

SONYMA REMODEL NEW YORK PROGRAM

ADDENDUM TO LOW INTEREST RATE MORTGAGE PROGRAM
SELLER'S GUIDE

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SONYMA REMODEL NEW YORK PROGRAM
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PART I - GENERAL

SECTION 1.1 - DEFINITIONS. All terms used in this Addendum to the Low Interest Rate Mortgage Program Seller's Guide (the "Addendum"), but not defined herein below shall have the meaning assigned to such terms in the Low Interest Rate Mortgage Program Seller's Guide (the "Seller's Guide") dated 2/2001. Terms defined in this Section 1.1 shall be applicable to Mortgage Loans as to which a Remodel New York Program Mortgage Loan has been provided. Terms defined in this Section 1.1 shall be interpreted in conjunction with the definition of such terms set forth in the Seller's Guide.

- (a) **Consultant** Individual and/or company, approved by HUD under the FHA 203(k) Program, which satisfies the requirements as set forth in Section 2.104 of this Addendum, whose role is to assist potential Mortgagors in determining the specific Eligible Renovations necessary to be made to the Eligible Property and for preparing the Work Specifications and cost estimate.
- (b) **Contingency Reserve** Reserve fund, established on the Closing Date and deposited into the Rehabilitation Escrow Account, equal to at least ten percent of the Total Rehabilitation Cost of the Eligible Renovations, and which is required to cover unforeseen repairs or deficiencies during the rehabilitation. The Contingency Reserve is further described in Section 2.211 of this Addendum.
- (c) **Contractor** Individual(s) and/or company(ies), which satisfy(ies) all of the requirements of eligible Contractor as set forth in Section 2.102 of this Addendum, whose role is to act as a general contractor and perform all of the rehabilitation work in accordance with the Work Specifications.
- (d) **Eligible Property** A building located in the State of New York which is an existing Single Family Dwelling or existing Two-Family Dwelling, including the land appurtenant thereto, as limited by Section 2.402(f) of the Seller's Guide, or condominium interest, to be used as the principal residence of the Mortgagor. A building or unit shall **not qualify** as an Eligible Property if (1) all or any portion is used or intended for non-residential purposes or as a vacation home, (2) it is a cooperative unit or manufactured housing, and (3) except for condominium or PUD units, it is attached housing. Condominium units are only eligible if the condominium project's by-laws permit the proposed rehabilitation work.
- (e) **Eligible Renovations** The allowable repairs, as described in Section 2.206 of this Addendum, to be made to the Eligible Property and funded with the proceeds of the Mortgage Loan.
- (f) **Existing Housing** Any Single Family Dwelling or Two-Family Dwelling which has previously been occupied or used for residential purposes.
- (g) **FHA 203(k) Program** FHA program established for the purpose of providing potential homeowners purchase/rehabilitation financing.
- (h) **Fannie Mae HomeStyle® Program** Fannie Mae program established for the purpose of providing potential homeowners purchase/rehabilitation financing.
- (i) **Mortgage Loan** A loan evidenced by a promissory note, secured by a mortgage granting a first lien upon a fee simple or leasehold interest (with a remaining term equal to or greater than the original term of the Mortgage Loan) in the

Eligible Property acquired with the proceeds of the Mortgage Loan, subject in each case only to the liens of taxes or assessments which are not delinquent, building restrictions or other restrictive covenants or conditions, leases or tenancies whereby rents or profits are reserved to the owners, joint driveways, sewer rights, party walls, rights of way or other easements, or encroachments, provided that none of the foregoing, in the opinion of SONYMA, are violated or materially adversely affect the security for the Mortgage Loan.

- (j) **Mortgage Payment Reserve** Reserve fund, established at Mortgagor's request on the Closing Date and deposited into the Rehabilitation Escrow Account, equal to a maximum of six mortgage payments (principal, interest, taxes, and insurance), that protects the Mortgagor from having to make housing payments on two separate residences during the rehabilitation period. The Mortgage Payment Reserve, which can be financed with proceeds of the Mortgage Loan, is further described in Section 2.212 of this Addendum.
- (k) **Origination Fee** Two and one-quarter percent of the amount of the Mortgage Loan (which also comprises all of the discount points as set forth in Section 2.202 of the Seller's Guide), which Seller receives to originate Mortgage Loans for sale to SONYMA. Seller will collect one percent on the Lock-in Date (as the Lock-in Fee) and the remaining one and one-quarter percent on the Closing Date. SONYMA may assess penalties in accordance with Section 2.710(f) of the Seller's Guide which will reduce the amount of the Origination Fee. The Origination Fee is subject to change at SONYMA's discretion.
- (l) **PMI** Primary mortgage insurer which shall be the SONYMA Mortgage Insurance Fund (MIF).
- (m) **Rehabilitation Completion Date** The date, generally not to exceed six months from the Closing Date, on which (1) all work as set forth in the Work Specifications is satisfactorily completed, (2) final disbursement from the Rehabilitation Escrow Account has been made, and (3) the final title update (evidencing that the Mortgage Loan is in a first lien position) and all waivers of lien, if applicable, have been received by Servicer.
- (n) **Rehabilitation Escrow Account** The FDIC insured custodial account, set up on the Closing Date and maintained by Servicer, to be used for disbursing funds upon Servicer's receipt of satisfactory evidence that all or a portion of the work as cited in the Work Specifications has been completed. The Rehabilitation Escrow Account is further described in Sections 2.210 and 2.706 of this Addendum.
- (o) **Remodel New York Program** The residential mortgage loan program financed by the Bonds and created specifically to assist eligible Mortgagors purchase a home that requires rehabilitation or repairs.
- (p) **Seller** Any institution or person meeting the requirements for participation in the Low Interest Rate Mortgage Program and the Remodel New York Program, and shall have executed the Remodel New York Program Mortgage Purchase Agreement.
- (q) **Servicer** Any institution or person who has qualified and has contracted under a Servicing Agreement, to service Mortgage Loans purchased by SONYMA under the Low Interest Rate Mortgage Program and the Remodel New York Program, and shall have executed the Remodel New York Program Servicing Agreement.
- (r) **Short-Term Lock-in** Type of interest rate lock which must be used for all Existing Housing. The timeframe to close Short-Term Lock-ins is set forth in Section 2.201(a)(i) of the Seller's Guide.

- (s) **Single Family Dwelling** A building designed for use by one family, which can be a condominium unit. The term condominium is used as defined in "Condominium Act," Article 9-B of the Real Property Law of the State. With respect to a condominium unit, the owner of such unit must own an undivided interest in the underlying real estate, with ownership interest including the property, owned in common with others, which is necessary or contributes to the use and enjoyment of such a structure or unit.
- (t) **Total Rehabilitation Cost** The sum of all "hard costs" of the rehabilitation based on signed, accepted estimates and/or construction contracts plus certain "soft" costs associated with the rehabilitation such as consultant, architectural, engineering, inspection, title update and permit fees; Rehabilitation Escrow Account administration fee; Contingency Reserve amount; and Mortgage Payment Reserve amount.
- (u) **Two-Family Dwelling** An owner-occupied dwelling containing one rental unit which is an existing structure first occupied as a residence at least five years prior to the Residential Loan Application Date.
- (v) **Value of the Property** The lower of (1) the "as-rehabbed" appraised value of the Eligible Property securing a Mortgage Loan, subject to the repairs as cited in the Work Specifications, such appraised value being the fair market value as determined by an appraiser acceptable to SONYMA or (2) the purchase price paid for the Eligible Property securing the Mortgage Loan plus the Total Rehabilitation Cost of the Eligible Renovations.
- (w) **Work Specifications** The detailed plans and specifications prepared by the Consultant, or another residential construction professional, as allowable under Section 2.105 of this Addendum, that sets forth the Eligible Renovations and itemize all of the proposed work to be performed and all materials to be used in the rehabilitation of the Eligible Property.

PART II - PURCHASE REQUIREMENTS FOR MORTGAGE LOANS UNDER THE REMODEL NEW YORK PROGRAM

SECTION 2.1 - PRELIMINARY REQUIREMENTS. This Section 2.1 covers only those requirements under the Remodel New York Program that differ from the requirements set forth in Section 2.1 of the Seller's Guide. This Section 2.1 and Section 2.1 of the Seller's Guide shall be read together.

- 2.101 **Funds Availability** Funds for the Remodel New York Program will be allocated on a first-come, first-served basis. Periodically, SONYMA will advise Seller of remaining funds availability.
- 2.102 **Contractor Requirements** Mortgagor must select the Contractor to perform the Eligible Renovations. Seller must review the qualifications and credentials of all Contractors where the Eligible Renovations will exceed \$15,000 or where the Eligible Renovations include structural alterations or repairs, asbestos removal, removal of environmental or safety hazards, or other similar adverse conditions. Whenever Seller must review the qualifications and credentials of Contractor, Seller is responsible for determining that the Contractor (i) has the experience to perform the Eligible Renovations; (ii) is licensed by the appropriate authority to perform the Eligible Renovations; (iii) has the financial ability to complete the Eligible Renovations in the manner as set forth in the Work Specifications and on a timely basis; and (iv) has sufficient insurance to protect Mortgagor against property damage and losses caused by Contractor, its employees or subcontractors, and against on-site injuries to Contractor, its employees or subcontractors. Contractor must agree to a ten percent holdback from each draw from the Rehabilitation Escrow Account. In no case will SONYMA permit up-front draws to Contractor for labor to be performed upon entering into a contract with Mortgagor. SONYMA will, however, permit an up-front draw for up to

50 percent of the material costs provided the draw(s) are paid directly to materials suppliers. Once all of the Eligible Renovations have been completed and a final inspection to Seller's satisfaction has been made, the final draw and the ten percent holdback will be disbursed to Contractor.

In order to determine that Contractor meets these requirements, Seller must obtain the following documentation:

- (a) Fully completed Contractor's Resume (Exhibit 4);
- (b) Copies of all appropriate licenses;
- (c) When a general contractor is not facilitating the rehabilitation, copies of all appropriate licenses and three trade and/or customer references for all subcontractors.

Upon receipt of the above documentation, Seller must, at minimum:

- (a) Verify the accuracy of all information listed on the Contractor's Resume (Exhibit 4) including, but not limited to, checking trade and/or customer references and contacting insurance companies to verify adequacy of insurance coverage;
- (b) Obtain and review credit report of Contractor;
- (c) Review all licenses (including those of any subcontractors when a general contractor is not facilitating the rehabilitation) for legitimacy.

