



State of New York Mortgage Agency

641 Lexington Avenue, New York, NY 10022
(212) 688-4000 • Fax: (212) 872-0789

PRISCILLA ALMODOVAR
President/CEO

By Mail and E-mail

March 8, 2007

RE: Servicing Updates/Reminders

Dear SONYMA Servicer:

In January 2006, SONYMA sent a letter to all servicers advising them, based mostly upon findings made by SONYMA when conducting on-site audits of servicers, that certain requirements of SONYMA's Servicer's Guide and the Servicing Agreement were not being consistently followed. The letter reminded servicers of the proper procedures required for completing various functions under these documents.

With this letter, we are repeating many of the items covered in last year's letter because our 2006 servicer audits revealed many of the same issues. In addition, the letter addresses additional matters as discussed below.

Servicer Compliance with the US Patriot Act and Bank Secrecy Act

A recent audit of SONYMA by the New York State Banking Department requested that we remind servicers of their obligations to regularly maintain procedures required by applicable Federal or State law reasonably designed to determine the identity of mortgagors, as part of your company's Know Your Customer program.

Submission of Seller/Servicer Annual Certification and Financial Statements

SONYMA has created a new form entitled the Seller/Servicer Annual Certification (Form 240/1-07) that servicers must complete and submit to SONYMA within 90 days of servicer's fiscal year-end date. The form is actually a modified version of our Seller Annual Certification (which is now obsolete) and combines lender and servicer information and certifications into one comprehensive document. If your fiscal year ended December 31, you must submit the fully completed and executed Seller/Servicer Annual Certification ***by no later than March 31, 2007***. A fully interactive pdf version of the form may be downloaded from our website by accessing the link, http://www.nyhomes.org/docs/exh_f_form_240.07.pdf. Please submit the original completed and executed form to Susan Pline, Assistant Vice President, Single Family Programs, 641 Lexington Avenue, New York, NY 10022.

Please note that this form has also been sent to our selling contacts at your company. SONYMA requires only one comprehensive form from each lender/servicer. We ask that you coordinate your response with your selling counterparts within your organization. If you need assistance in identifying the appropriate person, please contact Susan Pline at 212-688-4000 x391 or susanp@nyhomes.org.

In addition, servicers are required to submit their fiscal year-end audited financial statements and if a bank, the corresponding FDIC, FHLBB, OTS, or FFIEC call report (for the quarter ending the same date as the audited financials).

Hazard Insurance – Mortgagee Clause

The borrower's hazard insurance policy, effective upon SONYMA's purchase of a mortgage loan, must be endorsed to SONYMA naming us as first mortgagee. Each policy must contain or have attached the standard mortgagee clause. The servicer's address must be used in the endorsement in lieu of the SONYMA's address. A sample of the mortgagee clause is as follows:

State of New York Mortgage Agency
c/o Servicing Institution
Servicer's Address
City, State, Zip Code

It is the servicer's responsibility to ensure that each insurance policy is properly endorsed and to provide any necessary notices of transfer in order to fully protect, under the terms of the policy and applicable law, SONYMA's interest as first mortgagee.

Further, Section 2.01(f) of the Servicer's Guide requires that SONYMA is named as a mortgagee or additional insured on any condominium, cooperative, or PUD master or blanket insurance policy. Servicers should use their best efforts to comply with this requirement. However, we understand that particularly with condominiums, it may be difficult to obtain a blanket policy with SONYMA as an additional insured. Servicers have advised us that instead they have purchased insurance that covers SONYMA for this purpose or in the event that the condominium (or homeowner) association or cooperative corporation allowed the hazard insurance policy to lapse. This type of insurance, if purchased by servicer, is acceptable to SONYMA and will satisfy the provisions of Section 2.01(f).

For more information, please see Section 2.01 of the SONYMA Servicer's Guide.

Hazard Insurance Loss Settlements

Please review Section 2.02 of the Servicer's Guide regarding hazard insurance losses. Servicers are authorized to endorse any loss draft in an amount of \$15,000 or less. Loss drafts in excess of \$15,000 must be endorsed by SONYMA. Servicers must ensure that they are conforming to this policy.

