



## SONYMA MONTHLY LENDER NOTICE

### August 1, 2016

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

#### UPDATES AND REMINDERS

##### REVISED PURCHASE PRICE AND INCOME LIMITS

SONYMA recently revised purchase price and income limits for all of its bond-financed programs. The revised limits are effective for all loan reservations made on or after June 29, 2016 and will continue until further notice. [Click here](#) for Seller’s Guide Bulletin #4-2016 for this announcement.

##### SONYMA UNIVERSITY

SONYMA University offers webinars that will improve your ability to originate, process and market SONYMA loans and grow your pipeline. We’ve attached our most recent calendar of scheduled webinars. It is also distributed weekly along with SONYMA’s Availability of Funds Notice. Suggestions for discussion topics are welcomed. Classes are online and offered on Tuesday mornings. **August classes include: “The New Remodel NY” and “What’s New With SONYMA?”.**

##### CUSTOMIZED SONYMA TRAININGS TO MEET YOUR COMPANY’S NEEDS

Our Business Development Officers are available to provide Lenders with assistance with questions, scenarios and training on products, processes, policies, and procedures for SONYMA and SONYMA Express® loans as they pertain to underwriting and compliance.

They can now help train your staff on these SONYMA enhancements in two ways:

1. We can provide **live training sessions** in your offices, or
2. We can provide **customized web-based training sessions** for your company

Any of our classes can be adapted just for your company so your staff can participate conveniently from multiple locations. That’s right -- we can tailor any training to meet the specific needs of your organization! Contact one of our Business Development Officers to schedule your on-site or web-based training soon!

Below is a listing of the territories that each Business Development Officer covers:

Area Served	Officer	Contact #	Email Address
NYC and Long Island	Dilfia Munoz	646-832-0996	<a href="mailto:Dilfia.Munoz@nyshcr.org">Dilfia.Munoz@nyshcr.org</a>
Rockland, Westchester and South			
Hudson Valley and North	Bill Teague	518-474-5776	<a href="mailto:William.Teague@nyshcr.org">William.Teague@nyshcr.org</a>
Western NY, Central NY & Southern Tier	Dawn Adams	646-539-8776	<a href="mailto:Dawn.Adams@nyshcr.org">Dawn.Adams@nyshcr.org</a>

##### SONYMA ADVISORY COUNCIL

The SONYMA Advisory Council is a work group organized by SONYMA and comprised of Participating Lenders and other industry professionals in New York State. The Council most recently met in April, and provided supportive advice and recommendations on matters of importance including SONYMA programs, policies and procedures, key issues and challenges facing SONYMA and its Lenders, and future SONYMA initiatives. We



are grateful for the time and efforts of these members and wish to thank them for the ongoing contributions they provide to SONYMA. For more information about the council, [click here](#).

### **EXTENDED RATE LOCK PERIOD FOR SHORT TERM RATE LOCKS**

In response to recent changes in the timing requirements of disclosures imposed by TRID, SONYMA's Short-Term rate lock period has been extended from 100 days to 120 days. SONYMA **extended** all Short-Term rate lock periods for loans already reserved by 20 days allowing Lenders and Borrowers additional time to close the loan and reduce the number of extension requests and chances of potential rate increases to borrowers' interest rates.

### **REVISED SONYMA FORMS**

Effective June 1, 2016, SONYMA revised the following forms. These forms should be used for all loans RESERVED on June 1 or later. If you include our forms in your LOS document set, please update them accordingly:

[Recapture Notification and Mortgagor's Affidavit \(Form 211/3-16\) \(For non-SONYMA Express® loans\)](#)

[Recapture Notification and Mortgagor's Affidavit \(Form 211/3-16\) \(For SONYMA Express® loans only\)](#)

[Property Seller's Affidavit \(Form 210/3-16\)](#)

[Interest Rate Option Form \(Form #D3/4-16\)](#)

[Down Payment Assistance Loan Enforcement Note and Mortgage \(#D1/3-16\)](#)

### **MODIFIED POLICY FOR BUSINESS USE OF HOME AND SECOND KITCHENS**

SONYMA modified its policy as it applies to business use of the borrower's current residence to expand eligibility for buyers who claimed greater than 15% business use of home in their prior residences, and its policy regarding the presence of a second kitchen in a SONYMA property. Effective March 10th, to satisfy these requirements, SONYMA will rely on statements made by all Borrowers and non-applicant titleholders in Section 5 of the Recapture Notification and Mortgagor's Affidavit (Form 211).

