Mortgage Loan was originated.
- c. Appropriate escrow reserves have been collected in conformance with Section 2.215 of the Seller's Guide.
- d. The document must be accurately completed in accordance with industry standards and signed off by all Borrower(s) and property sellers.
- e. If applicable, the DPAL amount must be accurately stated on the Closing Disclosure (formerly, HUD-1).

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## **46. Closing Disclosure or HUD-1 (as applicable) for DPAL Second Mortgage, if applicable**

Lender must ensure the following requirements are met:

- a. Closing costs associated with the second mortgage must be accurately stated.
- b. Down Payment Assistance amount must be correctly stated.

**IMPORTANT NOTE:** SONYMA is working with the National Council of State Housing Agencies (NCSHA) and CFPB to address concerns regarding the impact of TRID on the disclosures for DPAL loans. In the meantime, we are honoring both the new TRID disclosures and the legacy GFE and HUD-1, depending upon the interpretation of our lender partner compliance departments.

## **47. Loan Funding Certification (SONYMA Form 229/6-91)**

Lender, and if applicable, Lender's Warehouse Lender must execute this document to evidence the source of funds to close the Mortgage Loan.

**This document is not required if Lender has executed a Master Loan Funding Certification (Form 248).**

Lender must complete the following items:

- a. Lender's name, SONYMA Loan Number, Mortgagor(s) name, Eligible Property address and Mortgage Loan Closing Date.
- b. Check the appropriate response of Item #1, #2, or #3 as required:
  - Loans Disbursed with Lender's Own Funds - Item #1 must be checked.
  - Loans Disbursed through an Unsecured Line of Credit - Item #2 must be checked. If this response is checked, Lender must have provided SONYMA with a Certificate as to Unsecured Credit Agreement. See Section 2.710 of the Seller's Guide for more details.
  - Loans Disbursed through a Warehouse Line - Item #3 must be checked. If this response is checked, Lender must have provided SONYMA with a copy of a valid Warehouse Agreement. See Section 2.710 of the Seller's Guide for more details.
- c. If Lender checked Items #1 or #2, Lender should proceed to end of the form and complete and execute it in the Seller's section.
- d. If Lender checked Item #3, Lender must: (1) provide wiring instructions of the Warehouse Lender; (2) execute document in the name of Lender; and (3) have an authorized officer of the Warehouse Lender execute the document.

## **I. SUBMISSION OF FILED UCC FINANCING STATEMENTS**

Within 180 days (6 months) from the Closing Date, Lenders are required to submit to the Agency the HARD-COPY ORIGINAL of the below documents, as applicable. The documents must also be UPLOADED to SONYMA Express®. All documents must have the SONYMA Loan Number indicated on it. SONYMA recognizes that this timeframe may not be attained in some counties of the State and exceptions will be made on a case-by-case basis.

### **Cooperative Share Loans:**

If applicable, the original acknowledgement copy of the county clerk filed National UCC Financing Statement Amendment (Form UCC3)(Rev. 05/22/02).

**SONYMA recommends Lenders submit original outstanding documents with the SONYMA Final**

**SONYMA Express® Post-Closing File Training Module April 2016 (Continued)**

Document Transmittal Form (SONYMA Form 245), listing the information requested on the form, and indicating which of the documents are being submitted. A designee of the SONYMA Closed Documents Unit will sign the transmittal form, acknowledging receipt of the documents. The signed transmittal form will be returned to the Lender as evidence of SONYMA's receipt of the documents.

**ASSESSMENT OF PENALTIES FOR LATE DELIVERY OF FINAL/FILED DOCUMENTS**

SONYMA will assess penalties to Lenders who do not deliver all final filed instruments within one and one-half (1½) years from the Closing Date. Any document overdue for a period of more than 1½ years from the Closing Date will incur a penalty fee of \$25 per month, per outstanding document. For documents overdue for more than two (2) years, the fee will increase to \$50, per document, per month. If the overdue period reaches three (3) years, SONYMA, at its discretion, will require the Lender or the succeeding Lender to repurchase the loan. The aforementioned penalty fees will be netted out of current loan fundings on a quarterly basis. Or, if no loan fundings take place for a period of six months, Lender will be billed for the fees. Lenders who are billed, but do not pay the penalty charges, will not be permitted to register new Mortgage Loans until the bill has been paid in full. Further, SONYMA's acceptance of the payment of the penalty fee does not exonerate Lender from securing and sending to SONYMA the outstanding documentation, and as a result, additional penalties could be charged.

***Current versions of all SONYMA documents may be downloaded from our website:***  
<http://www.nyshcr.org/Topics/Lenders/Lenders/ApplicationandClosingForms.htm>