Required Insurance Coverage for Owned Real Estate (ORE) Properties

Section 2.13 of the Servicer's Guide requires, among other things, that servicers must obtain liability and vandalism insurance coverage to insure SONYMA against any potential losses. This coverage must be immediately placed on any property SONYMA acquires via foreclosure or deed in lieu of foreclosure. **As stated in our January 3, 2006 letter, servicers are also required to obtain hazard insurance for these properties in addition to liability and vandalism coverage.**

The amount of hazard and vandalism insurance on each property must be sufficient enough to cover the unpaid principal balance of the mortgage with a maximum deductible of \$1,500 per property. The liability coverage must be a minimum of \$1,000,000 per occurrence.

Bankruptcy Proceedings – Documentation Required to be Submitted to SONYMA

Servicer must adhere to the requirements of Section 2.17 of the Servicer's Guide when notified that the borrower has filed for bankruptcy.

Servicers are required to submit to SONYMA all documents listed in Section 2.17, as applicable, in a timely manner. In particular, servicers must promptly submit the court-stipulated mortgage repayment schedule to SONYMA so that our accounting personnel can properly post monthly remittances.

Maintenance of Separate Trust and Custodial Accounts by SONYMA Bond Indenture

In accordance with Section 1.08 of the Servicer's Guide and the provisions of the Servicing Agreement, servicer is required to establish and maintain separate trust accounts for the deposit of payments of principal and interest on mortgage loans and separate custodial accounts for deposits of all other payments on mortgage loans for each bond resolution under which mortgage loans are purchased and serviced. SONYMA has three bond resolutions - two of which we are still actively purchasing loans. Funds deposited in these accounts must be limited to the mortgage loans collateralizing the bond indenture and should not be commingled with other bond resolution funds.

The balance in these accounts should never exceed \$100,000. Once an account exceeds this amount, all payments for principal and interest should be wire transferred to SONYMA and credited to the designated revenue trust accounts.

Please be reminded that the account to remit payments of principal and interest for the Homeowner Mortgage Revenue Bondholder Fund (HMB) is as follows:

The Bank of New York
ABA #021000018
GLA #111-565
For further credit to A/C #648-852
Account Name: State of New York Mortgage Agency
HMB Revenue Fund

For more information on setting up or maintaining these accounts, please contact Henry Hauk, Assistant Comptroller at 212-688-4000 x567 or henry@nyhomes.org.

Requests for Original Cooperative Loan Documents

When requesting original cooperative loan document files from SONYMA for a loan payoff, please allow ten (10) business days. Advise the mortgagor not to set a closing date until the file has been returned by SONYMA to the servicer.

Revised Mold/Radon Gas Release Agreements for ORE Properties

SONYMA has modified two release agreements – one of which must be incorporated into each sales contract when selling a property owned by SONYMA and executed by the purchaser of the ORE. The first agreement, labeled as “ORE General Release Agreement” in the lower left-hand corner of the form, must be attached to each sales contract and executed by the purchaser of the ORE when servicer is **not** aware of the presence of mold and/or radon gas (as defined in the release forms) at the property. The second agreement, labeled as “ORE Specific Release Agreement” in the lower left-hand corner of the form, must be attached to each sales contract and executed by the purchaser of the ORE when servicer **is** aware of the presence of mold and/or radon gas at the property. If the ORE Specific Release Agreement is completed, servicer must list in the appropriate space of the form, all documents (e.g., correspondence, reports, photographs, etc.) that discuss any matters related to mold and/or radon gas at the property. Servicers must also attach these documents to the release agreement itself. Attached are camera-ready copies of both release agreements.

Non-Owner Occupied Properties

Section 1.16 of the Servicer's Guide requires the servicer to notify SONYMA immediately if it has reason to believe that a SONYMA mortgaged property is not occupied by the mortgagor as his or her principal and permanent place of residence, a requirement for retaining a SONYMA mortgage loan on the property. Please see our November 29, 2005 Servicer Announcement (available on our website) for details on the proper procedures for addressing non-owner occupied properties.

