



State of New York Mortgage Agency

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JOSEPH STRASBURG
Chairman

STEPHEN J. HUNT
President/CEO

August 14, 2001

**RE: All SONYMA Programs
Seller's Guide Bulletin #4-2001**

Dear Participating Lender:

Please be advised of the following changes/updates relative to all State of New York Mortgage Agency (SONYMA) programs:

Changes to Temporary Bond Series Codes

Effective for all loans reserved on or after August 20, 2001, SONYMA will be assigning new temporary bond series codes to its loan numbers in accordance with the below chart:

<u>Program</u>	<u>Lock-in Type</u>	<u>Previous Bond Series Code</u>	<u>New Bond Series Code</u>
Low Interest Rate	Short-Term	870	880
Low Interest Rate	Long-Term	871	881
Construction Incentive	N/A	872	882
Remodel New York	N/A	876	886

This change is being made so that loans can accurately be tracked under the new pool insurance policy that SONYMA recently renewed with its Mortgage Insurance Fund (MIF). Other than altering our loan numbering process, Lenders will not be affected by the pool insurance policy renewal.

Loans reserved prior to August 20 will retain the loan number previously assigned until loan purchase. At purchase, all loans are transferred to the actual bond series from which funds were used to acquire the loans. SONYMA will advise participating lenders of the final SONYMA loan number via the weekly detail purchase report sent by our treasury department at time of loan purchase.

Enforcement of Policy Regarding Lenders Reserving Loans with Fully Executed Sales Contracts

In the February 20 letter accompanying our updated Seller's Guide, SONYMA announced a change to our loan reservation policy whereby lenders are now required to have a fully executed sales contract in their possession before reserving a loan. The letter further stated that although lenders may accept

pre-approval applications, SONYMA would require a new application be executed (dated on or after the firm contract date) identifying the property and providing accurate mortgage terms. Furthermore, the interest rate locked would be the rate available on the new application date.

SONYMA established this policy in an effort to better maintain pipeline integrity. An analysis of our pipeline revealed that there is excessive fall-out due to the fact that loan reservations do not ultimately proceed into firm contract. As a result, these “soft” reservations tie up our funding resources and create additional work for both lenders and SONYMA. (In addition to processing the reservation itself, lenders have to submit and SONYMA must review and approve a Lock-in Fee Waiver package before the applicant’s 1% lock-in fee can be refunded.) The policy modification will create a firmer pipeline for SONYMA and allow us to utilize our resources more efficiently.

Although the new policy was implemented in February, some lenders are still reserving loans without a fully executed contract. SONYMA will continue to monitor lenders’ performance in this regard. If we continue to receive these reservations, we will have no alternative but to impose a 0.25% penalty for any loan registered with SONYMA that has a sales contract dated after the loan application date.

Additionally, lenders are reminded to carefully review the Loan Reservation Worksheet and Lock Certification (Form 238/12-00) before submitting it to SONYMA. Many forms are being sent incompletely or incorrectly which requires follow up and thus, delays the loan being reserved.

Changes to New York State Law Regarding Filing of UCCs for Cooperative Share Loans

Recently, New York State enacted a new law regarding the filing of UCCs. This change, which became effective on July 1, 2001, also applies to the filing of UCCs for cooperative share loans. Accordingly, SONYMA is hereby amending its requirements for any cooperative share loan closed on or after July 1, 2001 as follows:

- 1) In lieu of the prior UCC-1 form, lenders must complete and file in the appropriate county clerk’s office the National UCC Financing Statement (Form UCC1) (Rev. 7/28/98);
- 2) Lenders must complete and file in the appropriate county clerk’s office a new form entitled the New York UCC Financing Statement Cooperative Addendum (Form UCC1CAAd) (Rev. 6/14/01);
- 3) In lieu of the prior UCC-3 form, lenders must complete and file in the appropriate county clerk’s office the National UCC Financing Statement Amendment (Form UCC3) (Rev. 7/28/98), if applicable.

These forms and their accompanying instructions may be downloaded by lenders at <http://www.dos.state.ny.us/corp/uccforms.html>. Lenders must carefully follow the accompanying instructions when completing these forms.

In connection with the law changes, SONYMA is in the process of reviewing its cooperative documentation requirements and will announce any further changes at a later date.

Modification to Fannie Mae/Freddie Mac Consolidation, Extension, and Modification Agreement

In June, Fannie Mae and Freddie Mac announced revisions to the New York Consolidation, Extension, and Modification Agreement. The new form is labeled Fannie Mae/Freddie Mac Single Family 3172 – 1/01 (rev. 5/01). Effective immediately, lenders must begin using the new form where applicable. When completing the form, lenders must follow the instructions provided on the form as well as the requirements of Appendix IV of the Seller's Guide.

In the next few weeks, you will be receiving the appropriate Seller's Guide change pages as well as camera-ready copies of revised checklists reflecting the above-described modifications.

If you have any questions regarding the information contained herein, please feel free to call me at extension 392.

Sincerely,

A handwritten signature in black ink, appearing to read "George M. Leocata". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

George M. Leocata
Assistant Vice President

c: Lender Branches, Shipping and Final Document Contacts