



State of New York Mortgage Agency

641 Lexington Avenue, New York NY 10022
(212) 688-4000

By E-mail

November 2, 2015

RE: New Student Loan Policy; Policy on Septic/Cesspool and Well Certifications; Clarification of SONYMA Policy for DPAL with New TRID regulations; Updated Maximum LTVs for High Balance Loans

Seller's Guide Bulletin #5-2015

Dear Participating Lender:

Please be advised of the following guideline reminders/changes to all State of New York Mortgage Agency ("SONYMA") programs, where applicable. Unless otherwise stated herein, the changes go into effect immediately.

New Student Loan Policy

Effective immediately, deferred student loans must use the greater of 1% of the outstanding balance or the actual verified monthly payment 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.

Policy on Septic/Cesspool and Well Certifications

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 if 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.
- 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.

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.

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 or the legacy GFE and HUD-1, depending upon the interpretation of our lender partner compliance departments.

Maximum Loan-To-Value Ratios and Minimum Borrower Contributions for Property Types and Loan Amounts

The below table specifies SONYMA’s new policy on maximum loan amounts:

<i>Property Type</i>	<i>Loan Limit</i>	<i>Maximum LTV</i>	<i>Minimum Borrower Contribution</i>
1- to 2-Family Homes, including Condominiums	\$417,000	97%	1% of Purchase Price
	\$417,001 - \$500,000	95%	1% of Purchase Price
	\$500,001 & above	90%	3% of Purchase Price
Cooperatives	\$500,000	95%	3% of Purchase Price
	\$500,001 & above	90%	3% of Purchase Price
3- to 4- Family Homes	\$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.

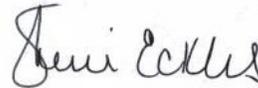
Landlord Counseling Policy Clarification

Effective for all applications dated after September 15, 2015, 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.**

These changes are in the process of being added to our Credit and Property Underwriting Notes and will be published on our website in the near future.

If you have any additional questions, please contact the undersigned at (518) 473-0090 or sherri.eckles@nyshcr.org, or your SONYMA Business Development Officer [Dawn Adams (646) 539-8776 (dawn.adams@nyshcr.org) or Bill Teague (518) 573-5936 (william.teague@nyshcr.org)].

Sincerely,



Sherri Eckles
Senior Vice President
Single Family Program