State of New York Mortgage Agency

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By E-mail

March 14, 2011

**RE: SONYMA Own it, Fix it New York! Home Mortgage**
**Seller's Guide Bulletin #1-2011**

Dear Participating Lender:

Last year, the State of New York Mortgage Agency ("SONYMA") formed the SONYMA Advisory Council (the "Council"). The Council is comprised primarily of representatives from a variety of participating lenders as well as professionals from the mortgage insurance, realtor, not-for-profit and builder communities. The mission of the Council is to provide input and recommendations to assist SONYMA in maximizing its role as an effective provider of affordable and sustainable mortgages to low- and moderate-income first-time homebuyers across New York State.

One of the Council's proposals was for SONYMA to assist in alleviating the number of foreclosed homes and homes sold as "short sales", which suffer from deferred maintenance and require repair. The Council recommended that SONYMA introduce a manageable, low-cost product that provides mortgage financing to qualified homebuyers for the purchase and repair of these homes. The Council felt that such a product would not only improve the condition of individual homes, but would have a stabilizing impact on neighborhoods and property values, and respond to the needs of today's homebuyers.

As a result of the collaboration between the SONYMA Advisory Council and SONYMA, we are pleased to announce the Own it, Fix it New York! Home Mortgage. Under this option, eligible purchasers can buy a home and finance the cost of renovating it with one low, fixed rate mortgage. The main features of the Own it, Fix it New York! Home Mortgage are as follows:

- Financing up to the **lower** of 97% of the "after-improved" appraised value or the Purchase Price plus financeable repairs and allowable "soft" costs;
- Availability of Down Payment Assistance Loan (higher of $3,000 or 3% of the home purchase price, not to exceed $15,000);
- Eligible repairs allowed up to the **lower** of 20% of the "after-improved" appraised value or $25,000;
- Eligible properties are existing 1 and 2 family homes, PUDs and condominiums; and
- SONYMA will purchase these mortgages from Lenders prior to the completion of repairs and escrow pay-out.

*SONYMA will be accepting reservations with this option commencing* ***April 1, 2011****.* Complete details of the Own it, Fix it New York! Home Mortgage are provided on the attached term sheet.

**Available SONYMA Programs under the Own it, Fix it New York! Home Mortgage**

Borrowers may utilize the Low Interest Rate Program or Achieving the Dream Mortgage Program (including the Homes for Veterans Program) for this product. The program selected will depend on borrower and property eligibility requirements, including income and purchase price limits, as determined by each program. Unless stated in this letter or on the attached term sheet, all requirements of the aforementioned programs will remain in effect.

**Own it, Fix it New York! Home Mortgage Worksheet Calculator**

To assist Lenders in calculating the maximum mortgage amount and maximum allowable escrow, SONYMA has created the Own it, Fix it New York! Home Mortgage Maximum Mortgage Worksheet (SONYMA Form #H1/10-10) calculator. The calculator may be downloaded from our website at http://www.nyhomes.org/Lenders/Lenders/ApplicationandClosingForms.htm.

**Lender's Responsibility to Administer Repair Escrow**

Lenders, *regardless of who will be servicing the mortgage*, will be responsible for the administration and disbursement of the funds held in escrow. These responsibilities include, but, are not limited to:

- Ensure the home has been satisfactorily renovated in compliance with the repairs stated in the home improvement contract.
- Deposit of the funds for the renovations and contingency reserve into an escrow account at the time of loan closing. The escrow account will be administered by the Lender.
- Disbursement of the escrow funds to the contractor(s) as the renovation work progresses and after an inspection has been done to ensure the work performed has been satisfactorily completed. Funds will be disbursed at the Lender's discretion.
- Monitor the repairs, as per the home improvement contract, and ensure they are completed within 90 calendar days from the mortgage closing date. Extension requests due to weather related delays will be handled on a case-by-case basis. Requests must be made in writing and in advance for proper consideration.

Lenders will be required to repurchase any loan (after being given sufficient opportunity to remedy) that SONYMA, the MI company and/or the Pool Insurer deem unsatisfactorily repaired and/or the escrow administered is in non-conformance with this letter and the attached term sheet.

**Note:** For Lenders who do not service for SONYMA, we will still require that the servicing of all mortgages (other than the Own it, Fix it New York! Home Mortgage escrow) be transferred to the SONYMA's master servicer (M&T Bank) immediately upon closing. Lenders must advise Borrowers at or prior to closing that M&T Bank will be servicing their loan. Lenders must not process any servicing transactions prior to transfer and any mortgage payments received are to be sent to M&T for processing. These mortgages must be inactive on the Lender's servicing system at the time of transfer. For more information on transferring loans to the master servicer, please go to http://www.nyhomes.org/assets/documents/1072.pdf.

**Loan Reservation and Loan File Submission Process**

By April 1st, SONYMA's Lender Online system will be updated to accommodate loans utilizing the Own it, Fix it New York! Home Mortgage. To reserve a loan with an Own it, Fix it New York! Home Mortgage, Lenders must select one of the above programs and enter the following in the Lender Online New Reservation screen:

1. In the New/Existing/Rehab field, select "**Rehab**"
2. In the newly created Purchase Repair Escrow field, select "**Yes**"
3. In the newly created Rehab Amount field, **enter the cost of the repairs**.

Loan files must be submitted to SONYMA using the revised checklists and forms described below. Files must also be simultaneously submitted to Genworth Mortgage Insurance Corporation for pool insurance consideration. The loan file submitted to Genworth must clearly indicate that the loan will have an Own it, Fix it New York! Home Mortgage, and it must include the home improvement contract and the Own it, Fix it New York! Home Mortgage Maximum Mortgage Worksheet (SONYMA Form #H1/10-10).