If the appraisal, or any other documentation in the loan file, reflects more kitchens than the number of legal living units, *and* the appraiser or any other party implies the presence of a potential illegal rental unit, the lender must address it. 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.

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. Please refer to [Seller's Guide Bulletin #1-2016](#) for more information on these two topics.

### **CLARIFICATION OF OPEN-TANK INSPECTION REQUIREMENT FOR VACANT PROPERTY CESSPOOL CERTIFICATIONS**

For properties with a cesspool/septic system 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. \*



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

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

Please refer to [Seller's Guide Bulletin #1-2016](#) and [Seller's Guide Bulletin #5-2015](#) for more information on these two topics.

#### **LOAN OFFICER WEB PAGE**

SONYMA maintains a web page specifically for Loan Officers which contains a wealth of information for loan officers, including a list of required forms and documents, MIF and Genworth rate cards, a Loan Officer brochure which can be personalized, product training notes and much more. Additionally, SONYMA has furnished a calculator, also found on this webpage, which can be used to determine the product most beneficial to the borrower. All the tools necessary for a Loan Officer to originate SONYMA mortgages are located on one comprehensive page. To access this page, please click here: [Information for Loan Officers](#).

#### **SONYMA EXPRESS<sup>®</sup>**

##### **SONYMA EXPRESS<sup>®</sup> AUTOMATED UNDERWRITING AND IRS COMPLIANCE SYSTEM**

SONYMA launched its new automated underwriting system called SONYMA Express<sup>®</sup> to help lenders get an immediate and automatic SONYMA loan approval! We are currently in the process of making the system available to more lenders. [Click here](#) for more information and under "[Lender Training Materials](#)" for other SONYMA Express<sup>®</sup> related information. This system provides automated decisions on SONYMA loan eligibility and eliminates the need for Lenders to send Pre-Closing compliance file submissions to SONYMA for review. We thank both M&T and Freedom Mortgage for supporting us through this effort and for all of the time and assistance in making SONYMA Express<sup>®</sup> a reality. SONYMA is very proud to make this offering.

##### **POST-POOL INSURANCE APPROVAL RATIO TOLERANCE & RE-SUBMISSION CRITERIA FOR SONYMA EXPRESS<sup>®</sup> LOANS**

For SONYMA Express<sup>®</sup> loans only, once a loan has been submitted by the lender and approved by the pool insurer (up to and concurrent with the loan closing), and the borrower discloses or the lender learns of additional debt(s); an increase in the housing payment (i.e. higher real estate taxes); or reduced income, supporting documentation with an amended 1003 and 1008 must be submitted to the pool insurer, if the new information result in the ratios:

- exceeding 40% for the housing-to income ratio or exceeding 45% for the debt-to-income ratio or
- increasing by two (2) percentage points or more, even if the ratios list above do not exceed 40%/45%.

##### **REVISED FORM 4506T**

The IRS requires the use of a new 4506T form that includes a box for attestation purposes. The current form does not include this box. For SONYMA Express<sup>®</sup> users, DataVerify will be unable to process any requests



that do not include the new form as of March 1, 2016. The revised 4506-T is available at <https://www.irs.gov/uac/About-Form-4506T>. Should you have any questions or concerns please contact DataVerify Customer Support to assist at 866.895.3282 or at [Support@dataverify.com](mailto:Support@dataverify.com).

## CONDOMINIUMS, COOPERATIVES AND PUDS

### CONDOMINIUM AND COOPERATIVE QUESTIONNAIRES

SONYMA's condominium and cooperative questionnaires include the required information to determine if a project meets our requirements. Please click on the links below for SONYMA's questionnaires which are available for your immediate use. Lenders may use their own version of these questionnaires providing they include the information requested on our form and is completed by the project's managing agent. This will prevent loans being suspended for additional documentation due to required information which may not be addressed on some questionnaires created by the participating lender.

#### [CONDOMINIUM/PUD QUESTIONNAIRE](#)

#### [COOPERATIVE QUESTIONNAIRE](#)

### POLICY ON COOPERATIVE FLIP TAXES

Cooperative share loans and including any loans currently in SONYMA's pipeline that have not yet been approved, SONYMA is modifying its policy with respect to transfer or "flip" taxes. SONYMA will allow up to a 5% transfer tax (flip tax, previously 3%) without making any adjustments when determining the maximum loan amount. However, if the flip tax exceeds 5% of the appraised value, the amount exceeding 5% will be deducted from the appraised value and the LTV is based on the lower of the adjusted value or the purchase price.

