

Comparison of SONYMA Mortgages vs. FHA

Product Features	FHA	SONYMA
Levels of loan approval	<ul style="list-style-type: none"> FHA self-insures Lenders' Direct Endorsement Underwriters approve loans 	3* Levels of loan approval <ul style="list-style-type: none"> Lender PMI/Pool Insurer *Pre-Closing SONYMA compliance review will be eliminated for SONYMA <i>Express</i> approved loans
Automated Underwriting	Total Scorecard	SONYMA <i>Express</i> coming soon
Expiration of credit documents	Credit documents (including appraisal) must be dated within 120 days of loan closing	Pool/PMI Commitments expire 6 months from date of issue
Interest Rate	Market	Typically below-Market
Available Terms	15 – 30 year terms	30-year term only
Rate- Lock period	30 - 60 days	<ul style="list-style-type: none"> 100 days – existing 240 days – homes under construction or rehab
First-time homebuyer requirement	No	Yes. Target Area and Military Veteran waivers apply
Household Income Limit	None	Yes. Limits vary by household size, county & loan program
Mortgage Loan Limits & Purchase Price Limits	Mortgage Loan Limits vary by county	<ul style="list-style-type: none"> Purchase Price Limits vary by county Purchase Price and Appraised Value limits apply to ATD Program
Up Front MIP	1.75% (effective 4/1/12) - may be financed	None
Monthly PMI/MIF rate for terms <u>greater</u> than 15 years.	>95% LTV: 1.25% (effective 4/1/12) ≤95% LTV: 1.20% (effective 4/1/12) Monthly MIP required on all loans, regardless of LTV.	96.01% -97% LTV: .71% - .81% 95.01% - 96% LTV: .69% - .78% 90.01% - 95% LTV: .76% No PMI required for LTV's ≤80%

Comparison of SONYMA Mortgages vs. FHA

Product Features	FHA	SONYMA
	MIP cancelled when LTV reaches 78% provided the borrower has paid the annual MIF for at least 5 years	
Maximum LTV/CLTV 1 & 2 unit properties	<ul style="list-style-type: none"> • Maximum 96.50% LTV • Maximum CLTV varies by lender 	<ul style="list-style-type: none"> • Maximum 97% LTV • No maximum CLTV when subordinate financing is a qualified grant/subsidy
Maximum LTV/CLTV 3 & 4 unit properties	<ul style="list-style-type: none"> • Maximum 96.50% LTV • 3 month's PITI in reserve (cannot be gifted) Property must be self sufficient – (Rental income must cover PITI) • May use 85% of market rent to credit qualify • No restriction on age of property 	<ul style="list-style-type: none"> • Max 90% LTV; no maximum CLTV • No reserves • Borrowers must contribute 3% of their own money to transaction • May use 75% of the lower of "actual" or "market rent" to credit qualify • Must be existing property (5 years or older)
Down Payment Assistance	None	Down Payment Assistance Loan available to all Borrowers. Equal to the <u>greater</u> of \$3,000 or 3% of purchase price, not to exceed \$15,000 0% interest; no monthly payment
Maximum seller-paid closing costs	6% (regardless of LTV)	<ul style="list-style-type: none"> • 3% - LTV's 90.01% -97% • 6% - LTV's ≤90%
Homebuyer Education	Not Required	Required when: <ul style="list-style-type: none"> • LTV is >95%; • CLTV is >100%; • Borrowers contribute less than 5% of their own money toward transaction • Borrowers apply for Achieving the Dream, Habitat, or Remodel NY Program
Minimum Borrower contribution	<ul style="list-style-type: none"> • All property types: 3.5% 	<ul style="list-style-type: none"> • 1-2 unit properties: 1% minimum Borrower

