October 23, 2015

RE: Revised SONYMA Credit and Property Underwriting Notes

Dear Participating Lender:

Please be advised that the SONYMA Credit and Property Underwriting Notes have been revised and are currently posted on our website at http://www.nyshcr.org/assets/documents/1006.pdf. Many of the revised guidelines have been announced previously in prior Weekly Availability of Funds Notices and the Monthly Lender Notice. Any changes which have not been previously announced will go into effect immediately.

SONYMA Express

SONYMA has developed its own proprietary, web-based automated system ("SONYMA Express®") to help lenders review and make decisions on the IRS compliance and credit underwriting components of SONYMA loans. Please see page 1 for details.

New Loan–to-Value Ratios and Minimum Borrower Contribution Requirements

In the October 1, 2015 Monthly Lender Notice the new Loan-to-Value and Minimum Borrower Contribution Requirements were announced. They are effective for all applications dated on or after October 15, 2015. Please see page 4 for details.

REVISED STUDENT LOAN POLICY

In the September 1, 2015 Monthly Lender Notice the Revised Student Loan Policy was announced. For all student loans, including those deferred or utilizing Income Based (IBR) plans, the greater of 1% of the outstanding balance or the actual verified payment must be used in calculating the total DTI ratio (SONYMA's debt-to-income ratios are 40/45). Estimated payments will not be used for qualifying. If the actual documented payment is less than 1% of the outstanding balance and it will fully amortize the loan with no payment adjustments, it may be used for qualifying the borrower. See pages 8 and 9 for more details.

PROPERTIES SOLD WITHOUT KITCHEN APPLIANCES

In the Seller's Guide Bulletin #4-2015, dated August 14, 2015, the following policy was announced regarding properties sold without kitchen appliances. If a property is sold without kitchen appliances, the borrower must have sufficient reserves verified after closing to purchase them, or the lender can add $40/month to the borrower's non-housing expenses (the total debt-to-income ratio cannot exceed 45% including the additional $40/month). The borrower may also provide paid receipts evidencing the purchase of the appliances. See page 9.

POLICY FOR BORROWERS ON SHORT TERM DISABILITY OR PARTENAL LEAVE

A Borrower on **Short Term Disability or Parental Leave** will be considered for approval and permitted to close a loan under specific conditions. Please see pages 9 and 10 for full details.

POLICY REGARDING BORROWERS WHO HAVE COMPLETED CONSUMER CREDIT COUNSELING

SONYMA will consider borrowers who have completed consumer credit counseling provided the borrower has 3 re-established lines of credit for 12 months with no late payments. See page 12.

REVISED NON-US CITIZEN MORTGAGORS POLICY

Lawful permanent residents of the United States are eligible under the same terms available to US citizens. Non-permanent resident mortgagors must be legal residents of the United States and have a two year history of employment, credit, and assets in the United States. See pages 13 and 14, and the Eligible Visa Classification Exhibit.

LANDLORD COUNSELING

In the Seller's Guide Bulletin #4-2015, dated August 14, 2015, and in the subsequent Monthly Lender Notices it was announced that effective for all applications dated on or after September 15, 2015, SONYMA will require Landlord Counseling for any borrowers purchasing a 2-4 family property. Counseling should be completed by a HUD-approved counseling agency and the certificate must be provided along with the borrower's regular Homebuyer Education Certification. See page 15.

PROPERTY FLIPPING

SONYMA has adopted a policy applicable to when a recently purchased home is quickly resold for a profit by the seller. See page 15 for details

ENHANCED REMODEL NY REPAIR ESCROW OPTION

In the Seller's Guide Bulletin # 2-2015, dated April 14, 2015, the Enhanced SONYMA RemodelNY Repair Escrow Option was announced. This option allows a borrower to finance the purchase of a home and the cost of certain renovations and allowable soft costs with one loan. The bulletin is attached to the Revised Credit and Property Underwriting Notes. Refer to this bulletin for full details regarding this option.

Sincerely,

Michael Esposito
Vice President
SONYMA/Mortgage Insurance Fund