If Seller's analysis reveals no material inadequacies and such Contractor would be acceptable to Fannie Mae under its HomeStyle® Program, Contractor will be acceptable to SONYMA.

2.103 **Mortgagor Acting as Contractor**

SONYMA will not permit the Mortgagor to act as Contractor unless construction in the applicable trade is Mortgagor's full-time occupation. In no event will SONYMA allow Mortgagor to be compensated for "sweat equity" as part of the transaction.

2.104 **Consultant Requirements**

SONYMA will require Mortgagor to utilize a Consultant wherever the Eligible Renovations exceed \$15,000 or where the Eligible Renovations include structural alterations or repairs, asbestos removal, removal of environmental or safety hazards, or other similar adverse conditions. Seller is responsible for ensuring that the Consultant is in good standing and remains on HUD's approved consultant list for its FHA 203(k) Program. The Consultant will work directly with Mortgagor in determining the Eligible Renovations and is responsible for preparing the Work Specifications and cost estimate.

The Consultant will prepare the Work Specifications and cost estimate prior to obtaining bids from contractors. To do so, the Consultant must perform a physical inspection of the Eligible Property which, at a minimum, must include the following determinations:

- (a) Whether there is evidence of vermin, dryrot, termites, or other infestation;
- (b) Whether there are any conditions that will adversely affect health and safety;
- (c) The adequacy of existing structural, heating, plumbing, electrical, and roofing systems;

(d) The energy efficiency (thermal protection) of the dwelling; and

(e) Any other deficiencies that may exist.

If any deficiencies exist in the above categories, the Work Specifications must be modified to include the correction of these items. If the Consultant lacks the necessary expertise to inspect any of the above items, Consultant may rely on a subcontractor's report to prepare the Work Specifications and cost estimate.

Upon completion of the Work Specifications and cost estimate, Mortgagor can begin the bidding process with contractors or subcontractors. The Mortgagor must review with the Consultant any bids which contain costs that exceed the Consultant's estimates. Once Mortgagor selects the Contractor, Consultant will be required to fully complete column 1 of each Draw Request and Rehabilitation Inspection Report (Form HUD-9746-A; Exhibit 5).

2.105 **Work Specifications and Cost Estimate**

The Work Specifications and cost estimate shall be prepared by the Consultant or in cases where a Consultant is not required, by a licensed or certified general contractor, architect, or engineer. Seller is responsible for ensuring that reputable and competent contractors, consultants, architects and/or engineers are utilized in the rehabilitation. To do this, Seller may use previously established standards and procedures for mortgage loans made under the FHA 203(k) or Fannie Mae HomeStyle® Programs. The purpose of the Work Specifications and cost estimate is to:

(a) enable the Seller to document and evaluate the amount of work required, the quality of materials, and the total cost of the Eligible Renovation;

(b) determine the maximum amount of financing allowable;

(c) enable the property appraiser to estimate the Eligible Property's "as-rehabbed" appraised value; and

(d) develop a schedule as to the order and timing of when certain work is going to be completed, including the start and end date (generally, not to exceed six months from the Closing Date) of the rehabilitation.

The Work Specifications and cost estimate can be completed using the Specification of Repairs (Exhibit 6) or a similar work writeup. At a minimum, the Work Specifications and cost estimate must detail the work to be performed with a cost breakdown for each job or stage of the project. Lump sum amounts are not acceptable except where the cost breakdown is not reasonable and sufficient details are provided to determine acceptable cost estimating.

SECTION 2.2 - MORTGAGE LOAN ELIGIBILITY. This Section 2.2 covers only those requirements under the Remodel New York Program that differ from the requirements set forth in Section 2.2 of the Seller's Guide. This Section 2.2 and Section 2.2 of the Seller's Guide shall be read together.

2.201 **Interest Rate Lock-in**

(a) Interest Rate Lock-in. Interest Rate Lock-ins shall be the same as Section 2.201(a) of the Seller's Guide, except that all references to Long-Term Lock-ins are hereby deleted; and paragraph (ii) is deleted.

(b) Procedure to Lock Interest Rate. The procedure for locking interest rates shall be the same as Section 2.201(b) of the Seller's Guide, except that the interest rate locked will be the rate that was available on the Residential Loan Application Date for Short-Term Lock-ins under the Low Interest Rate Mortgage Program.

(c) Commitment Extensions. The section on commitment extensions shall be the same as Section 2.201(c) of the Seller's Guide, except that (1) if SONYMA approves an extension of the commitment, the Mortgage Loan must close at the **higher** of: (A) the interest rate locked on the Lock-in Date or (B) the interest rate available under the Low Interest Rate Mortgage Program for Short-Term Lock-ins on the Closing Date; and (2) paragraph (ii) is deleted.

- 2.202 **Discount Fees (Points)** Discount Fees shall be the same as Section 2.202 of the Seller's Guide, except that (1) the discount fee shall be equal to two and one-quarter points (two and one-quarter percent of the original principal balance of the Mortgage Loan); (2) the discount fee shall be equal to the Origination Fee; and (3) Seller must collect one percent of the two and one-quarter percent discount fee on or prior to the Lock-in Date and the remaining one and one-quarter percent on the Closing Date.
- 2.203 **Permissible Expenses** Permissible Expenses shall be the same as Section 2.203 of the Seller's Guide, except the following paragraph is added:
- Other reasonable and customary Mortgagor expenses shall include, but not be limited to, attorney, title insurance and updates, and survey fees; consultant, architectural, engineering, inspection, and permit fees; a Rehabilitation Escrow Account administration fee not to exceed the higher of \$500 or one and one-half percent of the Total Rehabilitation Cost of the Eligible Renovations; recording taxes and fees; and Escrows.
- 2.204 **Financeable Expenses** Under the Remodel New York Program, SONYMA will allow certain Mortgagor fees or expenses to be financed with the Mortgage Loan proceeds. These fees or expenses are limited to consultant, architectural, engineering, inspection, permit fees, and a Rehabilitation Escrow Account administration fee not to exceed the higher of \$500 or one and one-half percent of the Total Rehabilitation Cost of the Eligible Renovations. In addition, Mortgagor may finance the Contingency Reserve as described in Section 2.211 of this Addendum and if applicable, the six month Mortgage Payment Reserve as described in Section 2.212 of this Addendum.
- 2.205 **Minimum and Maximum Rehabilitation Amounts** (a) Minimum Rehabilitation Amount. The lower of (i) \$5,000 or (ii) five percent of the as-rehabbed appraised value of the Eligible Property.
- (b) Maximum Rehabilitation Amount. 40 percent of the as-rehabbed appraised value of the Eligible Property.
- SONYMA will allow minor exceptions to the above amounts on a case-by-case basis.
- 2.206 **Eligible Renovations** To be eligible under the Remodel New York Program, all renovations must be (i) completed within six months of the Closing Date (extensions will be permitted subject to the conditions set forth in Section 2.709 of this Addendum), (ii) used for residential purposes only, and (iii) allowed by HUD under the FHA 203(k) Program. See Exhibit 1 for a list of Eligible Renovations.
- 2.207 **Occupancy** Occupancy shall be the same as Section 2.207 of the Seller's Guide, except that if during the renovation period the Eligible Property is uninhabitable, Mortgagor must occupy the Eligible Property as his or her principal residence within 60 days of the Rehabilitation Completion Date.
- 2.208 **Mortgage Security** Mortgage Security shall be the same as Section 2.210 of the Seller's Guide, except that the references to cooperative share loans are deleted.

- 2.209 **Principal Amount Advanced; No Mandatory Future Advances; Outstanding Balance** The full principal amount of each Mortgage Loan must have been advanced to Mortgagor in accordance with the instruction of the Mortgagor or placed in the Rehabilitation Escrow Account. In no event shall the Seller retain any portion of the Mortgage Loan proceeds for purposes of establishing such account. The full amount of the Mortgage Loan must be disbursed to the Mortgagor on the Closing Date. Establishment of the Rehabilitation Escrow Account must be done after the Mortgage Loan is closed and proceeds disbursed. Within a maximum of six months from the Closing Date, unless Servicer grants Mortgagor an extension as described in Section 2.709 of this Addendum, all renovations must be completed and any funds held in the Rehabilitation Escrow Account must be released in accordance with Section 2.706 and 2.709 of this Addendum. Servicer is responsible for ensuring all terms of the Rehabilitation Escrow Account are met and all work is satisfactorily completed. Mortgagor must not have an option under the Mortgage Loan to borrow from Seller, or any other person or entity, additional funds secured by the mortgage instrument without the consent of SONYMA. The outstanding principal balance of the Mortgage Loan must be as represented by Seller to SONYMA and must be fully secured by the Mortgage Loan.
- 2.210 **Rehabilitation Escrow Account** On the Closing Date, Seller must deposit funds equal to the amount of the Total Rehabilitation Cost into the Rehabilitation Escrow Account. The Rehabilitation Escrow Account must be an interest bearing, FDIC-insured custodial account with such interest, after Servicer account maintenance expenses, inuring to the benefit of Mortgagor. Servicer is responsible for administering the Rehabilitation Escrow Account, to ensure the Eligible Renovations are completed in a timely manner (generally, within six months of the Closing Date) and in accordance with the Work Specifications. Except for the Mortgage Payment Reserve, if applicable, Servicer will disburse funds jointly to Contractor and Mortgagor [unless as otherwise stated in Section 2.706 (b) (vi) of this Addendum] as the rehabilitation work is completed in accordance with the construction contract and the Mortgage Loan Agreement (Form R3; Exhibit 7). SONYMA recommends that no more than five draws be made from the Rehabilitation Escrow Account, but will allow more if Servicer deems it necessary. SONYMA will require an inspection of the Eligible Property prior to each draw. In addition, except as stated in Section 2.706(c) below, a ten percent holdback from each draw will be required. Upon release of the final draw, the held back funds will also be released. If Mortgagor financed a Mortgage Payment Reserve, such funds shall be drawn down directly to Servicer as each mortgage payment becomes due and payable.
- If any funds remain in the Rehabilitation Escrow Account after all of the Eligible Renovations have been completed, such funds including the Contingency Reserve and the Mortgage Payment Reserve, may be used at the Mortgagor's election for additional repairs. Servicer may approve such work without SONYMA's consent as long Servicer deems the repairs will not negatively impact the Eligible Property's appraised value. However, Servicer will be required to submit to SONYMA and the Pool Insurer documentation evidencing the nature and cost of the elective repairs.
- If any funds remain in the Rehabilitation Escrow Account and Mortgagor elects not to make additional repairs, the funds that were deposited from the Mortgage Loan proceeds on the Closing Date and remaining in the Rehabilitation Escrow Account as of the Rehabilitation Completion Date must be applied to the principal balance of the Mortgage Loan. Any additional funds deposited by Mortgagor into the Rehabilitation Escrow Account that were not part of the Mortgage Loan proceeds may, at

Mortgagor's option, be applied to the principal balance of the Mortgage Loan or returned to Mortgagor.