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

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

## PROGRAMS

### REMODELNY REPAIR ESCROW OPTION ("REMODELNY")

In collaboration with the SONYMA Advisory Council, SONYMA announced a RemodelNY Repair Escrow Option ("RemodelNY"). This option replaced the current Remodel New York and Own It! Fix It! New York Programs and allows eligible purchasers to buy a home and finance the cost of renovating it with one low, fixed rate mortgage. For more information regarding this enhancement to our programs refer to [Enhanced SONYMA RemodelNY Repair Escrow Option Seller's Guide Bulletin #2-2015](#).

### REMODELNY LOAN CONTINGENCY FOR VACANT PROPERTIES

As a reminder, 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.



**REMODELNY LOAN CONSULTANT REQUIREMENTS**

A Consultant is required on a RemodelNY loan 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
- The work is being completed by a contractor who is related to a borrower or titleholder

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 to the fees on the previous page.

**ESCROW HOLDBACKS ON NON-REMODELNY LOANS**

For non-RemodelNY loans, an escrow holdback will be permitted for weather-related delays only. SONYMA will purchase the loan prior to the completion of the weather-related items. The lender is responsible for setting up the escrow and managing the timeframe for completion of repairs. Prior to disbursing the funds in escrow, a completion inspection, including colored photos, must be obtained and submitted to SONYMA for review. All repairs must be completed in a workmanlike manner and the escrow must be closed out by June 15th of the closing year.

For approval for an escrow holdback, please email your request prior to closing to Cheryl Lindahl at [cheryl.lindahl@nyshcr.org](mailto:cheryl.lindahl@nyshcr.org) and copy Marie Cammarata at [marie.cammarata@nyshcr.org](mailto:marie.cammarata@nyshcr.org) and Michael Esposito at [michael.esposito@nyshcr.org](mailto:michael.esposito@nyshcr.org). A copy of the contractor’s bid for repair is required. The appraisal which must be completed subject to the repair and documentation regarding the source of funds for the escrow must be submitted with the request. If the borrower will be providing the funds for the repairs, this amount must be accounted for in the available funds for closing. The escrow amount will be equal to 1½ times the cost of repairs.

***Note: We cannot approve escrow holdbacks for any repairs that are considered health and safety issues. Escrow holdbacks for structural repairs, roof repairs or foundation repairs are also not allowed.***

**HOMES FOR VETERANS PROGRAM - A COMMITMENT FROM SONYMA TO HELP PROVIDE AFFORDABLE MORTGAGES TO VETERANS AND MILITARY FAMILIES**

Governor Cuomo announced that SONYMA would make available \$50 million for the [Homes for Veterans Program](#) at a low interest rate. These funds will remain available until fully utilized. Eligible applicants are as follows:



- U.S. military veterans. Federal law enables SONYMA to waive the first-time homebuyer requirement for any veteran (and their spouse or co-borrower) who:
  - Served in active military, naval, or air service; and
  - Discharged or released from their military duties under conditions other than dishonorable.
- Active duty U.S. military personnel stationed in New York State;
- Active or honorably discharged National Guardsmen and reservists.

SONYMA will waive the first-time homebuyer requirement for any veteran (and their spouse or co-borrower) who:

- Served in active military, naval, or air service; and
- Has been discharged or released from their military duties under conditions other than dishonorable.

See our “**Programs**” section of this notice for more information on Homes for Veterans or click on this link to learn more about the program. [Home for Veterans Program](#)

### **COMPARE SONYMA BOND-FINANCED PROGRAMS WITH FHA**

Members of the SONYMA Advisory Council recently developed a reader-friendly comparison between SONYMA bond-financed and FHA loans. The comparison chart can be found on our [Information for Loan Officers](#)

### **FHA PLUS PROGRAM**

The **FHA Plus program (“FHA Plus”)** program combines SONYMA’s Down Payment Assistance Loan (“DPAL”) with an FHA-insured mortgage. [HUD Mortgagee Letter 2013-14](#), provides SONYMA with the unique ability to enable Lenders to utilize the DPAL towards the borrower’s 3.5% minimum cash contribution. The program is available for both home purchases and refinances and features the following:

- Competitively priced, 30-year fixed interest rate mortgages with no required borrower points;
- Eligible borrowers do not have to be first-time homebuyers;
- No income or purchase price limits (Standard FHA County Loan Limits Apply); and
- Availability of SONYMA down payment assistance:
  - for purchase transactions, up to 3% of the home purchase price.
  - for refinance transactions, up to 3% of the lower of the
  - unpaid principal balance or the appraised value. (The DPAL may be used as a credit against the closing costs and prepaid expenses.)