**Post-Escrow Documentation Requirements**

Within 30 days from the work completion date, **Lenders must submit to *SONYMA, the MI company, the pool insurer, and the servicer (if not the same as the Lender)***, a photocopy of the following documents:

1. Appraisal Update and/or Completion Report (Fannie Mae Form 1004D), completed by the property appraiser, evidencing that all work specified in the home improvement contract and subsequent changes approved by SONYMA have been completed fully and satisfactorily;
2. Title update showing no additional liens (i.e., mechanics' liens); and
3. Completed and fully executed SONYMA Own it, Fix it New York! Home Mortgage Final Accounting Form and Certification (Form #H4/10-10).

**New and Revised Forms**

To accommodate the Own it, Fix it New York! Home Mortgage, SONYMA has created or modified the following forms:

| Form Name and Number | Required Use/Effective Date | Comments |
|---|---|---|
| • SONYMA Own it, Fix it New York! Home Mortgage Maximum Mortgage Worksheet (SONYMA Form #H1/10-10) | Must be completed and a photocopy submitted in the pre-closing loan application file for any loan utilizing the Own it, Fix it New York! Home Mortgage. | Newly created form to assist Lenders in calculating the maximum mortgage amount. Also available in Excel to assist Lenders in calculating maximum financing. |
| • SONYMA Own it, Fix it New York! Home Mortgage Loan Agreement (SONYMA Form #H2/10-10) | Must be executed and an original (and a photocopy) must be submitted in the post-closing loan file for any loan utilizing the Own it, Fix it New York! Home Mortgage. | Newly created form of escrow agreement. **Note:** In lieu of this form, Lenders are permitted to use their standard form of escrow agreement. |
| • SONYMA Own it, Fix it New York! Home Mortgage Rider (SONYMA | Must be executed and recorded with the mortgage instrument. A duplicate | Newly created form which must be attached to the mortgage. |

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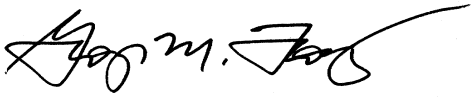
| Form #H3/10-10) | original must be submitted in the post-closing loan file for any loan utilizing the Own it, Fix it New York! Home Mortgage. | |
| • SONYMA Own it, Fix it New York! Home Mortgage Final Accounting Form and Certification (SONYMA Form #H4/10-10)* | Must be completed by Lender, executed by the borrowers and the contractor, and submitted to SONYMA upon disbursement of all funds in the escrow account. | Newly created form which will be used to reconcile the amount deposited into the escrow account with the sum of all disbursements made from the account. |
| • Pre-Closing Application File Checklist (Form #225/10-10)* | Available for immediate use, but not required until 4/1/11. | Updated to incorporate the above referenced forms and requirements. |
| • Post-Closing File Checklist (Form #223/10-10)* | Available for immediate use, but not required until 4/1/11. | Updated to incorporate the above referenced forms and requirements. |
| • SONYMA Loan Reservation Worksheet and Rate Certification (Form #238/10-10) | Utilized for loans not reserved on Lender Online. Available for immediate use, but not required until 4/1/11. | Updated to incorporate loans utilizing the Own it, Fix it New York! Home Mortgage. |
| • SONYMA Final Document Transmittal Form (Form #245/10-10) | Available for immediate use, but not required until 4/1/11. | Updated to incorporate loans utilizing the Own it, Fix it New York! Home Mortgage. |
| • M&T Bank Closing Transmittal for SONYMA Loans | Available for immediate use, but not required until 4/1/11. | **For Non-Servicing Lenders only**: Must be sent to M&T Bank with standard servicing file. Has been updated to incorporate loans utilizing the Own it, Fix it New York! Home Mortgage. |

Lenders will be able to access the above referenced forms on both our website (http://www.nyhomes.org/Lenders/Lenders/InformationforSONYMAParticipatingLenders.htm) and Lender Online. *Please note that the revised checklists and the SONYMA Own it, Fix it New York! Home Mortgage Final Accounting Form and Certification (SONYMA Form #H4/10-10) will be made available in the near future.

If you have any additional questions, please contact Marie Cammarata at (212) 872-0401 or mcammarata@nyshcr.org, or a SONYMA Relationship Manager [Gail Kresge at (917) 576-8250 (gkresge@nyshcr.org) or Lynn Morris at (917) 613-1465 (lmorris@nyshcr.org)].

Sincerely,



George M. Leocata
Senior Vice President
Single Family Programs

# SONYMA Own it, Fix it New York! Home Mortgage Term Sheet

## PURPOSE

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 Own it, Fix it New York! Home Mortgage is designed to provide streamlined mortgage financing to homebuyers for the purchase and repair of homes requiring no more than $25,000 in improvements. It is an enhancement that can be utilized with the below stated SONYMA programs for 1 and 2 family homes, PUDs and condominiums.

## MAIN FEATURES

- Available under SONYMA's Low Interest Rate Program and the Achieving the Dream Program (including Homes for Veterans Program);
- Financing up to the **lower** of 97% of the "after-improved" appraised value or the Purchase Price plus financeable repairs and allowable "soft" costs;
- Availability of down payment assistance (higher of $3,000 or 3% of the home purchase price, not to exceed $15,000);
- Eligible Repairs up to the **lower** of 20% of the "after-improved" appraised value or $25,000.
- SONYMA will purchase the mortgages from Lenders subject to the completion of repairs and escrow pay-out.