- 2.211 **Contingency Reserve** A Contingency Reserve equal to at least ten percent of the Total Rehabilitation Cost of the Eligible Renovations must be deposited into the Rehabilitation Escrow Account to cover unforeseen repairs or deficiencies during the rehabilitation. The Contingency Reserve may be financed with the Mortgage Loan proceeds or deposited separately by Mortgagor from an acceptable source as described in Section 3.101 of the Seller's Guide and this Addendum. Seller may require a Contingency Reserve more than ten percent if circumstances warrant the higher amount. For example, if the Eligible Property's utilities were shut off at the time Consultant inspected the premises, a higher Contingency Reserve should be considered.
- If the Contingency Reserve is insufficient to cover the costs to complete any unforeseen repairs or deficiencies, Mortgagor can remediate the situation by (1) depositing into the Rehabilitation Escrow Account funds, from an acceptable source as described in Section 3.101 of the Seller's Guide and this Addendum, the amount necessary to pay for the additional repairs, and/or (2) adjust the scope of the Work Specifications by eliminating or reducing certain repairs or work. Mortgagor, Contractor, and if applicable, Consultant should jointly decide upon the changes to be made to the Work Specifications, if needed. Servicer must also approve any changes to the Work Specifications.
- 2.212 **Mortgage Payment Reserve** If the Eligible Renovations will render the Eligible Property temporarily uninhabitable during the rehabilitation period, Mortgagor may elect to finance up to six mortgage payments (principal, interest, taxes, and insurance) to avoid making housing payments on two separate residences during the rehabilitation period. The actual number of mortgage payments to be financed will depend on the actual number of months that the Eligible Property is expected to remain uninhabitable. If the rehabilitation is completed prior to all of the mortgage payments being expended, the remaining balance of the Mortgage Payment Reserve must be applied as stated in Section 2.210 above.
- 2.213 **Mortgage and Mortgage Note Forms** SONYMA shall require that the forms set forth in Section 2.212 of the Seller's Guide be used for Mortgage Loans under the Remodel New York Program, except that (1) the Rehabilitation Loan Rider (Form R5; Exhibit 8) must also be attached to and recorded with the Mortgage; and (2) paragraph (d) is deleted.
- 2.214 **Title Assurance Requirements** Title Assurance Requirements shall be the same as Section 2.216 of the Seller's Guide, except that a new paragraph (b) is added as below and subsequent paragraphs (b) and (c) are redesignated as (c) and (d), respectively.
- (b) Submission of Title Updates and Waivers of Lien. Upon completion of the rehabilitation and final disbursement from the Rehabilitation Escrow Account, Servicer must provide SONYMA with evidence of title insurance through the final disbursement date showing the Mortgage Loan remains in a first lien position on the Eligible Property. If the title search reveals any mechanics' and/or materialmen's liens in a superior position to the Mortgage Loan, Servicer must also supply SONYMA with all waivers of lien executed by the Contractor or any subcontractors, as applicable.
- 2.215 **Survey Requirements** Survey Requirements shall be the same as Section 2.217 of the Seller's Guide, except that (1) the reference to cooperative properties is hereby deleted; and (2) a new paragraph (f) is added as follows:

(f) For Mortgage Loans made under the Remodel New York Program where the Eligible Renovations include a new addition to the existing structure, SONYMA will require upon the Rehabilitation Completion Date an updated survey certified as stated above and evidencing the dwelling's new dimensions.

2.216 **Hazard Insurance Requirements**

Hazard Insurance Requirements shall be the same as Section 2.219 of the Seller's Guide, except that:

(1) Seller will also be required to ensure, as of the Closing Date and in addition to the coverage required in Section 2.219 of the Seller's Guide, that Mortgagor has obtained builder's risk coverage or other similar coverage that during the construction phase (A) insures the unfinished portions of the Eligible Property against fire and other perils and (B) provides liability coverage to protect Mortgagor. On the Rehabilitation Completion Date, such additional coverage must automatically convert to standard coverage insuring the fully renovated Eligible Property in accordance with this Section 2.216;

(2) paragraph (e)(iv) regarding flood insurance is amended as follows:

(iv) Coverage amounts must at least equal the **higher** of the following:

(A) the unpaid principal balance of the Mortgage Loan up to 100 percent of the full replacement cost of the "as-rehabbed" insurable improvements, or

(B) 80 percent of the full replacement cost of the "as-rehabbed" insurable improvements.

In no event, however, does the coverage need to exceed the maximum amount currently sold under the National Flood Insurance Program (NFIP) for the type of improvements insured;

and (3) all references to cooperatives in paragraph (f) are hereby deleted.

SECTION 2.3 - BORROWER ELIGIBILITY REQUIREMENTS. This Section 2.3 covers only those requirements under the Remodel New York Program that differ from the requirements set forth in Section 2.3 of the Seller's Guide. This Section 2.3 and Section 2.3 of the Seller's Guide shall be read together.

2.301 **Owner Occupancy**

The Mortgagor(s) must occupy the Eligible Property as his/her principal residence within 60 days of the Closing Date. In the case of a Two-Family Dwelling, the Mortgagor(s) must occupy one of the units. In the event that Mortgagor is unable to occupy the Eligible Property before and/or during the rehabilitation, Mortgagor must occupy the Eligible Property within 60 days of the Rehabilitation Completion Date.

2.302 **No Trade or Business**

No Trade or Business shall remain the same as Section 2.305 of the Seller's Guide except that the reference to Three- or Four-Family Dwellings is hereby deleted.

SECTION 2.4 - PROPERTY ELIGIBILITY REQUIREMENTS. This Section 2.4 covers only those requirements under the Remodel New York Program that differ from the requirements set forth in Section 2.4 of the Seller's Guide. This Section 2.4 and Section 2.4 of the Seller's Guide shall be read together.

2.401	Eligible Properties	<p>Eligible Properties shall be the same as set forth in Section 2.402 of the Seller's Guide, except that (1) Single Family Dwellings and Two-Family Dwellings must be Existing Housing; (2) cooperative units, Three- or Four-Family Dwellings, and manufactured housing shall not be Eligible Dwelling Types; (3) all references in the Seller's Guide to Newly Constructed Housing, manufactured housing, cooperative share loans, and Three- or Four-Family Dwellings shall be deleted; and (4) paragraph (n) is hereby deleted and subsequent paragraphs (o) through (s) are redesignated as (n) through (r), respectively.</p> <p>Additionally, the following paragraphs are amended as follows:</p> <p>(e) <u>Compliance with Building and Zoning Codes</u>. The Eligible Property must legally conform to all applicable zoning and building codes.</p> <p>(h) <u>Certificate of Occupancy</u>. If applicable, Servicer is responsible for obtaining a permanent certificate of occupancy and incorporating it within the Mortgage Loan file.</p>
2.402	Two-Family and Three- or Four-Family Dwelling Requirements	Two-Family and Three- or Four-Family Dwelling Requirements shall be the same as set forth in Section 2.403 of the Seller's Guide, except that (1) the paragraph applies to all Two-Family Dwellings; and (2) Three- or Four-Family Dwellings are not eligible under the Remodel New York Program.
2.403	Rehabilitation Loans	Section 2.404 of the Seller's Guide is hereby deleted.
2.404	Acquisition Cost Defined	<p>Acquisition Cost Defined shall be the same as set forth in Section 2.406 of the Seller's Guide, except that (1) paragraph (a)(ii) is reworded as follows:</p> <p style="padding-left: 40px;">(ii) If a residence is incomplete or requires rehabilitation, the reasonable cost of completing the residence whether or not the cost of completing construction or rehabilitation is to be financed by a Mortgage Loan.</p> <p>and (2) paragraph (a)(v) is hereby deleted.</p>
2.405	Newly Constructed Housing - Buy Down	Section 2.409 of the Seller's Guide is hereby deleted.
2.406	Newly Constructed Housing - Mortgage Ownership of Land	Section 2.410 of the Seller's Guide is hereby deleted.
2.407	Project Set-Aside	Section 2.411 of the Seller's Guide is hereby deleted.
2.408	Spot New Construction Mortgage Loans	Section 2.412 of the Seller's Guide is hereby deleted.

SECTION 2.5 - TARGETED AREAS: SPECIAL REQUIREMENTS BY PROPERTY LOCATION. This Section 2.5 shall be the same as set forth in Section 2.5 of the Seller's Guide, except that paragraph (c) is hereby deleted.

SECTION 2.6 - LOAN RESERVATION SYSTEM AND INTEREST RATE LOCK-IN PROCESS. This Section 2.6 covers only those requirements under the Remodel New York Program that differ from the requirements set forth in Section 2.6 of the Seller's Guide. This Section 2.6 and Section 2.6 of the Seller's Guide shall be read together.

The Loan Reservation System and Interest Rate Lock-in Process shall be as described in Section 2.6 of the Seller's Guide, except (1) that paragraph (a) will read as follows:

- (a) Prior to accepting an application from a potential Mortgagor, Seller must counsel Mortgagor on all aspects of the Remodel New York Program including, but not limited to:
- (i) Whether the cost of the proposed renovations will be justified by the "as-rehabbed" value of the Eligible Property;
 - (ii) The circumstances under which SONYMA will require a Consultant;
 - (iii) All of the items contained in the Consumer Tips Checklist (Form R10; Exhibit 2);
 - (iv) The documentation SONYMA will require to establish the cost of renovation;
 - (v) The documentation SONYMA will require to approve the Contractor, if applicable; and
 - (vi) Any other documentation or requirements SONYMA will require under the Remodel New York Program.