**Note:** Borrowers must contribute one percent (1%) of their own funds towards purchase transactions.

All loans originated through FHA Plus must be delivered to M&T Bank for approval. For more information on FHA Plus, including term sheets, operational instructions, forms, and lender sign-up information, [click here](#) or contact your M&T Bank’s area Account Executive (see below).

### **CONVENTIONAL PLUS PROGRAM FOR PURCHASE MONEY MORTGAGES AND REFINANCES**

This product is designed to take advantage of certain benefits afforded by Fannie Mae to state housing agencies, such as SONYMA. The Conventional Plus program offers a Fannie Mae HomeReady® with the following features:

- 97% financing (pursuant to our [letter dated September 25, 2013](#));
- no loan level price adjustments;
- lower mortgage insurance coverage requirements;



- the availability of mortgage insurance provided by Genworth Mortgage Insurance or SONYMA's Mortgage Insurance Fund (MIF); and
- the availability of SONYMA down payment/closing cost assistance (which can be used to pay a one-time upfront mortgage insurance premium, thus significantly reducing a borrower's monthly payment).

The product is available for home purchases and for limited cash-out refinances. Lenders will be compensated 2.5% of the loan amount for each loan originated under Conventional Plus.

**To demonstrate the advantages of Conventional Plus, we've create two calculators – one for purchase transactions and the other for refinances. The calculators are easy to use and can be accessed by clicking on the link below:**

[SONYMA Conventional Plus Program](#)

All Conventional Plus loans originated through Conventional Plus must be delivered to M&T Bank for approval. For more information on Conventional Plus, including term sheets, operational instructions, forms, and lender sign-up information, [click here](#) or contact your M&T Bank's area Account Executive (see below). Information including term sheets, operational instructions, forms, and lender sign-up information have been published on SONYMA's website. In addition, you may contact your M&T Bank's area Account Executive.

**M&T BANK ACCOUNT EXECUTIVES FOR FHA PLUS AND CONVENTIONAL PLUS**

Lenders may reach out to the following M&T Accountant Executives by region for question on our FHA or Conventional Plus programs:

- Joyce Caparotta, Long Island -631 501 5598
- Guy Mascolo, NYC, Hudson Valley –203 837 0466
- Laura Pacifico, Upstate NY –716 949 0123

In addition, Lenders may also reach out to their regional SONYMA Business Development Officer for information on these programs.

**USE OF DOWN PAYMENT ASSISTANCE LOAN TO PAY SINGLE MORTGAGE INSURANCE PREMIUMS**

SONYMA will allow its Down Payment Assistance Loan ("DPAL") to be used to pay single premium mortgage insurance ("SPMI"). Paying the upfront, one-time premium eliminates the monthly mortgage insurance payment, thus significantly reducing a borrower's monthly payment. In cases where the DPAL is more than sufficient to pay the SPMI, the remainder may be used towards down payment and/or closing costs. If the DPAL is insufficient to pay the premium, the borrower must contribute funds from an acceptable source to cover the cost difference. The MI premium is non-refundable. SPMI rates for both Genworth Mortgage Insurance and SONYMA MIF have been published on SONYMA's [Information for Loan Officers](#) webpage.

**ENERGY STAR® PROGRAM**

For loans reserved under the ENERGY STAR® Program, once the home is complete, the builder must submit documentation, including the final certification from a certified third-party Home Energy Rating System (HERS) rater, to the [Conservation Services Group](#) (CSG). CSG will review the documentation for accuracy and completeness and will provide a notification to the lender that the home has been built and tested to meet the New York ENERGY STAR® Labeled Homes Program requirements. Upon receipt of the notification from CSG, the lender may close the loan and the borrower(s) will receive the special incentive interest rate offered by SONYMA. [Click here](#) to see interest rates for this product.