## LOAN TERMS

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| **Interest Rate** | Same as Low Interest Rate Program or Achieving the Dream Program. Higher rates apply for 40-year mortgages and loans with a SONYMA Down Payment Assistance Loan. |
| **Maximum Financing** | 97% of the lower of (1) the purchase price plus the cost of repairs, allowable "soft" costs and a contingency reserve equal to 10% of the cost of repairs, or (2) the "after-improved" appraised value. |
| **Minimum Renovation** | $1,000 |
| **Maximum Renovation** | Lower of 20% of the "after-improved" appraised value or $25,000. |
| **Eligible Renovations** | Most non-luxury repairs. See attached for a complete list of eligible and ineligible renovations. |
| **Eligible Terms** | 30- and 40-year terms only. |
| **Acquisition Cost** | The acquisition cost is the sum of the purchase price and the cost of repairs and financed "soft" costs. The acquisition cost cannot exceed SONYMA's purchase price limits. The repair cost (Line B7 of the Maximum Mortgage Worksheet) must be entered on line 3 of Part III of the Recapture Notification and Mortgagor's Affidavit (Form 211). |
| **Contingency Reserve** | A 10% contingency reserve is required on all loans. The borrower(s) may either (1) finance the contingency reserves (as long as the loan amount does not exceed maximum allowable financing stated above) or (2) deposit their own funds in an escrow account held by the Lender. Funds deposited into an escrow account must be from an acceptable asset source. If financed, any unused portion of the contingency reserve must be applied to the unpaid principal balance of the mortgage or can be applied to additional minor documented eligible repairs. If the contingency reserve funds were deposited into the escrow account by the borrower(s), any unused funds must be refunded to the borrower(s). At the Lenders discretion, a higher contingency reserve may be established; however, a maximum of a 10% contingency reserve can be financed. |

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| **Allowable Soft Costs** | The borrower can opt to finance the following "soft" costs (as long as the loan amount does not exceed the maximum allowable financing stated above) that may be associated with the intended repairs/renovations: final inspection fee; escrow administration fee not to exceed $250; title update fee showing no liens (i.e. mechanic liens) and permit fees. All fees must be disclosed to the borrower(s) at the time of application. |

## UNDERWRITING

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| **Renovation Contract** | In addition to the contract of sale for the purchase of the home, a fully executed home improvement contract must be included in the pre-closing loan file submitted to SONYMA, the MI company and the Pool Insurer. See attached provisions that must be included in the home improvement contract. |
| **Borrower(s) Acting as Contractor** | Permitted provided borrower(s) is a licensed and insured contractor. |

## BORROWER(S) ELIGIBILITY

Unless otherwise stated on this term sheet, borrower(s) must comply with standard SONYMA eligibility and underwriting requirements.

## PROPERTY ELIGIBILITY

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| **Eligible Properties** | Existing 1- and 2-family homes. PUDs and condominiums are eligible provided the homeowners association permits the proposed renovations. Cooperatives are not eligible. Unless otherwise stated on this term sheet, all properties must comply with standard SONYMA eligibility requirements. |

## LENDER RESPONSIBILITIES

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| **Contractor Approval** | Lenders will be fully responsible for ensuring that contractors are reputable, insured, and can perform the work specified in the home improvement contract. As part of Lenders' due diligence in reviewing a contractor, SONYMA recommends that Lenders do the following:<br>➢ Contact the State's contractor licensing agency and state and/or local building departments to verify that the contractor has a clean record. Obtain copies of any licenses, where applicable;<br>➢ Ensure that the contractor is sufficiently insured (Workman's Compensation, General Liability [$1 million each occurrence/$2 million aggregate] and Short-Term Disability) to protect borrower(s) against property damage and losses caused by the contractor, its employees or subcontractors, and against on-site injuries to the contractor, its employees or subcontractors;<br>➢ In areas where licensing is not required, the Lender's due diligence should include, however, is not limited to:<br>❖ Contacting local trade associations;<br>❖ Looking for professional certifications such as Certified Graduate Remodeler (CGR) ;<br>❖ Accessing the New York Attorney General's website, "Know Your Contractor" or calling the local or state consumer protection agency and the Better Business Bureau to find out if there are any unresolved complaints filed against the contractor; and<br>❖ Checking references. |

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| **Escrow Administration** | Lenders, *regardless of who will be servicing the mortgage*, will be responsible for the administration and disbursement of the funds held in escrow. These responsibilities include, however, are not limited to:<br>➢ Ensuring the home has been satisfactorily renovated in compliance with the repairs stated in the home improvement contract.<br>➢ Deposit of the funds for the renovations and contingency reserve into an escrow account at the time of loan closing. Escrow account will be administered by the Lender.<br>➢ Disbursement of the escrow funds to the contractor(s) as the renovation work progresses and after inspections have been done to ensure the work performed has been satisfactorily completed. Funds will be disbursed at the Lender's discretion.<br>➢ Monitor the repairs as per the home improvement contract and ensure that they are completed within 90 calendar days from the mortgage closing date. Extension requests due to weather related delays will be handled on a case-by-case basis. Requests must be made in writing and in advance for proper consideration. |
| **Satisfactory Completion Certificate & Title Updates** | Within 30 days upon completion of all work, the Lender must submit to SONYMA, the MI company, the Pool Insurer, and the Servicer (if not the same as the Lender) a satisfactory Appraisal Update and/or Completion Report (Fannie Mae Form 1004D) completed by the property appraiser; title update showing no liens (i.e. mechanic liens) and a completed and signed SONYMA Own it, Fix New York! Home Mortgage Final Accounting Form and Certification (SONYMA Form #H4/10-10). |
| **Repurchase** | Lender agrees (after being given sufficient opportunity to remedy) to repurchase any loan that SONYMA, the MI company, and/or the Pool Insurer deem unsatisfactorily repaired and/or the escrow administration was not in compliance with this term sheet. |
| **SONYMA Own it, Fix it New York! Home Mortgage Forms** | ➢ SONYMA Own it, Fix it New York! Home Mortgage Maximum Mortgage Worksheet (SONYMA Form #H1/10-10)<br>➢ SONYMA Own it, Fix it New York! Home Mortgage Loan Agreement (SONYMA Form #H2/10-10). **Note:** Use of this form is optional. Lenders are permitted to use their standard form of escrow agreement.<br>➢ SONYMA Own it, Fix it New York! Home Mortgage Rider (SONYMA Form #H3/10-10)<br>➢ SONYMA Own it, Fix it New York! Home Mortgage Final Accounting Form and Certification (SONYMA Form #H4/10-10) |

# SONYMA Own it, Fix it New York! Home Mortgage
# Eligible & Ineligible Renovations*

## ELIGIBLE RENOVATIONS

**Changes for Improved Functions and Modernization**. Remodeled bathrooms and kitchens, including permanently installed appliances, (i.e., built in range and/ or oven, range hood, microwave, dishwasher).