General Servicing Matters; Opinions of Servicer's Counsel

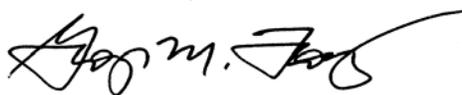
The Servicer's Guide requires SONYMA's consent to easements, requests of waiver of any right under the mortgage loan, and other matters affecting the mortgage loan or the subject property. In these cases, servicer shall request in writing SONYMA's approval by furnishing detailed information including, but not limited to, supporting appraisals, surveys, and legal instruments as well as a *recommendation as to a specific course of action*. When the approval of a PMI insurer and/or a pool insurer is required, it should be obtained first together with the consent of all mortgagors. Servicer shall have the responsibility to see that the legal instruments used in connection with changes affecting a mortgage loan are in proper form, and that all requirements under applicable law are met. Any document requiring the mortgagee's consent must be executed by SONYMA. Servicer shall also submit a letter of opinion from servicer's attorney to SONYMA stating (to SONYMA's satisfaction) that all documents presented to SONYMA are complete and accurate, and that the course of action recommended by the servicer and any documents to be executed by SONYMA in connection therewith comply with all applicable federal, state, and local laws, regulations and ordinances.

We are hereby providing you with formal notice reiterating the above requirements and we request that you distribute this information to all relevant personnel within your organization. **Failure to comply with this letter or any other term or provision of the Servicer's Guide or Servicing Agreement may result in the servicer's repurchase of the mortgage loan.** SONYMA is in the process of making revisions to its Servicer's Guide. The above guidelines and form will be incorporated into the revised Guide upon completion. The current version of the Servicer's Guide may be viewed on or downloaded from SONYMA's website (<http://nyhomes.org/home/index.asp?page=132>).

A camera-ready copy of the aforementioned Seller/Servicer Annual Certification (Form 240/1-07) is attached. An interactive version of the form is available for download from SONYMA's website at http://www.nyhomes.org/docs/exh_f_form_240.07.pdf.

We appreciate your attention to these matters. If you have any questions, please contact Susan Pline, Assistant Vice President at 212-688-4000 x391 or susanp@nyhomes.org or June Vogt, Servicing Manager at 212-688-4000 x485 or june@nyhomes.org.

Sincerely,



George M. Leocata
Vice President/Single Family Programs



Exhibit F

State of New York Mortgage Agency

Seller/Servicer Annual Certification

Audited Fiscal Year ends as of _____
Month/Year

I. General Information	
1. Seller/Servicer Name	
2. Principal Office Address	3. Principal Office Mailing Address (if different)
4. Principal Office Phone Number	5. Seller/Servicer Website Address
6. Seller/Servicer Institution Type (check one) <input type="checkbox"/> Commercial Bank <input type="checkbox"/> Thrift <input type="checkbox"/> Mortgage Banker <input type="checkbox"/> Credit Union <input type="checkbox"/> Other _____	7. Seller/Servicer Primary Regulatory Authority (check one) <input type="checkbox"/> Office of Thrift Supervision <input type="checkbox"/> Office of the Comptroller of the Currency <input type="checkbox"/> New York State Banking Department <input type="checkbox"/> National Credit Union Association <input type="checkbox"/> Other _____
8. If a Mortgage Banking Company, is the company (check one): <input type="checkbox"/> Subsidiary of a depository institution or part of a bank or thrift holding company <input type="checkbox"/> Independent privately or publicly held company <input type="checkbox"/> Other _____	
9. Are you a minority-owned company? <input type="checkbox"/> Yes <input type="checkbox"/> No	10. Are you a woman-owned company? <input type="checkbox"/> Yes <input type="checkbox"/> No
11. Are you approved as a seller/servicer by (check all applicable boxes): <input type="checkbox"/> Fannie Mae Seller/Servicer <input type="checkbox"/> Freddie Mac Seller/Servicer <input type="checkbox"/> Fannie Mae Seller Only <input type="checkbox"/> Freddie Mac Seller Only <input type="checkbox"/> Fannie Mae Servicer only <input type="checkbox"/> Freddie Mac Servicer only	
12. List the Names of the top five (5) investors to which you sold home mortgages to during the past fiscal year. (Based on \$ amount sold): 1. _____ 4. _____ 2. _____ 5. _____ 3. _____	
13a. Is your company a MERS member? <input type="checkbox"/> Yes <input type="checkbox"/> No	13b. Does your company actively use MERS? <input type="checkbox"/> Yes <input type="checkbox"/> No