## IRS ELIGIBILITY UNDERWRITING

### **IMPORTANT REMINDER WHEN SUBMITTING FILES TO SONYMA**

SONYMA's Pre-and Post-Closing Checklists (and other SONYMA forms) require Lenders to provide the name, phone number, and email address of the Lender's contact person. This information is vital as it gives SONYMA the ability to respond quickly and directly with the person most familiar with the loan file. Click on this link for a complete this of SONYMA Forms. [SONYMA Application and Closing Forms](#)

### **SONYMA PRE-CLOSING FILE REVIEW**

SONYMA's review time for non-SONYMA Express® loan application files is approximately 48-72 hours from receipt of the loan file. Lenders could help us improve our turnaround time by ensuring that all documents are submitted in the manner described on the [Pre-Closing Application File Checklist \(Form #225\)](#). Files submitted with missing or incomplete documents require us to perform multiple reviews of the same file and slows our response time in reviewing newly submitted loans. Additionally, if your loan file is suspended for deficient or further documentation, please submit any corrective or trailing documents at one time. This is particular important during periods of peak originations volume.

### **FIRST-TIME HOMEBUYER DEFINED**

SONYMA defines a first-time homebuyer as a person who (i) has not had an ownership interest in his/her principal residence at any time during the three years prior to the date of making an application for a SONYMA mortgage loan; and, (ii) at the time of making the loan application to SONYMA and at time of closing, does not own a vacation or investment home. This definition applies to all borrowers and includes residences owned in the United States and abroad. The complete technical definition of first-time homebuyer can be obtained by accessing Section 2.301 our [Seller's Guide](#). To assist Lenders in determining if a prospective borrower is an eligible first time homebuyer and waivers for this requirement, we have created a Q & A regarding first time homebuyer eligibility entitled, "[Can you pass the SONYMA first-time homebuyer test?](#)". This information can be found on our [Information for Loan Officers](#) page of our website.

### **MODIFIED DEFINITION OF HOUSEHOLD INCOME**

SONYMA has modified its policy regarding the calculation of household income for IRS compliance purposes. SONYMA has redefined household income as income of all borrowers (and each borrower's spouse, regardless of whether they sign the Mortgage documents) and all titleholders. We will no longer include the income of other household members not meeting this definition.

## MORTGAGE INSURANCE/POOL INSURANCE/CREDIT UNDERWRITING

### **GENWORTH REVISED PREMIUMS & NEW RATE CARD**

Genworth announced pricing changes effective for **MI applications received on or after April 4, 2016**. These rates will refine credit tiers with the expansion of credit score buckets from four to eight along with these additional changes:

- Lowers rates for borrowers with credit scores above 740 and loan terms greater than 20 years
- Increases rates for borrowers with credit scores below 700 and loan terms greater than 20 years
- Removes the Loan Amount adjuster from \$417,001 to \$650,000

Click on these links for these new effective rates: [Single Premium Borrower Paid MI \(BPMI\) Rates](#) and [SONYMA Funded Single Premium MI](#)

### **POOL INSURANCE & MI SUBMISSIONS**

All Participating Lenders are reminded to fully process and underwrite all loans prior to submission to



Genworth or the MIF for mortgage insurance approval. This will help to increase the number of loans which will receive first submission approvals and to reduce the number of days from application to commitment.

**SUBMITTING FILES TO THE POOL INSURER**

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

Program	SONYMA Loan Number Prefix	Pool Insurer Address
<b>Low Interest Rate and Achieving the Dream Programs</b>	890, 895, 910, 915, 920, 925, 935, 700, 715, 710, 720, 725, 735	Genworth Mortgage Insurance Corporation 8325 Six Forks Road, Raleigh, NC 27615 <b>Attention: Central Imaging</b>
<b>Construction Incentive, and Habitat for Humanity Programs</b>	892, 912, 919, 922, 932, 702, 712, 722, 732	SONYMA Mortgage Insurance Fund 641 Lexington Avenue, 5 <sup>th</sup> Floor, NY, NY 10022 <b>Attention: Mike Esposito</b>

**INQUIRIES REGARDING LOAN DECISIONS**

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

**POOL INSURER COMMITMENT TIMEFRAMES**

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

**MAXIMUM LOAN-TO-VALUE RATIOS FOR PROPERTY TYPES AND LOAN AMOUNTS**

Property Type	Loan Limit	Maximum LTV	Minimum Borrower Contribution
<b>1-2 Units, including condominiums</b>	\$417,000	97%	1% of Purchase Price
	\$417,001 - \$500,000	95%	1% of Purchase Price
	\$500,001 & above	90%	3% of Purchase Price
<b>Cooperatives</b>	\$500,000	95%	3% of Purchase Price
	\$500,001 & above	90%	3% of Purchase Price
<b>3-4 Units</b>	\$500,000	90%	3% of Purchase Price
	\$500,001 & above	85%	5% of Purchase Price

Notes:

- All manufactured housing is capped at a maximum loan amount of \$417,000.