**Elimination of Health and Safety Hazards** including minor asbestos removal and resolution of defective paint surfaces or lead based paint problems on homes built prior to 1978. Asbestos removal must be performed by a licensed asbestos abatement (removal) contractor.

**Changes for Aesthetic Appeal and Elimination of Obsolescence**. New exterior siding, covered porch, stair railings, window/door replacements, interior and exterior painting.

**Reconditioning or Replacement of Plumbing** including connections to public water and/or sewer system, heating, air conditioning and upgrade of electrical systems. Installation of new plumbing fixtures is acceptable, including interior whirlpool bathtubs.

**Repair or Reinstallation of Well and/or Septic System**. The well or septic system must be reinstalled or repaired prior to beginning any other repairs to the Eligible Property. The reinstallation or the repair of an existing well (used for the primary water source to the Eligible Property) can be allowed provided there is adequate documentation to show there is reason to believe the well will produce a sufficient amount of potable water for the occupants. In all cases, the repair or reinstallation of a well and/or septic system must be done in accordance with applicable local health and building codes, ordinances, and requirements.

**Roofing, Gutters and Downspouts**.

**Flooring, Tiling and Carpeting**.

**Termite Damage.** Repair of *minor* termite damage and the treatment against termites or other insect infestation.

**Energy Conservation Improvements**. New double pane windows, steel insulated exterior doors, insulation, solar domestic hot water systems, caulking and weather-stripping, etc.

**Landscape Work and Site Improvement**. Patios, decks and terraces that improve the value of the property equal to the dollar amount spent on the improvements or required to preserve the property from erosion. The correction of grading and drainage problems is also acceptable.

- **Tree removal** is acceptable if the tree is a safety hazard to the property.
- **Repair of existing steps, walks and driveway** is acceptable if it may affect the safety of the property.
- **Repair of exterior decks, patios and porches.**
- **New walks and driveways** are also acceptable.

**Improvements for Accessibility to a Disabled Person.** Remodeling kitchens and baths for wheelchair access, lowering kitchen cabinets, installing wider doors and exterior ramps, etc.

**Repair of an Existing In Ground Swimming Pool**. The repair of an in-ground swimming pool, not to exceed $1,500. Repair costs exceeding the $1,500 limit must be paid into the contingency reserve fund by Mortgagor.

## NON-ELIGIBLE RENOVATIONS

**Luxury items and Improvements** that do not become a permanent part of the real property are not eligible as a cost of renovation.

The items listed below (not limited to this list) are not acceptable under the SONYMA Own it, Fix it New York! Home Mortgage, including the repair of any of the following:

- Barbecue pit; bathhouse; exterior hot tub; sauna or spa; outdoor fireplace or hearth; photo mural; installation of a new swimming pool; gazebo; television antenna; satellite dish; tennis court; tree surgery; and

- Additions or alterations to provide for business/commercial use.

**Structural Alterations and Reconstruction**. Repair or replacement of structural damage, chimney repair, additions to the structure, installation of an additional bath(s), skylights, finished attics and/or basements, etc.

**Environmental Remediation.** Removal of underground oil tanks, major asbestos removal, installation of VOC ventilation systems, etc.

*This list is not intended to be all inclusive. If you are unsure as to whether any proposed repair is not covered by this list, please contact SONYMA.

# SONYMA Own it, Fix it New York! Home Mortgage
# Home Improvement Contract Provisions

## HOME IMPROVEMENT CONTRACTS

For every home improvement job, New York State law requires that the home improvement contractor provide the consumer with a complete, legible copy of the contract at the time it is signed by all parties, and before any work is started. New York State law governing home improvements applies to home improvement contracts that are $500 or greater.

A written, signed, and dated home improvement contract is required BEFORE SONYMA approves the application for mortgage financing and before the work begins. Borrowers should make sure that the following items are written into the contract:

1. The home improvement contractors' company name, address, phone number, and license number;
2. List of materials to be used in the project, including brand names and model numbers, if applicable;
3. Schedule of completion, including stages of completion - should have estimated dates for start and completion of project, including reasons why it might be delayed;
4. Payment schedule that specifically states how payment will be made and under what circumstances; for example, if payments will correspond to completed work, or if payments will be due on specific dates, etc.;
5. All verbal agreements should be written into the contract;
6. Statement of any guarantee or warranty for services or parts;
7. Clause stating that the contractor will obtain all permits required by law;
8. Statement that contractor will be responsible for repairing mistakes and for cleaning the area after the job is finished;
9. Clauses stating that the contractor must provide proof of payment to subcontractors and supply houses and giving the consumer permission to withhold final payment to the contractor until he or she provides such proof. Otherwise, the subcontractors and suppliers can put a lien on the consumer's property if the contractor does not pay them;
10. Statement of the consumer's right to cancel the home improvement contract within three business days of signing it, and a Notice of Cancellation, which the consumer should use in that situation.

Changes made to the original home improvement contract once the project is already underway must be added to the contract and signed by both the consumer and the contractor. Remember that any changes to the original home improvement project may require additional costs and time.

Click here for more information on Home Improvement such as finding a Contractor, Licensing, Payments, and other Resources.