In addition, prior to reserving a Mortgage Loan with SONYMA, the Seller must review or determine, at a minimum, whether the Mortgagor is eligible based upon the following criteria:

- (i) Household income as defined in Section 2.303 of the Seller's Guide must be within the applicable household income limit as provided in Exhibit A of the Seller's Guide;
- (ii) Preliminary debt carrying ability: must be no greater than 33 percent of gross income for housing expenses (to include principal and interest based on the interest rate as stated in the most recently published Availability of Funds and Notice of Terms Bulletin, taxes, insurance, maintenance fees, and primary mortgage insurance, if applicable) and 38 percent of gross income for housing and long-term debt;
- (iii) Mortgagor must be in possession of a contract of sale executed by all property sellers and Mortgagors;
- (iv) Acquisition cost of the property as described in Sections 2.406 and 2.407 of the Seller's Guide and Section 2.404 of this Addendum must be within the purchase price limits as provided in Exhibit A of the Seller's Guide;
- (v) Whether the property is located in a Targeted or non-Targeted Area;
- (vi) For non-Targeted Area properties, the Mortgagor(s) must be a first-time homebuyer;
- (vii) If the Eligible Property is located in a condominium project, Seller must have documented evidence that the Eligible Renovations are limited to the unit's interior and are permissible under the by-laws of the condominium association.

and (2) paragraph (b) shall be as described in Section 2.6 of the Seller's Guide, except that Seller shall also submit a fully completed Attachment to SONYMA Reservation Worksheet and Lock Certification (Form R8; Exhibit 17).

SECTION 2.7 - PRIOR APPROVAL AND PURCHASE OF MORTGAGE LOANS. This Section 2.7 covers only those requirements under the Remodel New York Program that differ from the requirements set forth in Section 2.7 of the Seller's Guide. This Section 2.7 and Section 2.7 of the Seller's Guide shall be read together.

- 2.701 **Property Seller's Affidavit** The provisions relating to Property Seller's Affidavit set forth in Section 2.701 of the Seller's Guide shall apply to Remodel New York Program Mortgage Loans, except that Form R9 (Exhibit 18) must be submitted instead of Form 210.
- 2.702 **Rehabilitation Contract Between Mortgagor and Contractor** The rehabilitation or construction contract between Mortgagor and Contractor must incorporate all of the details as set forth in the Work Specifications, the actual cost of the Eligible Renovations, and a schedule for payments to the Contractor.
- 2.703 **Use of Computer Produced or Third-Party Printed Documents and Forms** Use of Computer Produced or Third-Party Printed Documents and Forms shall be the same as Section 2.704 of the Seller's Guide except that the Rehabilitation Loan Rider (Form R5; Exhibit 8) may also be computer produced or third-party generated provided that Seller has executed a revised Indemnification Form (Form 239; Exhibit O of the Seller's Guide) which also lists the Rehabilitation Loan Rider (Form R5; Exhibit 8).
- 2.704 **SONYMA Pre-Closing Review** The provisions relating to SONYMA Pre-Closing Review set forth in Section 2.706 of the Seller's Guide shall apply to Remodel New York Program Mortgage Loans, except that (1) the residential appraisal report referenced in paragraph (b)(vi) must reflect the appraised value subject to completion of the Eligible Renovations; (2) a new paragraph (b)(viii) is added as follows:

(viii) All contracts between Mortgagor and Contractor evidencing the rehabilitation cost of the Eligible Renovations.

and subsequent paragraphs (viii) through (x) are redesignated as (ix) through (xi), respectively; (3) originals, and where noted, copies of the following documents shall also be forwarded to SONYMA with the documents as set forth in Section 2.706(c) of the Seller's Guide:

- (i) Application Loan File Checklist (Form R1; Exhibit 3);
- (ii) Executed Property Seller's Affidavit (Form R9; Exhibit 18);
- (iii) Executed Mortgagor's Acknowledgment (Form R2; Exhibit 9);
- (iv) Copies of all contracts between Mortgagor and Contractor(s) evidencing the total cost of the Eligible Renovations in accordance with the Work Specifications;
- (v) If the Eligible Renovations require a Consultant (see Section 2.104 of this Addendum), a copy of the Specification of Repairs (Exhibit 6) or similar work writeup, prepared by the Consultant and detailing the Work Specifications;
- (vi) If the Eligible Renovations do not require a Consultant (see Section 2.104 of this Addendum), a copy of the Specification of Repairs (Exhibit 6) or similar work writeup, prepared by the Contractor, or other qualified professional, and detailing the Work Specifications;
- (vii) Copy of Draw Request and Rehabilitation Inspection Report (Form HUD-9746-A; Exhibit 5) prepared and executed by the Consultant with Column 1 fully completed, if applicable;
- (viii) Copy of Maximum Mortgage Worksheet (Form R11; Exhibit 10) completed in accordance with the instructions on Completing the Maximum Mortgage Worksheet (Exhibit 11); and

(ix) Executed Consumer Tips Checklist (Form R10; Exhibit 2).

2.705 **Purchase of
Mortgage Loans
by SONYMA**

The provisions relating to the purchase of Mortgage Loans as set forth in Section 2.710 of the Seller's Guide shall apply to Remodel New York Program Mortgage Loans, except that (1) all references to cooperative share loans and Three- or Four-Family Dwellings are hereby deleted; (2) paragraph (d)(i)(C) is hereby amended as follows:

(C) Executed duplicate original of the Mortgage (Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01 - New York - Single Family) with the SONYMA Rider to Fannie Mae/Freddie Mac Mortgage (Form 230; Exhibit FF to the Seller's Guide), the Rehabilitation Loan Rider (Form R5; Exhibit 8), and if applicable, for Two-Family Dwellings, the Fannie Mae/Freddie Mac Multistate 1-4 Family Rider - Uniform Instrument Form 3170 1/01, or for condominium properties, the Fannie Mae/ Freddie Mac Multistate Condominium Rider - Single Family - Uniform Instrument Form 3140 1/01, or for PUD properties, the Fannie Mae/Freddie Mac Multistate PUD Rider - Single Family - Uniform Instrument Form 3150 1/01, attached thereto. No other rider should be added to this document unless approved by SONYMA;

(3) paragraph (b)(ii) is hereby amended as follows:

(ii) Within 180 days of the Closing Date or 30 days of the Rehabilitation Completion Date, whichever occurs later, all original recorded documents, as listed in Section 2.710(d)(ii) of the Seller's Guide and the documents listed in (6) and (7) below.

(4) the following documents shall also be forwarded to SONYMA with the documents as set forth in Section 2.710(d)(i) of the Seller's Guide:

(A) Original Closed Loan Document Checklist (Form R4; Exhibit 14);

(B) Executed duplicate originals of the Mortgage Loan Agreement (Form R3; Exhibit 7) and Notice of Lending (Form R7; Exhibit 13); and

(C) Photocopy of executed Section 22 Affidavit (Exhibit 12).

(5) paragraph (d)(ii) is hereby amended as follows:

(ii) Seller is required to deliver the **original and a photocopy** of the following documentation within 180 days of the Closing Date or 30 days of the Rehabilitation Completion Date, whichever occurs later:

(6) paragraph (d)(ii)(D) is hereby amended as follows:

(D) Mortgage Title Insurance Policy with endorsement attached, reflecting SONYMA as insured, evidencing coverage through the work completion date and showing that the Mortgage Loan is in a first lien position.

(7) the following documents shall also be forwarded to SONYMA with the final documents as set forth in Section 2.710(d)(ii) of the Seller's Guide:

(A) Recorded Mortgage Loan Agreement (Form R3; Exhibit 7) and Notice of Lending (Form R7; Exhibit 13);

(B) All waivers of lien executed by Contractor(s) and subcontractor(s), if applicable;

(C) Copies of each completed and executed Draw Request and Rehabilitation Inspection Report (Form HUD-9746-A; Exhibit 5);

(D) Original executed Fannie Mae HomeStyle® Completion Certificate (Fannie Mae Form 1036; Exhibit 15);

(E) If Eligible Renovations include an addition to the Eligible Property, original updated survey reflecting the renovated dwelling and certified to, at a minimum, SONYMA or Seller by a licensed surveyor or engineer; and

(F) Copy of final accounting showing all disbursements to and from the Rehabilitation Escrow Account.

and (8) paragraph (e) is hereby deleted and subsequent paragraph (f) is redesignated as paragraph (e).

2.706 **Administration of Rehabilitation Escrow Account**

The following requirements apply regarding Servicer's administration of the Rehabilitation Escrow Account.

(a) A maximum of five draws can be made from the Rehabilitation Escrow Account, excluding, if applicable, any mortgage payment disbursements from the Mortgage Payment Reserve. SONYMA will permit more than five draws if Servicer deems the additional draws are necessary.

(b) Upon receiving a written request from Mortgagor and Contractor to disburse funds from the Rehabilitation Escrow Account, Servicer must for each request and prior to disbursing such funds:

(i) Prepare Column 3 of the Draw Request and Rehabilitation Inspection Report (Form HUD-9746-A; Exhibit 5) and forward it to the property appraiser/inspector.

(ii) Inspect the Eligible Property and have the appraiser/inspector complete Column 4 and bottom of page 2 of the Draw Request and Rehabilitation Inspection Report (Form HUD-9746-A; Exhibit 5). The form must also be signed and dated by the appraiser/inspector.

(iii) Upon receipt of the completed Draw Request and Rehabilitation Inspection Report (Form HUD-9746-A; Exhibit 5), review draw request and any accompanying documentation for accuracy and validity.

(iv) Obtain a title update as of the date of inspection and, if applicable, any waivers of lien to evidence that no intervening liens or encumbrances are affecting the Mortgage Loan security.

(v) Ensure that the Mortgage Loan is not in default under the security instrument [see (e) below].

(vi) Disburse the funds by check jointly to Mortgagor and Contractor. The check may be made payable solely to either party or a third party (i.e., subcontractor or materials supplier) if Servicer has received written authorization from the Contractor and/or Mortgagor.

(c) Except for the final disbursement as described in Section 2.709 below, ten percent of each approved disbursement request must be held back in the Rehabilitation Escrow Account. However, the ten percent hold back will not apply if the disbursement is being made to a materials supplier or as a result of work performed by a subcontractor provided the materials supplier or subcontractor has executed a waiver of lien.

(d) Seller may permit draws for Mortgagor prepaid "soft" costs [as defined in Section 1.1(u) of this Addendum] on the Closing Date.

(e) If the Mortgage Loan is in default of any provision of the security instrument for a period of 30 days or more at time of disbursement, Servicer must withhold payment and contact SONYMA's Servicing Supervisor for instructions on how to proceed.

(f) Upon each disbursement of funds from the Rehabilitation Escrow Account, Servicer represents and warrants to SONYMA that it has reviewed the rehabilitation work covered by the payment request and found it acceptable and in accordance with the Work Specifications.

2.707 **Property Inspector Requirements**

(a) If a Consultant is being utilized to assist in the rehabilitation, SONYMA will permit the property appraiser and the inspector of the Eligible Renovations to be the same person.

(b) If a Consultant is **not** being utilized, the property appraiser and the inspector of the Eligible Renovations must be different persons employed by different employers.