- The Habitat for Humanity Program will retain a maximum LTV of 99%, but the maximum loan amount is capped at \$417,000.

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

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

#### **POLICY ON PROPERTIES WITH NO 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 per month to the borrower's non-housing expenses (the total debt-to-income ratio cannot exceed 45% including the additional \$40). The borrower may also provide paid receipts evidencing the purchase of the appliances.

#### **LANDLORD COUNSELING POLICY**

SONYMA will require Landlord Counseling for any borrower purchasing a 2-4 family property. Counseling should be completed by a HUD-approved counseling agency and the certificate provided along with the borrower's regular Homebuyer Education Certificate. For borrowers not located near a HUD approved counseling agency, online courses, such as the one offered by Genworth, are acceptable.

#### **STUDENT LOAN POLICY**

Deferred student loans must use the greater of 1% of the outstanding balance or the actual verified monthly payment **from the student loan servicer** in calculating the DTI. Estimated payments are not allowed. If the actual documented payment is less than 1% of the outstanding balance and it will fully amortize the loan with no payment adjustments, the lender may use the lower, fully amortizing monthly payment to qualify the borrower. **Student loans in repayment, including those utilizing Income Based Repayment (IBR) type plans, may utilize the documented student loan payment from the student loan provider for qualification purposes.**

#### **NEW CONSTRUCTION PROPERTIES**

Lenders are encouraged to order the appraisal at time of application regardless of construction phase for all new construction properties to eliminate processing delays. Applications for new construction properties will be approved subject to completion per plans and specs. This step will reduce processing time and in most instances, will eliminate the need to update credit documents and request extensions or reinstatement of reservations saving additional time and costs.

#### **E-SIGNATURES:**

SONYMA will accept electronic signatures on third party provided documents, such as the appraisal and the contract of sale. However, electronic signatures will not be accepted on any SONYMA forms (i.e., Recapture Notification and Mortgagor's Affidavit, Property Seller's Affidavit, DPAL Recapture Notification, etc.), collateral documents (i.e., note, mortgage, assignment of mortgage, etc.), and notarized affidavits. These forms will continue to require wet signatures.



## LENDER ONLINE/LOAN RESERVATIONS

### SONYMA LOAN STATUS

Lenders can get up-to-date loan status information by accessing [Lender Online](#) as discussed above or by calling Zachary Kenny at 212-872-0399 or Aleida Rodriguez at 212-872-0431.

### MAINTENANCE OF LENDER ONLINE USERS

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

### WEEKLY AND MONTHLY LENDER REPORTS

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

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

Lenders must reserve loans via our internet-based Lender Online ("LOL") system. As a reminder, if you have not been assigned a logon ID and password to allow you to access LOL, please contact your SONYMA Primary Contact. If you do not know whom to contact, please call [Zachary Kenny at 212-872-0399](#) or [Zachary.kenny@nyshcr.org](mailto:Zachary.kenny@nyshcr.org) or [Aleida Rodriguez at 212-872-0431](#) or [aleida.rodriguez@nyshcr.org](mailto:aleida.rodriguez@nyshcr.org). **LOL Administrators:** When reserving loans on LOL, a Contact Person and Loan Officer must be assigned to the loan; otherwise, the reservation will not be accepted. If the Loan Processor information is available, this name can also be assigned at the time of reservation. Please remember to set up a Contact Person, Loan Officer and Loan Processor for each branch office listed on LOL.

Lenders must be in receipt of a fully executed binder or sales contract, prior to accepting a loan application and registering the loan with SONYMA. Any applications taken without such verification must not be reserved. Reservations made without the proper documentation will be subject to a rate change and possible Lender penalty. **Reminder:** Lenders locking new construction loans as short term are advised that Lender paid penalties may result should the loans close beyond the initial lock term.