# SONYMA Own it, Fix it New York! Home Mortgage
# Maximum Mortgage Worksheet

**SONYMA #:**

**Borrower:**

**Lender:**

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| **A. Property Information** | | | |
| 1 | Sales Price | $ | 100,000.00 |
| 2 | "After-Improved" Value | $ | 130,000.00 |
| **B. Repair/Renovation and Other Allowable Costs** | | | |
| 1 | Total Cost of Repairs/Renovation (from Home Improvement Contract) | $ | 25,000.00 |
| 2 | Contingency Reserve, if financed (line B1 times 10%) | $ | 2,500.00 |
| 3 | Final Inspection Fee, if financed | $ | - |
| 4 | Title Update Fee, if financed | $ | - |
| 5 | Permit Fees, if financed | $ | - |
| 6 | Adminstrative Escrow Fee (Maximum $250), if financed | $ | - |
| 7 | Total Repair/Renovation Cost (sum of lines B1 thru B6) | $ | 27,500.00 |
| 8 | Maximum Financeable Repair/Renovation Amount (lesser of: line A2 times 20% plus allowable fees, or $25,000 plus allowable fees) | $ | 28,500.00 |
| **9** | **Final Financeable Repair/Renovation Amount (lesser of lines B7 or B8)** | **$** | **27,500.00** |
| **C. Maximum Mortgage Calculation** | | | |
| 1 | Sales Price | $ | 100,000.00 |
| 2 | Final Financeable Repair/Renovation Amount (line B9) | $ | 27,500.00 |
| 3 | Lesser of (lines C1+C2) or line A2 | $ | 127,500.00 |
| **4** | **Maximum Mortgage Amount (line C3 x 97%)** | **$** | **123,675.00** |

*SONYMA Form #H1/10-10*

# SONYMA Own it, Fix it New York! Home Mortgage
# Loan Agreement

THIS AGREEMENT, including the provisions below, is made this _____ day of _____, 20____ between _____ (the "Mortgagor(s)") and _____, (the "Lender") to establish the conditions under which the Lender will advance the proceeds of a loan to be used to purchase and repair/improve the property described below. The property is located in the County of _____, State of New York, at the following address:

_____

1. The loan will be in the principal sum of _____ _____Dollars ($_____) to be advanced by the Lender to the Mortgagor as provided in this Agreement and will be secured by a Mortgage, Deed of Trust, or Security Deed ("Mortgage"), which will be a first lien on the property.

2. Payments required under the mortgage or deed of trust must be made by the Mortgagor on the date specified, even though the proposed repairs or improvements may not be completed, or the property may not be suitable for occupancy, on the anticipated date.

3. The Lender will place that portion of the principal amount of the mortgage allocated to the total repair cost of $_____ (line B-9 of the Own it, Fix it New York! Home Mortgage Maximum Mortgage Worksheet), plus any additional sums provided by the Mortgagor in cash, in a secured interest bearing account, trust or escrow ("Repair Escrow Account") for the benefit of the Mortgagor (hereinafter called "Escrowed Funds"). Lender, at its option, may release the Escrowed Funds on a prorated basis as each phase of repair work is completed and upon receipt of an acceptable inspection report certifying that all or a phase of the work has been satisfactorily completed. Lender shall release the Escrowed Funds by check, payable to the Mortgagor and/or the contractor or other appropriate payee who performed the work and supplied the materials in connection with this Agreement. The final release of the Escrowed Funds is to take place only after the local jurisdiction has provided its final acceptance of the work. The Lender may determine that additional compliance inspections are required throughout the repair period to ensure that the work is progressing in a satisfactory manner. Release of funds is not authorized on this type of inspection, however, the Mortgagor is responsible for paying the inspection fee. The Lender may require a property inspection if there have been no draw requests for more than thirty (30) days.

4. The income earned on the interest bearing account will be paid to the Mortgagor upon completion of all work or such earlier time as agreeable to the Lender.

5. The principal amount of the loan specified in paragraph 1 contains a contingency reserve. If the contingency reserve or any part thereof is not used, the Mortgagor may elect to use the remaining funds for additional repairs or improvements. Such repairs/improvements must be approved by the Lender and SONYMA. If the Mortgagor elects not to use the remaining funds for additional repairs, the remaining balance will be applied as a partial prepayment to the unpaid principal balance of the loan. However, such prepayment will not extend or

postpone the due date of any installment due under the note, nor change the amount of such installments. If the contingency reserve is insufficient to cover the cost of any unforeseen repairs or deficiencies to the property, Mortgagor must deposit funds into the Repair Escrow Account equal to the cost of additional work, plus at least ten percent (10%), and/or adjust the scope of the original work specifications by eliminating or reducing certain repairs or work. Any such changes must be approved by the Lender and SONYMA.

6. The Mortgagor will complete all improvements on the property in accordance with the repair contract(s) as accepted by the Lender.

7. Changes in the scope of repairs or improvements must be submitted to Lender in the form of a revised repair contract, describing the changes, and approved in writing by the Lender and SONYMA prior to the beginning of the work.

8. Mortgagor will cause all improvements to be made in a workmanlike manner and in accordance with all applicable statutes and regulations. All licenses, permits and privileges required by local governmental authorities to repair/improve the property will be obtained by the Mortgagor(s) or his/her contractor prior to commencement of the construction.

9. Representatives of the Lender will have the right to enter upon the property at all times during the period of construction and on completion of construction to determine whether the work conforms with this Agreement and to determine the amount of the Repair Escrow Account to be released by the Lender.

10. The Mortgagor can request, in writing to the Lender, disbursement for completed work only, and for the actual cost of improvements by the contractor(s). In no case will any savings of the mortgage proceeds result in any cash being paid to the Mortgagor. Any funds remaining in the escrow account must be used in the same manner described in paragraph 5. above.

11. Without prior written consent of the Lender, no materials, equipment, fixtures or any part of improvements financed with this loan will be purchased or installed subject to conditional sales contracts, security agreements, lease agreements or other arrangements whereby title is retained or the right is reserved or accrues to anyone to remove or repossess any item, or to consider it as personal property.