2.708 **Change Orders**

(a) After the Closing Date, any requests by Mortgagor for changes to the original Work Specifications may be approved by Servicer as long as such changes are not materially different. Any material changes must be approved in writing by SONYMA, the PMI, and the Pool Insurer prior to the work being performed and the request must contain the documentation required in (c) below.

(b) If any funds remain in the Rehabilitation Escrow Account after all of the Eligible Renovations as set forth in the Work Specifications have been completed, such funds including the Contingency Reserve and the Mortgage Payment Reserve, may be used, at the Mortgagor's election, for additional repairs. Servicer may approve such work without SONYMA's consent as long as Servicer deems the repairs will not negatively impact the Eligible Property's appraised value. However, Servicer will be required to submit to SONYMA and the Pool Insurer documentation evidencing the nature and cost of the elective repairs.

(c) In order to receive approval of a change order request, Servicer must

receive from Mortgagor a Fannie Mae HomeStyle® Change Order Request Form (Fannie Mae Form 1200; Exhibit 16), or similar acceptable form, with supporting documentation attached as set forth on the form and signed by Mortgagor and Contractor. For any material changes described in (a) above, the requested work changes cannot be made until approved by SONYMA, the PMI, and the Pool Insurer. Once the changes have been approved whether by Servicer or SONYMA, as appropriate, they will become part of the Eligible Renovations and the Work Specifications. The funds for any elective material changes must be deposited by Mortgagor into the Rehabilitation Escrow Account from an allowable source as described in Section 3.101 of the Seller's Guide and this Addendum.

2.709 Work Completion and Final Disbursement

The Eligible Renovations should be completed within six months of the Closing Date. Servicer may grant an extension of the six month period on an as-needed basis provided the Mortgage Loan is not in default of any provision of the mortgage instrument and the rehabilitation is actively progressing. Servicer is required to notify SONYMA's Servicing Supervisor in writing of any such extensions. Upon completion of all work as set forth in the Work Specifications, Servicer may make the final disbursement once the following conditions have been met:

(a) Servicer is satisfied that all rehabilitation work was successfully done in accordance with the Work Specifications and in accordance with all applicable laws and regulations.

(b) Servicer receives a Fannie Mae HomeStyle® Completion Certificate (Fannie Mae Form 1036; Exhibit 15) completed and executed by Mortgagor, the Contractor, the property inspector and if applicable, the Consultant.

(c) Servicer has received documentation evidencing title insurance through the work completion date (showing that the Mortgage Loan is in a first lien position) and all waivers of lien, if applicable, have been received from Contractor(s).

Any funds remaining in the Rehabilitation Escrow Account after final disbursement that were deposited from the Mortgage Loan proceeds after the Rehabilitation Completion Date must be applied to the principal balance of the Mortgage Loan. Any funds deposited by Mortgagor into the Rehabilitation Escrow Account that were not part of the Mortgage Loan proceeds may, at Mortgagor's option, be applied to the principal balance of the Mortgage Loan or returned to Mortgagor.

2.710 Repurchase

In addition to other remedies as set forth in the Seller's Guide and Mortgage Purchase Agreement, SONYMA, at its option, may require Seller to repurchase a Mortgage Loan where Mortgagor defaults under the terms of the mortgage instruments prior to the Rehabilitation Completion Date and the default continues for a period of at least 120 days.

PART III - CREDIT AND PROPERTY UNDERWRITING REQUIREMENTS

Seller is required to conduct a thorough evaluation of Mortgagor's creditworthiness and of the Eligible Property. Seller must determine that Mortgagor shows the willingness and financial ability to repay the Mortgage Loan, that Mortgagor's credit is acceptable, and that the "as-rehabbed" appraised value is sufficient to support the purchase price plus the total cost of rehabilitation of the Eligible Property.

SECTION 3.1 - UNDERWRITING GUIDELINES. This Section 3.1 covers only those requirements under the Remodel New York Program that differ from the requirements set forth in Section 3.1 of the Seller's Guide. This Section 3.1 and Section 3.1 of the Seller's Guide shall be read together.

- 3.101 **Downpayment and Closing Costs** The provisions as to Downpayment and Closing Costs shall be the same as set forth in Section 3.101 of the Seller's Guide, except that (1) an amount not less than three percent of the Value of the Property must be paid from Mortgagor's verified own funds, into the transaction, which must consist of Cash, as defined in Section 3.101(a)(i) of the Seller's Guide; (2) paragraph (a)(ii) is hereby deleted; (3) all references to cooperatives, Three- or Four-Family Dwellings, and manufactured housing are hereby deleted; (4) Seller Contributions shall be based on the Eligible Property purchase price and will not include the cost of the rehabilitation; and (5) Homebuyer Education shall be required for **all** Mortgagors.
- 3.102 **Credit Underwriting Guidelines** The provisions of Credit Underwriting Guidelines shall be as set forth in Section 3.102 of the Seller's Guide, except that all references to cooperatives and Three- or Four-Family Dwellings are hereby deleted.
- 3.103 **Appraisals** The provisions of Appraisals shall be as set forth in Section 3.104 of the Seller's Guide, except that (1) paragraph (a) is hereby amended as follows:
- (a) Appraisal Forms. Seller must supply an appraisal report containing photographs of the Eligible Property. The appraisal must clearly indicate the value of the Eligible Property subject to the completion of the rehabilitation. The property appraiser must be provided with the Work Specifications to determine the "as-rehabbed" value. If the appraisal report is more than six months old from the date the application loan file is submitted to the Pool Insurer, but less than twelve months old, recertification of the Eligible Property will be required. Appraisals more than twelve months old may not accurately reflect the true market condition and are, therefore, **not** acceptable. The appraisal report must be on one of the following Fannie Mae Appraisal Forms with Fannie Mae 1004B (6-93) attached:
- Single Family. Fannie Mae Form 1004 (6-93)
- Two-Family Fannie Mae Form 1025 (10-94)
- Condominiums, All PUD's,
Homeowners Association
with Project Approval. Fannie Mae Form 1073 (10-94)
- Appraisals must provide at least three comparable sales that are in a similar condition to the anticipated condition of the Eligible Property. Such comparables must be within one mile of the Eligible Property and must not be more than six months old. For an Eligible Property that is a condominium, PUD, or homeowner's association, the appraisal report must contain at least one comparable sale outside of the project containing the Eligible Property.
- and (2) paragraph (d) is hereby deleted and subsequent paragraph (e) is redesignated as (d).
- 3.104 **Manufactured Housing** Manufactured housing is not eligible under the Remodel New York Program and accordingly, Section 3.107 of the Seller's Guide and all references to manufactured housing are hereby deleted.
- 3.105 **Cooperative Share Loans** Cooperative share loans are not eligible under the Remodel New York Program and accordingly, Section 3.109 of the Seller's Guide and all references to cooperative share loans are hereby deleted.

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Exhibit 1
SONYMA Remodel New York Program
LIST OF ELIGIBLE RENOVATIONS

Examples of Eligible Renovations are listed below. (This list is not intended to be all inclusive. If Seller is unsure as to whether any proposed repair is not covered by this list, Seller should obtain SONYMA's consent as to the acceptability of the repair.)

Structural alterations and reconstruction e.g., repair or replacement of structural damage, chimney repair, additions to the structure, installation of an additional bath(s), skylights, finished attics and/or basements, repair of termite damage and the treatment against termites or other insect infestation, repair or installation of a garage (detached or attached), etc.

Changes for improved functions and modernization e.g., 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 the resolution of defective paint surfaces or lead-based paint problems on homes built prior to 1978.

Changes for aesthetic appeal and elimination of obsolescence e.g., new exterior siding, adding a second story to the home, covered porch, stair railings, attached carport, interior and exterior painting.

Reconditioning or replacement of plumbing including connecting to public water and/or sewer system, heating, air conditioning and 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.

Energy conservation improvements e.g., new double pane windows, steel insulated exterior doors, insulation, solar domestic hot water systems, caulking and weatherstripping, etc..

Major landscape work and site improvement e.g. 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 walks and driveway is acceptable if it may affect the safety of the property. Fencing, new walks and driveways, and general landscape work (i.e., trees, shrubs, seeding or sodding) are also acceptable.

Improvements for accessibility to a Disabled Person e.g., 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

Examples of non-eligible improvements are listed below. (This list is not intended to be all inclusive. If Seller is unsure as to whether any proposed repair is covered by this list, Seller should obtain SONYMA's consent as to the acceptability of the repair.)

Luxury items and improvements that do not become a permanent part of the real property are not eligible as a cost of rehabilitation. The items listed below (not limited to this list) are not acceptable under the Remodel New York Program, including the repair of any of the following: Barbecue pit; bathhouse; dumbwaiter; 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. Additions or alterations to provide for commercial use are not eligible. Also, properties with separate detached residential units are not eligible under the Remodel New York Program.

Exhibit 2
**SONYMA Remodel New York Program
 Consumer Tips Checklist**

SONYMA Loan Number: _____ Date: _____

Borrower Name(s): _____

Some important facts about SONYMA Remodel New York Program loans are listed below. Please review each item in the checklist and discuss any questions with your lender.

G	You do not receive any cash at the mortgage loan closing. The funds provided for rehabilitation are placed in an interest-bearing escrow account (Rehabilitation Escrow Account).
G	The lender requires that a contingency reserve be placed in the Rehabilitation Escrow Account to cover unforeseen repairs or deficiencies during the rehabilitation.
G	Funds in the Rehabilitation Escrow Account can only be used for approved rehabilitation.
G	When selecting a contractor, always review the contractor's references, licensing, and financial background. Ask the lender for a Contractor's Resume form to assist in your review.
G	You are responsible for negotiating any agreements or warranties with the contractor. The lender and/or SONYMA does not provide any warranty on the contractor's work.
G	You are responsible for overseeing the rehabilitation and ensuring that it is done as specified in the construction contract with the contractor. If work stops for an extended period of time, or there are problems with the work performed that may cause significant delays, you must contact the lender.
G	The lender and/or SONYMA does not warrant or guarantee the condition of the property being purchased or the rehabilitation.
G	You are responsible for making the mortgage payment each month, even if the rehabilitation is not satisfactorily completed.
G	Funds for the rehabilitation are paid in accordance with a schedule acceptable to you, the contractor, and lender. You will request these payments on a draw request form submitted to the lender.
G	After you and the lender review the rehabilitation and find it satisfactory, the funds will be provided in a check made payable jointly to both you and the contractor. Do not pay the contractor "up front" out of your own funds before the rehabilitation is satisfactorily completed. Do not accept unsatisfactory work.
G	The lender will withhold some of the funds from each Draw Request. These funds are paid to the contractor when the work is completed. This protects you from a contractor failing to complete the rehabilitation.
G	If funds remain in the Rehabilitation Escrow Account after the rehabilitation is completed, the funds are applied to reduce the principal balance of the mortgage, unless those funds were deposited separately by you. Any funds deposited separately by you may be applied to reduce the principal balance, or paid directly to you at your option.
G	If you would like to revise the original approved rehabilitation, you must submit a Change Order Request to the lender for approval, and deposit any additional required funds (including contingency reserve) in the Rehabilitation Escrow Account.
G	When the rehabilitation is completed, you and the contractor will sign a Completion Certificate and the lender will provide you an accounting for all distribution of funds in the Rehabilitation Escrow Account.
G	The construction contract with the contractor should include language that (1) all work will be done in accordance with all applicable building codes (including obtaining the necessary building permits) and zoning requirements, (2) contain a clause that provides procedures for obtaining and maintaining clear title to the property, and (3) in the event of an irreconcilable dispute between you and the contractor, both parties agree to resolution by means of binding arbitration presided over by the Construction Industry Arbitration Rules of the American Arbitration Association.