### RESERVATIONS NOT ACCEPTED BY LENDER ONLINE (OR IF LENDER ONLINE IS NOT FUNCTIONAL)

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

\*Fully completed and executed [Loan Reservation Worksheet & Rate Certification Form \(Form #238\)](#)

**NOTE:** SONYMA has eliminated the requirement to submit [Interest Rate Option Form \(Form #D3\)](#), copies of the 1003 and the sales contract with Forms 238. Lenders remain responsible for ensuring that the sales contract is dated on or prior to the loan application date.



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

### **SONYMA LOAN EXTENSION AND RATE RE-LOCK POLICY**

Requests for a loan extension, must be accompanied by appropriate supporting documentation\* in an upward rate market. To request an extension and avoid any penalties, Lenders must complete and fax the [Loan Extension and Rate Re-Lock Request Form \(Form #235\)](#) to 917-274-0426 **on or before** the initial rate expires for any loan not expected to close with the initial rate lock period. NOTE: If submitting this request on a Thursday, it must be faxed no later than 5:00 PM EST. The re-locked interest rate will be determined on the date SONYMA receives Form 235 and all acceptable supporting documentation\*. SONYMA will review the request and, if approved, will process the extension by modifying the expiration date of the loan and, if applicable, will change the interest rate on Lender Online (LOL) to the re-locked rate. Upon approval of the request, the loan will be extended and the interest rate re-locked for a period of **45 days** in accordance with the policy outlined in [Seller's Guide Bulletin #5-2011](#). Lenders will be able to view the revised expiration date and re-locked interest rate on LOL.

**\*SONYMA requires Lenders to submit supporting documentation when the current SONYMA rate, at the time the extension is requested, is higher than the previously locked-in or extended rate, documentation supporting the reason for the request will be required.** (Refer to [Seller's Guide Bulletin #1-2013](#) and see section below for more information.) If the rate at the time the rate extension is requested is lower than the initial locked expiring/expired rate, no supporting documentation is required.

### **EXTENSION PENALTIES**

Lenders who submit a Loan Extension and Rate Re-Lock Request Form and/or supporting documentation, if applicable, **after** the rate expires will be subject to a 0.25% penalty.

### **SONYMA RATE CHANGES – DOCUMENTATION REQUIRED**

When the interest rate increases as the result of an extension request, SONYMA requires an amended Residential Loan Application (1003), Transmittal Summary Form (1008) and [Interest Rate Option Form \(Form #D3\)](#) reflecting the new rate. Lenders may opt to either have the borrower sign a new [Interest Rate Option Form \(Form #D3\)](#) at the extended rate for 45 days (not 100 or 240 as initially disclosed) or make the changes to the initial form and have the borrower initial these changes.

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

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

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



In addition, should the loan closing costs materially change, lenders are responsible of ensuring that the borrower has sufficient funds to close and continues to meet the minimum cash requirements required under the program and terms approved.

**OPTION TO RETAIN THE ORIGINAL INTEREST RATE**

In the event a Borrower’s initial rate expires and the Lender or Property Seller is responsible for delays resulting in a rate increase, the Lender or Property Seller may pay a penalty to retain the original locked rate (however, such reduction can be no more than 0.50%). The new rate will be locked for a period of 45 days and will expire 45 days from the Extension Request Date. **Under NO circumstance will SONYMA allow Borrower(s) to pay a penalty to reduce the rate.** Lenders should utilize SONYMA’s current penalty schedule for “Loans Reserved or Closed at an Incorrect Interest Rate.” The schedule is summarized below:

Interest Rate Differential	Penalty as % of Loan Amount
0.125%	0.5%
0.250%	1.0%
0.375%	1.5%
0.500%	2.0%
More than 0.50%	NOT AVAILABLE

*Note: When a Lender fails to reserve/register a loan on time and the delay results in a rate increase, Lenders will pay a penalty based upon the above Penalty Schedule to buy-down the rate.*

**PROCEDURE FOR REQUESTING PERMISSION TO PAY A PENALTY IN ORDER TO REDUCE AN INTEREST RATE**

If a Lender requests to pay a penalty to buy-down the interest rate, the Lender must submit a written request to Marie Cammarata at [marie.cammarata@nysshr.org](mailto:marie.cammarata@nysshr.org). The request must include the Borrower’s name, SONYMA loan #, property address, the interest rate requested, and the penalty amount. Please note that the penalty amount will be deducted from the Lender’s loan funding proceeds. This penalty cannot be charged to the borrower.