12. The Mortgagor will cause either this instrument or the construction contract under which the improvements are to be made to be filed in the public records, if the effect of recording will be to relieve the mortgaged property from mechanics' and materialmens' liens. Before any advance under this Agreement, the Lender may require the Mortgagor to obtain acknowledgment of payment and releases of lien from the contractor and all subcontractors and materialmen dealing directly with the principal contractor. These releases will cover the period down to the date covered by the last advance, and concurrently with the final payment for the entire project. Such acknowledgments and releases must be in the form required by local or New York State lien laws and must cover all work done, labor performed and materials (including equipment and fixtures) furnished for the project.

13. Mortgagor must cause work to begin within thirty (30) days following the date of this Agreement. Work must be performed with reasonable diligence; therefore, work is never to cease for more than thirty (30) consecutive days. Should Mortgagor fail to comply with these terms, the Lender may refuse to make any further payments under this Agreement. Any

funds remaining in the Repair Escrow Account will be applied as prepayment to the mortgage.

14. In the event any Stop Notices, Notices to Withhold, Mechanics' Liens, or claims of lien are filed against the property, the Lender, after five (5) days notice to the undersigned of its intention to do so, may pay any or all of the liens or claims, or may contest the validity of any claim and pay all costs and expenses of contesting the same.

15. Failure of the Mortgagor to perform under the terms of this Mortgage Loan Agreement will make the loan amount, at the option of the Lender, due and payable and will constitute an event of default under this Agreement, the Mortgage and the Note.

16. Mortgagor must have the work completed within 90 days following the date of this Agreement.

17. Date of Completion: _____

_____

Mortgagor Date

_____

Mortgagor Date

_____

Signature of Lender Date

# SONYMA OWN IT, FIX IT NEW YORK! HOME MORTGAGE RIDER

THIS REPAIR MORTGAGE RIDER is made this _____ day of _____ 20_____, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given you by the undersigned ("Borrower") to secure Borrower's Note to

_____

("Lender") of the same date and covering the Property described in the Security Instrument and located at:

_____

**ADDITIONAL COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. Loan proceeds are to be advanced for the premises in accordance with the SONYMA Own it, Fix it New York! Home Mortgage Loan Agreement dated _____, 20_____, between Borrower and Lender. This agreement is incorporated by reference and made a part of this Security Instrument. No advances shall be made unless approved by Lender.

B. If the repairs are not properly completed, performed with reasonable diligence, or are discontinued at any time except for strikes or lockouts, the Lender is vested with full authority to take the necessary steps to protect the repair improvements and property from harm, continue existing contracts or enter into necessary contracts to complete the repairs. All sums expended for such protection, exclusive of the advances of the principal indebtedness, shall be added to the principal indebtedness, and secured by the Security Instrument and be due and payable on demand with interest as set out in the Note.

C. If Borrower fails to make any payment or to perform any obligation under the loan, including the commencement, progress and completion provisions of the Agreement, the loan shall, at the option of Lender, be in default.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Rider.

_____ (Seal) _____ (Seal)
-Borrower -Borrower

Exhibit L

SONYMA

**SONYMA LOAN RESERVATION WORKSHEET AND RATE CERTIFICATION**
FAX # 1-917-274-0406

LENDER'S NAME:_____ ORIGINATOR CODE_____

BRANCH CODE_____

**PROGRAM:** ☐ Low Interest Rate ☐ Achieving the Dream ☐ Construction Incentive (CIP)
☐ DPAL being utilized ☐ Other _____

1. LENDER LOAN #_____
2. LOAN AMOUNT $_____
3. TERM OF LOAN _____MONTHS
4. INTEREST RATE _____%

5a. APPLICATION DATE _____/_____/_____
6. DPAL AMOUNT $ _____ (if applicable)

5b. SALES CONTRACT DATE _____/_____/_____
7a. REHAB AMOUNT $ _____

7b. OWN IT, FIX IT! REPAIR ESCROW OPTION ☐YES ☐NO

**BORROWER:**

8. FIRST NAME_____
9. LAST NAME_____
10. BORROWER SS# _____-_____-_____
11. BORROWER'S DATE OF BIRTH _____/_____/_____
12. BORROWER'S SEX: ☐ (1) MALE ☐ (2) FEMALE
13. BORROWER'S RACE CODE:
☐ (1) WHITE ☐ (2) BLACK ☐ (3) ASIAN ☐ (4) AMERICAN INDIAN
☐ (5) HAWAIIAN ☐ (6) DID NOT RESPOND ☐ (7) TWO OR MORE
14. BORROWER'S ETHNIC CODE:
☐ (1) NON-HISPANIC ☐ (2) HISPANIC ☐ (3) DID NOT RESPOND
15. BORROWER'S MARITAL STATUS:
☐ (1) MARRIED ☐ (2) SEPARATED ☐ (3) UNMARRIED
☐ (4) SINGLE PARENT

**BORROWER'S CURRENT MAILING ADDRESS:**

16. ADDRESS_____
17. CITY _____ APT #_____
18. STATE _____ 19. ZIP CODE_____

**CO-BORROWER:**

20. FIRST NAME _____
21. LAST NAME _____
22. CO-BORROWER SS# _____-_____-_____
23. CO- BORROWER'S DATE OF BIRTH _____/_____/_____
24. CO-BORROWER'S SEX: ☐ (1) MALE ☐ (2) FEMALE
25. CO-BORROWER'S ETHNIC CODE:
☐ (1) NON-HISPANIC ☐ (2) HISPANIC ☐ (3) DID NOT RESPOND
26. CO-BORROWER'S MARITAL STATUS:
☐ (1) MARRIED ☐ (2) SEPARATED ☐ (3) UNMARRIED ☐ (4) SINGLE PARENT