Comparison of SONYMA Mortgages vs. FHA

Product Features	FHA	SONYMA
	<ul style="list-style-type: none"> Minimum Borrower contribution (may be gifted) 	contribution (from "own funds") <ul style="list-style-type: none"> 3-and 4-unit properties & Co-ops: 3% minimum borrower contribution (from "own funds")
Maximum qualifying ratios - AUS approved loans	Determined by Total Scorecard	40%/45%
Credit Evaluation	<ul style="list-style-type: none"> 500 - 580 minimum credit score Many lenders/investors require a higher score More lenient regarding delinquencies 	<ul style="list-style-type: none"> No minimum credit score Primary Borrower must have at least 3 credit references established for a period of 18 months Credit references may be traditional, non-traditional, or any combination Requires satisfactory credit history
Requirements for using non-traditional credit references	<ul style="list-style-type: none"> Minimum of 3 non-traditional credit references with a 12 month history At least one reference must be a rental or utility reference Manual underwrite required 	<ul style="list-style-type: none"> Must have been established for at least 18 months Non-traditional credit may be used in lieu of or to supplement traditional credit Manual underwrite required
Options for documenting rental payment history, when applicable	<ul style="list-style-type: none"> 12 months' cancelled checks 12 months' bank statements VOR from mgmt company Verified via phone by credit agency 	<ul style="list-style-type: none"> 12 months' cancelled checks or 12 months' bank statements VOR from Management company
Approval process for grants/subsidies	All grants/subsidies must be approved by HUD (may vary by lender)	Subsidy or secondary financing program must be sponsored by a federal, state, or local government agency or another source acceptable to SONYMA
Condominium Project	Condo project must be on list of FHA approved projects; otherwise, lengthy approval process	<ul style="list-style-type: none"> Condo projects must meet SONYMA requirements

Comparison of SONYMA Mortgages vs. FHA

Product Features	FHA	SONYMA
		<ul style="list-style-type: none"> Condo Questionnaire required Spot loans: SONYMA will finance the “<u>lower of</u>” 10 units or 50% of the total units in an existing project without project approval Project Set-aside: SONYMA will pre-approve a specific number of units (up to 50%) in a development
Co-op Financing	Not available	<ul style="list-style-type: none"> Maximum 95% LTV No maximum CLTV Co-op financing not offered by all SONYMA lenders
Appraisal Requirements	<ul style="list-style-type: none"> Appraisers must be approved by HUD Appraisals more complex 	<ul style="list-style-type: none"> Standard Fannie/Freddie appraisal report
Special Property Requirements	Healthy and safety issues noted by FHA appraisers must be remedied (e.g. handrails, chipping or peeling paint, etc)	<ul style="list-style-type: none"> Maximum lot size 2nd kitchen restrictions Property may not show evidence of business or commercial use Outbuildings may not be of commercial nature or used as a residence
Restriction of Re-Sales occurring 90 days or less after acquisition	Temporary waiver of anti-flipping rule extended through 2011.	No restrictions
Family member to family member transaction	Financing restricted to 85% LTV when property is <u>not</u> the Seller’s primary residence. 85% limit may be waived if the buyer has been a tenant of the property for at least 6 months prior to the date of the sales contract.	Family member buying from family member is acceptable at maximum financing regardless of property type
Non-Occupying Co-Borrower-FHA	<ul style="list-style-type: none"> Maximum financing available for single family homes when non-occupying co-borrower is related 	<ul style="list-style-type: none"> Guarantor eligible when primary Borrower has either no credit – or limited credit.

Comparison of SONYMA Mortgages vs. FHA

Product Features	FHA	SONYMA
Non-Occupying Guarantor- SONYMA	<ul style="list-style-type: none"> by blood, marriage, law or established relationship Aggregate income may be used for credit qualifying purposes. Occupying borrower must meet minimum FHA credit requirements 	<ul style="list-style-type: none"> Guarantor's income may not be used to credit qualify Guarantor may not hold title. Guarantor may be used in conjunction with all property types
Private well requirements	<ul style="list-style-type: none"> Minimum distance requirement between private well and septic tank drain field Minimum distance requirement between private well and property line. Potability test required only when noted by appraiser 	<ul style="list-style-type: none"> No distance requirements Potability test required
Private sewer	Inspection required only if noted by appraiser	Inspection required. Must meet local health department standards
Documenting Gift Funds	<ul style="list-style-type: none"> Document donor capacity Document funds leaving donor's account Document funds deposited into borrower's account. 	Not required to document donor capacity when gift funds are in the borrower's account at time of application or when gift funds are transferred to the borrower prior to submission of file to Genworth/MIF.
Cash-on-hand	Not eligible	Up to \$1,000 cash-on-hand may be counted as an asset once the borrower's minimum contribution requirement has been met. Cash must be deposited prior to application
Monthly child support payment	Counted as a liability (if more than 10 payments remain)	Deducted from gross monthly income rather than treated as a liability (if more than 10 payments remain.) This has a favorable impact on the Borrower's total debt-to-income ratio.
Gift of equity	May be applied to down payment <u>and</u> closing costs	May only be applied to down payment

Comparison of SONYMA Mortgages vs. FHA

Product Features	FHA	SONYMA
Doublewide Manufactured homes	Requires Engineer's Certification on Foundation Compliance	Engineer's Certification not required

Revised August 2012

 = Advantage to FHA or SONYMA