I acknowledge that I have read this Consumer Tips Checklist and that I understand them.

 Borrower's Signature

 Date

 Co-Borrower's Signature

 Date

The lender certifies the Borrower(s) has received this Consumer Tips Checklist.

 Lender's Signature

 Date



State of New York Mortgage Agency

Remodel New York Program Pre-Closing Application File Checklist

SONYMA requires that this checklist and each of the listed documents, as applicable, be submitted with each loan application file sent for approval under the below-named program. Strict adherence to this checklist will reduce the possibility of a suspended loan file. Be reminded, however, that this checklist is an IRS compliance checklist and should not in any way be construed as a checklist for credit underwriting SONYMA loans. Information in brackets [] is for SONYMA use.

General Information

SONYMA #: _____ Date: _____ Loan Amount: \$ _____

Borrower(s) Name: _____

Property Address: _____

Lender Name: _____ Lender Contact: _____

Telephone #: _____ Lender Contact E-Mail Address: _____

Please check if the following applies:

Down Payment Assistance Loan Homes for Veterans Program Loan

Automated Underwritten Loan: Yes No Expanded Approval (EA-1 or A-Minus): Yes No

1. SONYMA Loan Transmittal (#213/8-09) [A0]

- Original or photocopy of the completed form submitted to SONYMA? [A01]
- Boxes 1 through 65 legible and fully completed, with items not applicable marked "N/A" and items to be determined marked "TBD"?
- If a Project Set-Aside loan is being submitted, has the number assigned by SONYMA been entered in Item #40, "Construction Code / Project Set-Aside No."?
- If property is located in a Target Area, has the appropriate Census Tract Number been entered in Item #20 and the corresponding Target Area Number been entered in Item #39?
- Is the rehabilitation amount (line 11 of the Maximum Mortgage Worksheet) and the number of rehab payments entered in Item #37?

2. Residential Loan Application (Fannie Mae Form 1003) [J]

- Photocopy of signed and dated application **and** verified application completed in full? [J01/J02]
- Is application date on or after the date the sales contract was fully executed and same as the date provided at time of the loan reservation? [J07/J08]
- Does the document reflect the correct interest rate and term (30/40 year) locked with SONYMA? [J09]
- If Borrower(s) is requesting a DPAL, has it been added to the "Details of Transaction" section? [J06]
- If Borrower(s) is receiving gift funds and/or subsidies, has it been added to the "Assets" or "Details of Transaction" section? [J10] [J11]
- Original document signed and dated by all Borrower(s)? [J03]
- Is the "Title will be held in what names and manner in which title will be held"? [J12][J13]

3. Uniform Underwriting Form Transmittal Summary (Fannie Mae Form 1008) [J04/J05]

- Is the completed document attached? [J04/J05]
- Does the document reflect the correct interest rate and term (30/40 year) locked with SONYMA? [J09]

4. Executed Contract of Sale [H]

Note: Lenders are permitted to reserve loans with a fully executed binder in lieu of a formal sales contract. If a binder was used to reserve a loan with SONYMA, a copy of the binder must also be submitted.

- Photocopy of document being submitted? [H01]
- Is the contract or binder dated on or prior to the loan application date? [H09]
- All terms and conditions of the sale stated within? [H02/H03]
- If personal property is being deducted from the Acquisition Cost, are the items and their value individually listed in the contract or binder? [H04/H05/H06]
- Signed by all Purchaser(s) and Property Sellers? [H07/H08]
- All riders attached and signed? [H10]
- Is the Property Condition Disclosure Form attached, or does the contract indicate the \$500 borrower credit? [H11/H12]

5. **Appraisal Report (Fannie Mae/Freddie Mac Form) (see Seller's Guide Section 3.104 or 3.110 for appropriate forms) [N]**

- Photocopy of Appraisal Report with computer- or laser-produced color photographs of the front, back, and street scene being submitted? [N01/N02/N03]
 - Computer-or laser-produced color photographs of all comparable sales being submitted? [N23, N24]
 - Date of appraisal less than 6 months old? [N04, N05]
 - Is the Census Tract # indicated on appraisal? [N06/N07]
 - If the subject property is from an attached housing project, does appraiser indicate the total units owned in the project, the total number of units sold, and the total units owned by non-occupying investors?
 - Does the appraisal report reflect the "as-rehabbed" value of the property subject to satisfactory completion?
 - If property contains any outbuildings, barns, or other structure, does appraiser adequately describe the current usage and interior of such structure and are color photographs included (interior & exterior)? [N12/N13/N14]
- Any of the following items, depending how answered, may require further discussion with SONYMA:**
- Does the property comply with local zoning ordinances? [N15/N16]
 - Does the lot size conform to SONYMA's requirements, per Item 6 of the Submission of Pre-Closing Application Files Training Module? [N15/N17]
 - Does the property show any evidence of a prior or current business or commercial use? [N15/N18]
 - Does the property contain more kitchens than the number of housing units? (provide a color photo of kitchen and surrounding areas). [N15/N19]

6. **Recapture Notification and Mortgagor's Affidavit (#211/3-11) [S]**

- Photocopy of document being submitted? [S01]
- Mortgage Lender name completed? [S02]
- Mortgagor(s) name(s) completed? [S03]
- Property Seller(s) name(s) completed? [S04]
- Section entitled "Total persons expecting to occupy the residence (including children)" completed? [S06]

PART II - GENERAL INFORMATION

- Mortgagor(s) name(s) appears in first paragraph? [S07]
 - Mortgagor(s) has checked that he/she is applying for a SONYMA Mortgage Loan and not an MCC? [S52/S53]
 - Item 2 is completed? [S08]
 - If two-family, item 5 completed? [S11]
 - Item 9(A), (B1), or (B2) completed? [S12]
 - If Non-Target Area loan, item 9(C) completed in full? [S13/S14/S15]
- Note: Eligible Military Veterans do not need to complete Section 9(C).**
- Is copy of documentation enclosed to verify income of all Household Member(s) (age 18 and older)? [S42/S43]

PART III - ACQUISITION COST OF THE RESIDENCE

- Purchase price of the property indicated on line 1? Subtract out any subsidy amount (s) for down payment, including any DPAL, if applicable. [S16]
- If applicable, dollar amount of subsidy/grant (including any DPAL) applied towards downpayment of property indicated on line 2? [S24]
- Is the rehabilitation cost (Line 11 of the Maximum Mortgage Worksheet) entered on line 3? [S44]
- If the property contains unfinished living space, is the estimated cost to finish the space included on Line 3? (SONYMA requires a contractor's estimate or the appraiser's comments to support this

amount.) [S47/S48]

- If the Purchaser(s) is paying closing costs normally paid by the seller, is the amount of the concession stated in the sales contract included on Line 5? [S49]
- If personal property is listed and given a value in the contract of sale, has the amount been deducted on line 6? [S25/S26/S27]
- Total acquisition cost has been indicated on line 7? [S28]
- Acquisition Cost within appropriate SONYMA Purchase Price Limit, in effect as of the loan reservation date?

PART IV - INCOME ELIGIBILITY

- Part A completed only in column entitled "At Loan Application"? [S29/S30]
- Column entitled "At Loan Closing" is not completed? [S31/S32]
- Line 14 completed using current monthly income and includes income for all "Household Member(s) (age 18 and older)" in accordance with Item 7d. of the Submission of Pre-Closing Application Files Training Module? [S33/S34]
- Part B shows annualized current gross income? [S35]
- Household Member(s) (age 18 and older) Income within appropriate SONYMA Income Limit?

PART VI – CERTIFICATION

- Signed by all Mortgagor(s) and Guarantor(s) only in section entitled at "Execution at Time of Loan Application"? [S36/S37]
- Not signed by a Power of Attorney? [S45/46]
- Notary section fully completed? [S38]
- Notary stamp and/or seal affixed and notary commission not expired? [S39]
- Section entitled "Reaffirmation at Title Closing" is not completed? [S40/S41]

7. Military Veteran's Eligibility Affidavit (#243/5-09), if applicable

[and only required if Veteran(s), Veteran's spouse and/or Veteran's Co-Borrower(s) are not a First-Time Home Buyer] [Q]

- Original or a photocopy of the document being submitted? *(If a photocopy of the document is provided, the original document must be submitted with the post-closing loan file.)* [Q01]
- Top of form fully completed? [Q02]
- Veteran(s) Borrower(s) name and the property address being financed completed in the first paragraph? [Q03/Q04]
- Document signed by Veteran(s) Borrower(s)? [Q05]
- Form is duly notarized and notary commission has not expired? [Q06/Q07]
- Photocopy of DD Form 214, Certificate of Release or Discharge from Active Duty attached? [Q08/Q09]

8. PMI Certificate (if applicable) [F]

- Photocopy of document submitted when primary insurance is applicable? [F01]
- Lender named as the insured? [F02]
- Loan amount and LTV accurate? [F03]
- Borrower(s) name and property address accurate? [F06]
- Coverage amount (percent) accurate as required in the Seller's Guide? [F07/F08/F09]

9. Pool Insurance Certificate [E]

- Photocopy of document submitted? [E01]
- SONYMA named as the insured? [E02]
- Loan amount and LTV accurate? [E03]
- SONYMA loan number correctly stated? [E04]
- Borrower(s) name and property address accurate? [E06]

10. Signed Federal Income Tax Returns for All Programs (Not Required if Property is Located in Target Area or for eligible military veterans) [O]

- Photocopies of last three (3) years' Federal returns with all schedules for all Borrowers submitted? [O01/O02/O03]
- Are all returns signed by all Borrower(s)?** [O04]
- If Form 1040 is submitted and Borrower(s) has itemized deductions, is Schedule A attached? [O05/O06]
- If Schedule A shows deductions taken for real estate taxes and/or home mortgage interest, has a notarized affidavit been submitted to satisfactorily explain why the deductions have been taken?