**CLOSINGS**

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

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

**REMINDER TO REPORT LOAN CLOSINGS**

On the first business day of each week, Lenders are required to submit a report to SONYMA identifying each Mortgage Loan closed during the prior week. The report should contain at minimum the SONYMA Loan Number, Mortgagor’s name and the closing date. Please complete and fax the [Weekly Closed Loan Report, Form #246](#) to 917-274-0406 to assist with this communication.

**LOAN PURCHASE PROCEDURE**

SONYMA will purchase approved post-closing loans on Thursdays. If Thursday is an Agency holiday, the loans



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

### **SUBMISSION OF FILED UCC DOCUMENTS**

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

**Note:** Lenders must continue to submit original filed UCC documents for all other counties.

### **REVISED MASTER HAZARD AND FLOOD INSURANCE CERTIFICATE AND MASTER LOAN FUNDING CERTIFICATION DOCUMENTS**

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

### **ACCEPTANCE OF TITLE INSURANCE FROM ONETITLE NATIONAL GUARANTY COMPANY, INC.**

SONYMA will accept title insurance policies from OneTitle National Guaranty Company ("OneTitle"). OneTitle is a New York-based company that offers lower cost title insurance than other title insurers. They are able to do this by working directly with lenders and attorneys and not through a title agent. According to the company's website, savings to the homebuyer can be well in excess of 20%. The company is approved by the New York State Department of Financial Services and is eligible to provide title insurance on Fannie Mae, Freddie Mac, and FHA loans. They are rated "Substantial" by Demotech, Inc., a leading title insurer ratings agency.

## **MISCELLANEOUS INFORMATION**

### **WE'RE GROWING!**

You will also see a few other changes on our updated directory:

- Lou Germanakos was recently promoted to Loan Analyst.
- Karina Lupo joined us as a new Loan Analyst.
- Zachary Kenny came on board to backfill Lou's position as Reservation/Loan Status Specialist.
- Justin Carlson joined us to work collaboratively with our servicers on the seriously delinquent pipeline.

We would like to congratulate Lou on his well-deserved promotion and welcome all our new team members!

### **SONYMA TRID GUIDANCE FOR DPALS**

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 our 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.

### **SONYMA EXEMPT FROM FEDERAL ABILITY-TO-REPAY RULES**

The Consumer Financial Protection Bureau (CFPB) released its [final concurrent rule](#) to supplement the final Ability-to-Repay/Qualified Mortgage (QM) rule it published in January. The final rule exempts all loans originated under state housing finance agency programs. SONYMA is a state housing finance agency. In



addition, the final concurrent rule also includes language clarifying that the exemption applies to loans originated by other creditors (i.e., SONYMA participating Lenders) pursuant to HFA programs.

***As a result of this ruling, SONYMA will continue to make available the same underwriting guidelines it offers today (97% financing, maximum debt ratios of 45%, etc.).***

**IMPACT OF NEW YORK STATE HIGH-COST AND SUBPRIME LOAN LAWS AND FEDERAL HIGHER PRICED MORTGAGE LOANS AND HOEPA LOANS REGULATIONS ON SONYMA MORTGAGES**

Our [Lender Letter dated December 5, 2013](#) provides details on the impact of New York State high-cost and subprime loan laws and federal higher priced mortgage loans and HOEPA loans regulations on SONYMA mortgages. In short, SONYMA loans are exempt from New York State High-Cost and Subprime Loan laws. SONYMA loans are not exempt from the Federally-mandated “higher priced mortgage loans” (or HPMLs) and HOEPA requirements. However, Section 1026.32(b)(1)(i)(B) of the ATR/QM mortgage rule, in describing what items are excluded from the definition of “points and fees”, states: “(B) Any premium or other charge imposed in connection with any Federal or State agency program for any guaranty or insurance that protects the creditor against the consumer’s default or other credit loss.” Thus, the entire amount of the mortgage insurance premium charged in connection with SONYMA loans is excluded from points and fees (including non-refundable premiums) when performing high-cost loan calculations. As a result, we believe that SONYMA loans comply with HPML rules and the December 5<sup>th</sup> letter provides a remedy for loans not complying with the HOEPA rules.

**SONYMA HOLIDAYS**

**There are no holidays observed by SONYMA for the month of August.**