**PROPERTY:**

27. PURCHASE PRICE $_____
28. ACQUISITION COST $_____
29. ☐ NEW CONST. (N) ☐ EXIST. (E) ☐ REHAB (R)
30. YEAR BUILT _____
31. NO. OF FAMILY UNITS:
☐ (1) 1-FAM ☐ (2) 2-FAM ☐ (3) 3-FAM
☐ (4) 4-FAM ☐ (8) CONDO ☐ (9) CO-OP
32. LOAN-TO-VALUE RATIO (LTV)_____%
33. LOCK-IN TYPE
☐ SHORT-TERM (S) ☐LONG-TERM (L)
34. ESTIMATED DATE OF COMPLETION (NEW CONST/REHAB ONLY)
_____/_____/_____
MONTH DAY YEAR
35. IS THIS PROPERTY BEING REHABILITATED FROM PREVIOUS NON-RESIDENTIAL USE? ☐ YES ☐ NO
36. ADDRESS _____
37. CITY/TOWN_____ APT #_____
38. ZIP CODE_____
39. COUNTY_____ CODE_____
40. CENSUS TRACT _____
41. BLOCK GROUP _____
42. ☐ TARGET AREA (T) ☐ NON-TARGET AREA (N)
43. PROJECT SET-ASIDE # (IF APPLICABLE) _____

**HOUSEHOLD:**

44. BORROWER'S GROSS ANNUAL INCOME $_____
45. CO-BORROWER'S GROSS ANNUAL INCOME $_____
46. NON-APPLICANT GROSS ANNUAL INCOME $ _____
47. HOUSEHOLD SIZE _____
48. PRIOR HOMEOWNER ☐ YES ☐ NO
DATE LAST OCCUPIED _____/_____/_____
49. NO. OF PERSONS 18 OR OVER _____
50. NO. OF PERSONS UNDER 18 _____
51. NO. OF DEPENDENTS _____

**LENDER INFORMATION**

52. LOAN OFFICER _____
53. LOAN PROCESSOR _____
54. CONTACT PERSON _____
TEL # _____ FAX # _____
E-MAIL _____

**RATE CERTIFICATION**

We, the above lender, hereby submit a request for the above-referenced mortgage application for SONYMA to assign the above referenced Interest Rate (item 4) in accordance with the terms of the applicable Availability of Funds and Notice of Terms Bulletin in effect on the Reservation Date. **Attached is a copy of the first page and the executed and dated signature page of the residential loan application, a copy of the first page and the executed page of the contract of sale or binder and a copy of the completed and executed Interest Rate Option Form (Form D3).** We further understand that SONYMA's acceptance of this form is subject to the requirements specified in the Seller's Guide. **A fax confirmation is not a rate lock confirmation**. ***Loans improperly locked may result in a penalty to the Lender.***
We hereby certify that we are liable to SONYMA, as of the date hereof, for payment of a Lock-in Fee in the amount of one percent (1.0%) of the Loan Amount stated in item 2 above. SONYMA will collect the Lock-in Fee in accordance with the terms set forth in SONYMA's Seller's Guide.

Certified by:_____(Officer)

**FOR SONYMA USE ONLY**

DATE OF RESERVATION : _____/_____/_____ SONYMA #_____ OPERATOR INITIALS:_____
MONTH DATE YEAR

**SONYMA FORM 238/10-10**

# SONYMA FINAL DOCUMENT TRANSMITTAL FORM

SONYMA Loan No.: _____ Date: _____

Lender Name: _____

Contact Name: _____ Fax#: _____

E-mail Address: _____

Borrower(s): _____

**The following original documents <u>and photocopies</u> are being submitted:**

- ☐ Original Recorded Mortgage (with all applicable riders)
- ☐ Original Recorded Assignment (for first mortgage)
- ☐ Original Recorded DPAL Enforcement Note and Mortgage, if applicable
- ☐ Original Recorded Assignment (for DPAL mortgage), if applicable
- ☐ Original Recorded CEMA, if applicable (with all applicable riders)
- ☐ Original Final Title Policy
- ☐ Original Filed UCC3 Financing Statement (for Cooperative Loans)

Other (please describe):

- ☐ _____
- ☐ _____
- ☐ _____

**<u>For loans utilizing the Own it, Fix it New York! Home Mortgage, immediately forward photocopies of the following documents upon completion of all repairs and the release of all escrow funds</u>.** ***In addition, submit photocopies of these documents to M&T Bank, if M&T Bank is the servicer.***

- ☐ Title update, showing no additional liens (i.e. mechanic's liens)
- ☐ Final Accounting Form and Certification (SONYMA Form H4)
- ☐ Satisfactory Completion Certificate (Fannie Mae Form 1004D)

Submitted by: _____
(Lender Contact)

**SONYMA acknowledges receipt of the above-referenced documents.**

Signed by: _____ Date: _____
(SONYMA)

**(SONYMA Form 245/10-10)**

# M&T BANK CLOSING TRANSMITTAL FOR SONYMA LOANS

**Lender:** _____

**Name of Preparer:** _____

**Contact Phone #** _____

(THE ABOVE INFORMATION IS REQUIRED)