[O07/O08/O09/O10]

- If an IRS produced transcript has been submitted in lieu of tax returns, has it been submitted for Form 1040A or 1040EZ only (not acceptable for Form 1040 unless the transcript clearly indicates that no deductions were taken for real estate taxes and/or home mortgage interest)? [O11/O12/O13/O14]
- If Applicant(s) filed Schedule C – Profit or Loss from Business and used his/her primary residence the business address, is Line 30 of Schedule C completed? If an amount is entered on Line 30 of Schedule C, IRS Form 8829 – Expenses for Business Use of House must be attached to the return. Borrower(s) is eligible if no amount is entered on Line 30 of Schedule C or if Line 3 of Form 8829 does not exceed 15%. *Notwithstanding this, SONYMA, at its sole discretion, may deny a loan application if it has reason to believe that more than 15% of the property will be used for a commercial or business use.*

11. Computer-Generated Paystubs for Most Recent 30 Days or equivalent [L]

- Photocopy of documents for all Household Member(s) (age 18 and older) submitted? [L01/L02]
- Photocopy of evidence of income from Social Security, pension, disability, child support submitted, if applicable? [L05/L06]
- If computerized paystubs are not applicable, is Verification of Employment(s) or equivalent documentation as described in Item 12 of the Submission of Pre-Closing Application Files Training Module submitted? [L03/L04]
- If a Household Member(s) (age 18 or older) has no income, does the file contain a notarized affidavit indicating such. [(If the Household Member(s) is not a Borrower(s), the affidavit must be signed by the Borrower(s)]. [L07/L08/L09]

12. Bank Statements and/or Other Asset Documentation [M06]

- Photocopy(ies) of document(s) for all Borrowers submitted? [M09]
- If parties other than the Borrower or Co-Borrower are listed on the statements, has the occupancy of the other parties been determined? If the parties will reside in the SONYMA-financed property, has the appropriate income documentation been submitted? [M07/M08]

13. Residential Mortgage Credit Report(s) or Equivalent [K]

- Photocopy of document submitted? [K01]
- Photocopy of non-traditional credit documentation submitted? [K02]

14. Automated Underwriting Findings Report/Feedback Certificate, if applicable [M3]

- Photocopy of findings report/feedback certificate and accompanying reports submitted? [M31/M32]
- Copies of supporting documentation required by the findings report/feedback certificate submitted? [M33/M34]

15. FEMA Standard Flood Hazard Determination (FEMA Form 81-93, dated 12/05) [W]

- Photocopy of completed form submitted? [W01]

16. Interest Rate Option Form (#D3/3-11) [R9]

- Original or a photocopy of the document being submitted? *(If a photocopy of the document is provided, the original document must be submitted with the post-closing loan file.)?* [R10, R20]
- Loan amount indicated? [R18]
- Lender and Borrower(s) name and property address completed at the top of the document? [R11, R12]
- Applicable boxes checked, regarding DPAL option selected? [R19]
- Document executed and dated by all Borrower(s) [R17]

17. Down Payment Assistance Loan Recapture Notification (#D4/9-09) (if applicable) [T5]

- Original or a photocopy of the document being submitted? *(If a photocopy of the document is provided the original document must be submitted with the post-closing loan file).* [T51, T52]
- Lender and Mortgagor(s) names completed at top of loan document? [T53]
- Document executed by all Mortgagor(s) [T54]

18. Rehabilitation/Construction Contract(s) [A2]

- Photocopies of all contracts between borrower(s) and contractor(s) evidencing the total rehabilitation cost being submitted? [A2A]

- Repair work listed in contract(s) conform to repairs cited in the Work Specifications? [A2B/A2C]
- Signed by all borrowers and all contractors? [A2D/A2E]

19. Mortgagor's Acknowledgment (#R2/7-00) [A3]

- Original document being submitted? [A3A]
- Document signed and dated by all applicants? [A3B]
- Document signed and dated by lender? [A3C]

20. Specification of Repairs or Work Writeup [A4]

- Copy(ies) of the forms being submitted? [A4A]
- If the amount or the nature of the rehabilitation requires a consultant (see Addendum to Seller's Guide), has the Specification of Repairs or similar work writeup been prepared by the consultant? [A4B]
- If the rehabilitation does not require a consultant, has the Specification of Repairs or similar work write-up been prepared by a contractor or other qualified professional? [A4C/A4D]
- Borrower's name(s) and property address stated on the form? [A4E/A4F]
- All work to be performed has been itemized with a cost breakdown for each job or stage of the project listed? [A4G/A4H]
- Document signed by consultant, if applicable? [A4I]
- Document signed by all borrowers? [A4J]
- Document signed by contractor, if applicable? [A4K]

21. Draw Request and Rehabilitation Inspection Report (Form HUD-9746-A) [A5]

- If consultant prepared the work specifications and work write-up, copy of form submitted? [A5A]
- Borrower's name(s) and address and lender's name and address completed at the top of the form? [A5B/A5C/A5D]
- Column 1 fully completed in accordance with the Work Specifications? [A5E/A5F]
- Signed and dated by the consultant? [A5G]

22. Maximum Mortgage Worksheet (Form #R11/2-01) [A6]

- Copy of form being submitted? [A6A]
- Form completed in accordance with the SONYMA Remodel New York Program Completing the Maximum Mortgage Worksheet instructions? [A6B/A6C/A6D]
- Total rehabilitation cost within SONYMA minimum and maximum rehabilitation amount? [A6E/A6F]

23. Consumer Tips Checklist (Form #R10/7-00) [A7]

- Copy of form being submitted? [A7A]
- Form fully completed? [A7B]
- Document signed and dated by all borrowers? [A7C]
- Document signed and dated by lender? [A7D]

24. Subsidy (other than DPAL) Documentation (if applicable) [I]

- If a subsidy(ies), other than any DPAL subsidy, is being utilized in this transaction, is there a photocopy of documentation in the file (i.e., award letter) verifying the subsidy provider(s), subsidy amount(s), how funds are being distributed and any repayment terms? [I01/I02/I03]

25. Condominium Project Questionnaire (if applicable) [X05]

- If property is a Condominium, is a photocopy of the applicable Condominium Project Questionnaire submitted? [X06/X07]
- Does the form contain all information as described in Section 3.108(i)(x) or 3.109(vii)(J), as applicable, of the Seller's Guide? [X08/X09]

[Current versions of all SONYMA documents may be downloaded from our website. (www.nyhomes.org/home/index.asp?page=935)]

Submitted by: _____

Date: _____

CONTRACTOR'S RESUME

LEGAL BUSINESS NAME	PHONE
STREET	FORMS OF BUSINESS <input type="checkbox"/> CORPORATION <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> SOLE PROPRIETORSHIP <input type="checkbox"/> OTHER
CITY/STATE/ZIP	
TAX ID #	

PRINCIPALS

NAME	TITLE
STREET ADDRESS	PHONE
CITY/STATE/ZIP	SOCIAL SECURITY NUMBER
NAME	TITLE
STREET ADDRESS	PHONE
CITY/STATE/ZIP	SOCIAL SECURITY NUMBER

BUSINESS HISTORY

DATE BUSINESS STARTED	TYPES OF VENTURES GENERAL CONTRACTING, TRADE CONTRACTING, ELECTRIC, PLUMBING, HEATING, OTHER
-----------------------	---

LICENSES- ATTACH COPIES OF REQUIRED LICENSES

NUMBER			
TYPE			
EXPIRATION			
MUNICIPALITY			

CUSTOMER REFERENCES

LIST INDIVIDUALS LENDER MAY CONTACT/TYPICALLY CUSTOM JOB COMPLETED

NAME	ADDRESS	PHONE

MAJOR SUPPLIERS

CONCRETE	DATE OPENED	HIGHEST BALANCE \$	PHONE
LUMBER	DATE OPENED	HIGHEST BALANCE \$	PHONE
WINDOWS	DATE OPENED	HIGHEST BALANCE \$	PHONE
CABINETS	DATE OPENED	HIGHEST BALANCE \$	PHONE
FLOORING	DATE OPENED	HIGHEST BALANCE \$	PHONE
OTHER	DATE OPENED	HIGHEST BALANCE \$	PHONE

ANSWER ALL QUESTIONS:

Are any of the Applicants taxes past due? Yes No
 Are any of Applicants loan & notes payable past due? Yes No
 Has Applicant ever filed for bankruptcy? Yes No

Does Applicant guarantee any loans? Yes No
 Do any of Applicants assets secure any loans? Yes No
 Any Judgements outstanding or legal action pending against Applicant?
 Yes No

IF ANSWER TO ANY OF THE ABOVE IS YES, PLEASE EXPLAIN BELOW.

TO LENDER:

INFORMATION: All information given in this document is true, correct and complete as of the date of this document. I (we) authorize you to verify any information given. In addition, I (we) authorize you to obtain any information you feel is necessary or in connection with any review, update, extension, renewal in maintaining as approved status with Lender. Finally, I (we) authorize you to give information about me (us) and your credit experience with me (us) to others.

CREDIT REPORTS: I (we) understand that you may request a credit report from a credit reporting agency in connection with this document or in connection with any update, extension or renewal of any credit you extend based upon this document. In addition, I (we) understand that, if asked, you will tell me (us) if a credit report was requested and if so, the name and address of the credit reporting agency furnishing the credit report. To request the information, I (we) should write or call the _____

 Name of Contractor/Applicant

By _____
 Signature and Title

 Date

Exhibit 5

**Draw Request
Section 203(k)**

**U.S. Department of Housing
and Urban Development
Office of Housing**

OMB Approval No. 2502-0527 (exp. 10/31/2007)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information collection involves an expanded information requirement for lenders that originate and service Section 203(k) mortgages. The purpose of the information is to help mitigate program abuses. The expanded information focuses on the loan origination process and requires increased documentation and strengthened internal control procedures. Periodic reporting of the information is not required. The information also includes information that was voluntarily accepted by the 203(k) lending community. The information provides a more comprehensive basis for evaluating lender underwriting practices and thereby improves risk management of the 203(k) loan portfolio. Responses are required under Section 203(k) of the National Housing Act (12 U.S.C. 1703). No assurance of confidentiality is provided.