14. List the Private Mortgage Insurance Companies with which you are a master policyholder (check all applicable boxes):

- Radian Guaranty UGIC PMI Other _____
 Genworth Mortgage MGIC RMIC

15. Does your company originate cooperative share loan applications for sale to SONYMA?

- Yes No

16. Does your company accept spot new construction loan applications, that is, does your company provide end loan financing on newly constructed properties?

- Yes No

17. If your company services loans for SONYMA, does it annually issue a certification that it has complied with the minimum servicing standards set forth in the Mortgage Bankers Association of America's *Uniform Single Attestation Program for Mortgage Bankers ("USAP")*?

- Yes No

If Yes, please attach executed certification.

18. Please complete the below information on your company's Fidelity Bond and Errors & Omissions coverage.

Insurance Type	Provider	Coverage Amount	Deductible	Expiration Date
Fidelity Bond				
Errors & Omissions				

II. Contact Information

1. Chief Executive Officer

Name: _____ Title: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

2. Chief Financial Officer

Name: _____ Title: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

3. Mortgage Originations Officer

Name: _____ Title: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

4. Mortgage Servicing Officer (if applicable)

Name: _____ Title: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

5. Quality Control Officer (if applicable)		
Name:	Title:	
Address:		
Phone:	Fax:	Email:
A. Selling Contact Information		
1. Primary Selling Contact for SONYMA		
Name:	Title:	
Address:		
Phone:	Fax:	Email:
2. Mortgage Branch Contacts for SONYMA		
SONYMA Branch Code:	Branch Location:	
Name:	Title:	
Address:		
Phone:	Fax:	Email:
SONYMA Branch Code:	Branch Location:	
Name:	Title:	
Address:		
Phone:	Fax:	Email:
To list additional branches please attach pages.		
3. Closed Loan Shipping Contact		
Name:	Title:	
Address:		
Phone:	Fax:	Email:
4. Final Document Contact		
Name:	Title:	
Address:		
Phone:	Fax:	Email:

B. Servicing Contact Information (Complete this section only if servicing loans for SONYMA)

1. Primary Servicing Contact for SONYMA

Name:		Title:	
Address:			
Phone:	Fax:	Email:	

2. Escrow/Insurance Contact

Name:		Title:	
Address:			
Phone:	Fax:	Email:	

3. Payoff Contact

Name:		Title:	
Address:			
Phone:	Fax:	Email:	

4. Investor Accounting Contact

Name:		Title:	
Address:			
Phone:	Fax:	Email:	

5. Delinquency/Collections Contact

Name:		Title:	
Address:			
Phone:	Fax:	Email:	

6. Bankruptcy Contact

Name:		Title:	
Address:			
Phone:	Fax:	Email:	

7. Foreclosure Contact		
Name:	Title:	
Address:		
Phone:	Fax:	Email:
8. Owned Real Estate Contact		
Name:	Title:	
Address:		
Phone:	Fax:	Email:

III. Loan Funding Information	
1. Indicate the method your company uses to fund SONYMA loans (check all applicable):	
<input type="checkbox"/> Use own funds	<input type="checkbox"/> Use warehouse line
<input type="checkbox"/> Use unsecured line of credit	<input type="checkbox"/> Other
2. If using a <u>Warehouse Line</u>, please complete the following:	
Warehouse Bank Name:	Warehouse Bank Address:
Amount of Line:	
Expiration Date of Agreement:	
Please attach a copy of Seller's wire instructions.	

IV. Third-Party Originations
Is your company utilizing third-parties to originate SONYMA loans? (check one)
<input type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please attach a list of the names and addresses of all third-party originators. Please note that prior SONYMA approval is required to utilize such third-parties.