**Borrower Name:** _____

**Please indicate:**

Did this loan utilize a Down Payment Assistance Loan (DPAL)? (Y/N) _____

Did this loan utilize the Own it, Fix it New York! Home Mortgage? (Y/N) _____

Did this loan utilize Section 8 assistance? (Y/N) _____

Is this a Cooperative Share loan? (Y/N) _____

Is this loan subject to early delinquency intervention counseling? (Y/N) _____

**Documentation must be presented to M&T Bank in the EXACT order listed below:**

| Documents | Required | Enclosed | Comments |
|---|---|---|---|
| 1. Escrow Deposit Check | X | | |
| 2. Tax Service Fee Check - $68.50 | X | | |
| 3. Flood Certificate Fee - $6.00 | X | | |
| 4. Copy of Good-Bye Letter to borrower | X | | |
| 5. Mortgage Payments | If applicable | | |
| 6. SONYMA Loan Transmittal (Form 213) | X | | |
| 7. Note | X | | |
| 8. Unrecorded Consolidation/Modification Agreement | If applicable | | |
| 9. Unrecorded Mortgage (w/legal description of property) | X | | |
| 10. Additional Copy of Legal Description | X | | |
| 11. SONYMA Own it, Fix it New York! Home Mortgage Rider (Form H3) | If applicable | | |
| 12. SONYMA Own it, Fix it New York! Home Mortgage Loan Agreement (Form H2) | If applicable | | |
| 13. Unrecorded DPAL Enforcement Note & Mortgage (Form D1) | If applicable | | |
| 14. Original Form RP-954 | X | | |
| 15. Additional Copy of Form RP-954 | X | | |
| 16. Mortgage Loan Application (1003) | X | | |
| 17. Form IRS W-9 | X | | |
| 18. Appraisal w/photos (including census tract, flood information and appraised value) | X | | |
| 19. Copy of Initial Escrow Disclosure Statement (Utilizing 2 month cushion, less MIP/PMI) | X | | |
| 20. Escrow Accrual Sheet | X | | |
| 21. Copy of last Tax Receipts | X | | |
| 22. Copy of Hazard Insurance Policy | | | |
| 23. Hazard and Flood Insurance Certification (Form 216) | X | | |
| 24. Life of Loan Flood Zone Determination Certification | X | | |
| 25. Pool Insurance Certificate | X | | |
| 26. Private Mortgage Insurance Certificate, if applicable | If applicable | | |
| 27. Uniform Settlement Statement HUD Form 1 for 1st Mortgage | X | | |
| 28. Uniform Settlement Statement HUD Form 1 for DPAL Mortgage | If applicable | | |
| 29. Property Seller's Affidavit (Form 210) | X | | |
| 30. Reaffirmed Recapture Notification and Mortgagor's Affidavit (Form 211) | X | | |
| 31. Interest Rate Option Form (Form D3) | X | | |
| 32. Military Veterans Eligibility Affidavit (Form 243), if applicable | If applicable | | |
| 33. Lender Commitment Letter | X | | |
| 34. Executed Contract of Sale | X | | |
| 35. Executed Repair Contract (for Own it, Fix it New York! Home Mortgage loans) | If applicable | | |
| 36. Verification of Employment or equivalent | X | | |

| Documents | Required | Enclosed | Comments |
|---|---|---|---|
| | | | |
| 37. Verification of Deposit or equivalent | X | | |
| 38. Credit Report | X | | |
| 39. Federal Tax Returns (3 years, signed) | X | | |
| 40. Subsidy Documents | If applicable | | |
| 41. Unrecorded Assignment of Mortgage (Form 202) | X | | |
| 42. Unrecorded Assignment of 2nd Mtg. for DPAL (Form 202) | If applicable | | |
| 43. Final Title Policy or Preliminary Title Insurance Report | X | | |
| 44. Property Plat or Survey or equivalent | If applicable | | |
| 45. Loan Funding Certification (Form 229) | X | | |
| 46. Disclosure Statement | X | | |
| 47. Good Faith Estimate | X | | |
| 48. Certificate of Occupancy | X | | |
| 49. Satisfactory Completion Certificate | X | | |
| 50. Tax Search | X | | |
| 51. Copy of Mortgagee Clause Change to Hazard Ins. Co. | X | | |
| 52. Copy of Mortgagee Clause Change to PMI Company | If applicable | | |
| 53. Copy of Mortgagee Clause Change to Flood Ins Co | If applicable | | |
| 54. DPAL Recapture Notification (Form D4) | If applicable | | |
| 55. Sec. 8 Homeownership Voucher & Counseling Cert. | If applicable | | |
| 56. Other Section 8 documentation | If applicable | | |
| 57. Other _____ | If applicable | | |

IF ANY OF THE ABOVE REQUIRED DOCUMENTS ARE NOT ENCLOSED, PLEASE EXPLAIN WHY:

_____

_____

_____

**Additional/Alternative Documents for Cooperative Share Loans only**

| Documents | Required | Enclosed | Comments |
|---|---|---|---|
| 1. UCC1 - filed by Lot and Block - valid until termination | X | | |
| 1a. Filed UCC1 for the DPAL | If applicable | | |
| 2. Filed UCC1CAd | X | | |
| 2a. Filed UCC1CAd for the DPAL | If applicable | | |
| 3. UCC3 | If applicable | | |
| 3a. UCC3 for the DPAL | If applicable | | |
| 4. Stock Certificate | X | | |
| 5. Proprietary Lease | X | | |
| 6. SONYMA Security Agreement | X | | |
| 7. SONYMA Stock Power | X | | |
| 8. Recognition Agreement | X | | |
| 9. SONYMA Cooperative Loan Note | X | | |
| 10. SONYMA Acceptance of Assignment and Assumption of Lease | X | | |
| 11. SONYMA Assignment of Lease to Lender | X | | |
| 12. SONYMA Assignment of Loan | X | | |
| 13. DPAL Coop Enforcement Note & Security Agmt. (Form D2) | If applicable | | |
| 14. SONYMA Assignment of DPAL Note & Security Agreement | If applicable | | |
| 15. Lien Search of the Apartment | X | | |
| 16. SONYMA No Lien Affidavit | X | | |
| 17. Consent | X | | |
| 18. Other _____ | If applicable | | |

**Please submit copies of each of the above documents to:**

**Ms. Dayna Holmes**
**M&T Bank**
**1 Fountain Plaza, 4th Floor**
**Buffalo, NY 14203**
**716-848-3565 Fax 716-848-7113**
dholmes@mtb.com

Updated 10/10