V. Third-Party Servicing
Is your company utilizing third-parties or sub-servicer to service all or a portion of SONYMA loans? (check one)
<input type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please attach a list of the names and addresses of all third-party servicers. Please note that prior SONYMA approval is required to utilize such third-parties.

VI. Certification

The undersigned, as authorized officer of Seller/Servicer, hereby certifies that during the one year period immediately preceding the as of date of our fiscal year and henceforth that:

- i. the information contained in this form (including any required attachments hereto) is complete and accurate;
- ii. Seller has a copy of SONYMA's Seller's Guide, has distributed copies and all amendments to all relevant personnel, and has complied with, and will continue to comply with, all of its requirements and provisions including the Post-Purchase Quality Control Requirements as set forth in Section 2.713;
- iii. Seller has a copy of the Mortgage Purchase Agreement and has complied with, and will continue to comply with, all of its requirements and provisions;
- iv. Servicer, if applicable, has copy of SONYMA's Servicer's Guide, has distributed copies and all amendments to all relevant personnel, and has complied with, and will continue to comply with, all of its requirements and provisions;
- v. Servicer, if applicable, has a copy of the Mortgage Servicing Agreement and has complied with, and will continue to comply with, all of its requirements and provisions;
- vi. no changes in Seller/Servicer's legal status (i.e. mergers, acquisitions, regulatory actions, etc.), ownership, or management team have occurred and if so, SONYMA has been notified of such changes; and
- vii. Seller/Servicer is in compliance with all applicable Federal, State, and local laws and regulations including relevant consumer and privacy laws. Seller/Servicer shall regularly maintain any procedures required by applicable Federal or State law reasonably designed to determine the identity of mortgagors, as part of the Seller's/Servicer's Know Your Customer programs.

I understand that any misrepresentations made on this form may result in our suspension or withdrawal as a SONYMA Seller and/or Servicer and may be cause for SONYMA to exercise additional actions or remedies available.

Signature of Officer of Seller/Servicer

Date

Printed Name and Title

Telephone Number

E-mail Address

Attachments, as applicable

- Additional Branch Contacts (see Part II – Item A.2.)
- Certificate of Compliance with USAP standards (see Part I – Item 17)
- Wire instructions (see Part III – Item 2)
- List of third-party originators (see Part IV)
- List of third-party servicers (see Part V)
- Other _____

RADON GAS AND MOLD NOTICE AND RELEASE AGREEMENT

Seller: State of New York Mortgage Agency (“SONYMA”)

Purchaser(s): _____

Property Address: _____

PURCHASER(S) IS HEREBY NOTIFIED AND UNDERSTANDS THAT RADON GAS AND SOME MOLDS HAVE THE POTENTIAL TO CAUSE SERIOUS HEALTH PROBLEMS.

Radon is an invisible and odorless gaseous radioactive element. Mold is a general term for visible growth of fungus, whether it is visible directly or is visible when barriers, such as building components (for example, walls) or furnishings (for example, carpets), are removed.

PURCHASER ACKNOWLEDGES AND ACCEPTS THAT THE PROPERTY IS BEING OFFERED FOR SALE “AS IS” WITH NO REPRESENTATION AS TO THE CONDITION OF THE PROPERTY.

Purchaser acknowledges and agrees that the property described above (“Property”) may contain the presence of mold and/or radon gas.

Purchaser also acknowledges receipt of the following reports, correspondence and/or pictures (collectively, the “Documents”) with respect to the Property regarding mold: _____

Purchaser represents and warrants that they have had sufficient opportunity to review the Documents prior to entering into a contract for sale or purchase of the Property.

Purchaser represents and warrants that Purchaser has not relied on the accuracy or completeness of the Documents or any representations that have been made by SONYMA and/or its directors, officers, employees, agents, independent contractors, (including without limitation Safeguard Properties, Inc.), successors and assigns (collectively, the “Seller”) as to the presence of radon or mold and that the Purchaser has not relied on the Seller’s failure to provide more information regarding the presence or effects of any radon or mold found on the Property.

Real Estate Brokers and Agents are not generally qualified to advise purchasers on radon or mold treatment or its health and safety risks. **PURCHASERS ARE ENCOURAGED TO OBTAIN THE SERVICES OF A QUALIFIED AND EXPERIENCED PROFESSIONAL TO CONDUCT INSPECTIONS AND TESTS REGARDING RADON AND MOLD PRIOR TO CLOSING.** Purchasers are hereby notified and agree that they are solely responsible for any required remediation and/or resulting damages, including, but not limited to, any effects on health, due to radon or mold in, on or around the Property.

In consideration of the sale of the Property to the undersigned Purchaser, Purchaser does hereby release, indemnify, hold harmless and forever discharge the Seller from any and all claims, liabilities, or causes of action of any kind now or at any time in the future regarding the presence of radon or mold in, on or around the Property.

Purchaser has been given the opportunity to review this Release Agreement with Purchaser’s attorney or other representatives of Purchaser’s choosing, and hereby acknowledges reading and understanding this Release. Purchaser also understands that the promises, representations and warranties made by Purchaser in this Release are a material inducement for Seller entering into the contract to sell the Property to Purchaser.

Words defined or described in the singular herein have the same meaning when used in the plural and vice versa.

Dated this ____ day of _____, 20__.

PURCHASER

RADON GAS AND MOLD NOTICE AND RELEASE AGREEMENT

Seller: State of New York Mortgage Agency (“SONYMA”)

Purchaser(s): _____

Property Address: _____

PURCHASER(S) IS HEREBY NOTIFIED AND UNDERSTANDS THAT RADON GAS AND SOME MOLDS HAVE THE POTENTIAL TO CAUSE SERIOUS HEALTH PROBLEMS.

Purchaser acknowledges and agrees that the property described above (“Property”) may or may not contain the presence of mold and/or radon gas. Radon is an invisible and odorless gaseous radioactive element. Mold is a general term for visible growth of fungus, whether it is visible directly or is visible when barriers, such as building components (for example, walls) or furnishings (for example, carpets), are removed.

PURCHASER ACKNOWLEDGES AND ACCEPTS THAT THE PROPERTY IS BEING OFFERED FOR SALE “AS IS” WITH NO REPRESENTATION AS TO THE CONDITION OF THE PROPERTY.

Purchaser represents and warrants that Purchaser has not relied on the accuracy or completeness of any representations that have been made by SONYMA and/or its agents, independent contractors, (including without limitation Safeguard Properties, Inc.), directors, officers, employees, successors and assigns (collectively, the “Seller”) as to the presence of radon or mold and that the Purchaser has not relied on the Seller’s failure to provide more information regarding the presence or effects of any radon or mold found on the Property.

Real Estate Brokers and Agents are not generally qualified to advise purchasers on radon or mold treatment or its health and safety risks. **PURCHASERS ARE ENCOURAGED TO OBTAIN THE SERVICES OF A QUALIFIED AND EXPERIENCED PROFESSIONAL TO CONDUCT INSPECTIONS AND TESTS REGARDING RADON AND MOLD PRIOR TO CLOSING.** Purchasers are hereby notified and agree that they are solely responsible for any required remediation and/or resulting damages, including, but not limited to, any effects on health, due to radon or mold in, on or around the Property.

In consideration of the sale of the Property to the undersigned Purchaser, Purchaser does hereby release, indemnify, hold harmless and forever discharge the Seller from any and all claims, liabilities, or causes of action of any kind now or at any time in the future regarding the presence of radon or mold in, on or around the Property.

Purchaser has been given the opportunity to review this Release Agreement with Purchaser’s attorney or other representatives of Purchaser’s choosing, and hereby acknowledges reading and understanding this Release. Purchaser also understands that the promises, representations and warranties made by Purchaser in this Release are a material inducement for Seller entering into the contract to sell the Property to Purchaser.

Words defined or described in the singular herein have the same meaning when used in the plural and vice versa.

Dated this ____ day of _____, 20__.

PURCHASER