Borrower's Name & Property Address	Lender's Name & Address	FHA Case Number	
		This Draw Number	Date

I certify that I have carefully inspected this property for compliance with the general acceptability requirements (including health and safety) in Handbook 4905.1. I have reviewed the attached architectural exhibits and the estimated rehabilitation costs listed in column 1, below; they are acceptable for the rehabilitation of this property. I have no personal interest, present or prospective, in the property, applicant, or proceeds of the mortgage. To the best of my knowledge, I have reported all items requiring correction and that the rehabilitation proposal now meets all HUD requirements for 203(k) Rehabilitation Mortgage Insurance.

HUD-Accepted Consultant / Plan Reviewer's Signature & Date X _____	Suggested Contingency Reserve Amount _____ %
--	--

	Construction Item	Total Escrow Col. 1	Total Cost of Rehabilitation				Inspector/Lender Adjusted Amounts		
			Previous Draw Totals Col. 2	%	Request for This Draw Col. 3	%	Col. 4	%	
1.	Masonry								1.
2.	Siding								2.
3.	Gutters/Downspouts								3.
4.	Roof								4.
5.	Shutters								5.
6.	Exteriors								6.
7.	Walks								7.
8.	Driveways								8.
9.	Painting (Ext.)								9.
10.	Caulking								10.
11.	Fencing								11.
12.	Grading								12.
13.	Windows								13.
14.	Weatherstrip								14.
15.	Doors (Ext.)								15.
16.	Doors (Int.)								16.
17.	Partition Wall								17.
18.	Plaster/Drywall								18.
19.	Decorating								19.
20.	Wood Trim								20.
21.	Stairs								21.
22.	Closets								22.
23.	Wood Floors								23.
24.	Finished Floors								24.
25.	Ceramic Tile								25.
26.	Bath Accesories								26.
27.	Plumbing								27.
28.	Electrical								28.
29.	Heating								29.
30.	Insulation								30.
31.	Cabinetry								31.
32.	Appliances								32.
33.	Basements								33.
34.	Cleanup								34.
35.	Miscellaneous								35.
36.	Totals								36.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

This draw request is submitted for payment. All completed work has been done in a workmanlike manner. I hereby certify to the actual costs of rehabilitation as shown above in column 3. I understand that I cannot obtain additional monies from the rehabilitation escrow account without the approval of the lender. I also understand that a 10% holdback will not be released until all work is complete and it is determined that no mechanic's and materialmen's liens have been placed on the property. After the final inspection, the monies in the escrow account will be distributed as required by the 203(k) program procedures.

Borrower's Signature Owner-Occupant Investor/Builder X

Date

This draw request is submitted for payment. All completed work has been done in a workmanlike manner. I understand that a 10% holdback will not be released until all work is completed and it is determined that no mechanic's and materialmen's liens have been placed on the property.

General Contractor's Signature (if any) X

Date

I certify that I have carefully inspected this property on this date. The draw amounts are acceptable except as modified in column 4. I further certify that I have not accepted any work that is not yet completed in a workmanlike manner and I recommend that the rehabilitation escrow funds be released for the completed work.

Inspector's Signature X

I.D. Number

Date

Approved for Release	This Draw	Totals to Date	The Lender is hereby authorized to release the following funds from the escrow account	
Total from Above	\$	\$	Payable to the Borrower \$	Payable to the Fee Inspector \$
Less 10% Holdback	\$	\$	Payable to _____ \$	
Net Amount Due Borrower	\$	\$	Signature & Date <input type="checkbox"/> Lender-Authorized Agent <input checked="" type="checkbox"/> DE Underwriter X	

Lender Holding Rehabilitation Escrow Account (name, address, & phone number)

Originating Lender still Retains Funds

Rehab Funds Transferred to:

Rehabilitation Inspection Report

FHA Case Number

I. Inspection of On-Site Repairs and/or Improvements Reveals

- Unable to make inspection. (explain below)
- Correction essential as explained below:
 - Will examine at next inspection.
 - Do not conceal until reinspected.
- No noncompliance observed.
- Acceptable variations as described below.
- On-site improvements acceptably completed.

II. Explanation of statements checked above

Draw Inspection Contingency Reserve Inspection Final Inspection Change Order Other (explain)

Inspection Number

No.		No.	

Certification: I certify that I have carefully inspected this property on this date. I have no personal interest, present or prospective, in the property, applicant, or proceeds of the mortgage. To the best of my knowledge I have reported all noncompliance, work requiring correction, and unacceptable work. I also certify that this Draw Request is for completed work and I have not accepted any work that is not properly installed in a workmanlike manner.

Signature & Date

Consultant / Inspector
 Fee Inspector
 DE Staff Inspector

Inspection Fee

ID Number

X

Instructions: Prior To Appraisal

1. The Consultant or Plan Reviewer meets with the borrower (and contractor, if there is one) at the site to determine if cost estimates are acceptable. The cost of labor and materials (including overhead and profit, where necessary) must be shown. Borrowers doing their own work must include labor and material, in case they are unable to complete the work due to some unforeseen circumstance, and they must later subcontract out the work. Upon completion of the review, and if the cost estimates are acceptable, the Consultant or Plan Reviewer must sign the certification and return all exhibits to the lender.

2. Lender sends exhibits and a copy of the Draw Request form to the appraiser. The appraisal cannot be performed unless the Consultant or Plan Reviewer has signed the certification on the Draw Request form. Appraisers are instructed not to add additional work items to the list of construction items without the Consultant or Plan Reviewer assuring that the cost estimate for additional items are acceptable and included on the Draw Request form.

Instructions: During Construction:

1. If any construction work items were completed prior to closing the loan, an inspection of the work can occur one day after closing.

2. Borrower/contractor completes column 2 "Previous Draw Totals" with percent of completion on any of the construction items. On the first draw inspection, this column will be left blank. On subsequent draws, show the accepted amounts shown in columns 3 and 4 (from the previous draw).

3. Borrower/contractor completes column 3 "Request for This Draw" with the **actual cost of rehabilitation**, which includes materials, labor, overhead and profit. Materials cannot be paid for until they have been acceptably installed. For the investor/builder using the Escrow Commitment Procedure, the cost savings will be added to the escrow amount that is held by the lender for release when an acceptable owner-occupant assumes the loan.

The inspector will complete column 4 for each line item that is necessary to be adjusted. If no adjustments are required, column 4 will remain blank. In no case can the inspector approve a release of funds in excess of the amount requested by the borrower in column 3.

The DE Underwriter or the lender's authorized agent may reduce the amount of funds accepted (or revised) by the inspector by completing (or correcting) the amount shown in column 4. Where a correction has been made by the inspector or the lender, the revised total amount will be shown in line 36, column 4. When the DE Underwriter or the lender's authorized agent is satisfied with the Draw Request, the bottom of the form approving the release of funds will be completed.

After the final draw inspection, cost savings can be adjusted to pay for cost overruns in other construction items or additional improvements to the property that are approved by the Direct Endorsement (DE) Lender. An additional administration cost can be allowed under certain circumstances. Any remaining cost savings must be applied to the mortgage principal and will create greater equity in the property.

Example 1: If column 1 for Drywall is estimated for completion at \$1,500, and the work is 50% complete, but a signed contract is for \$1,200, then the Request for This Draw in column 3 cannot exceed \$600.

Example 2: If column 1 for Drywall is estimated for completion at \$1,500, and the work is 50% complete, but a signed contract is for \$1,800, then the Request for This Draw in column 3 cannot exceed \$750. At the end of rehabilitation, cost overruns can be adjusted for, provided there were savings in other construction items that were approved prior to closing.

4. The borrower and contractor must sign the certification on the Draw Request form. If a dispute exists, the lender must try to mediate the dispute to assure there are no mechanics or materialmens liens placed on the property. The lender may make checks out in both the borrower and contractors name to ensure proper distribution of escrowed funds and to assure no mechanics or materialmens liens. The borrower or contractor may initiate legal proceedings if an equitable agreement cannot be reached.

5. Under no circumstances can any construction item be paid for without the work being acceptably installed (e.g., materials on site cannot be included in the draw request). Upon completion, the inspector signs the Draw Request form, and the Rehabilitation Inspection Report and returns this form to the DE Lender, if applicable. The cost of the inspection should also be completed.

6. The DE who controls the Rehabilitation Escrow Account must provide an accounting of the escrow account to the borrower and HUD, showing the status of all monies in the escrow account. After the acceptable receipt of all necessary documentation, the escrow release (less 10% holdback) should occur within 48 hours. The accounting system must comply with Handbook 4240.4.

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SPECIFICATION OF REPAIRS

FHA CASE NUMBER

APPLICANT'S NAME:		LENDER'S NAME	
PROPERTY ADDRESS:		LENDER'S CONTACT & PHONE NUMBER:	
CONTACT NAME:	CONTACT PHONE NUMBER:	BEST TIME TO CALL:	
CONTRACTOR'S NAME: (IF APPLICABLE)			
ADDRESS:			
TELEPHONE NO.:	LICENSE NO.:	ESTIMATED NUMBER OF MONTHS TO COMPLETE WORK? (3 MONTHS MAX)	
NAME OF HUD ASSIGNED PLAN REVIEWER:		TELEPHONE NO.:	
DATE OF FINAL ACCEPTANCE:	SIGNATURE OF HUD REVIEWER:		
NAME OF HUD ASSIGNED APPRAISER:	TELEPHONE NO.:	DATE ASSIGNED:	

STEP BY STEP PROCEDURE

- 1 Each item below must be addressed by either filling in the information on the work to be performed with brief explanation or entering "NONE" in the "SUBTOTAL COST" portion if no work is being performed in that particular sub section.
- 2 The "Description of Materials" (V.A. #28-1852/HUD #92005) does not need to be used IF the materials being used are described, in detail, on this form. For major items, such as; kitchen cabinets, appliances, heating & air conditioning, etc., the manufacturer's brochure can be attached.
- 3 A copy of any and all proposals from all contractors and sub-contractors must be attached.
- 4 PRELIMINARY FEASIBILITY ANALYSIS: Two sets of plans should be attached. They must show the property address and the borrower's name, (use either letter or legal paper).
 FIRST SET: These will be existing floor plans.
 SECOND SET: These will be the PROPOSED PLANS. Only floor plans are required, unless there are additions or major structural changes, then cross sections, elevations and plot plans will be required. The proposed plan must show all the work outlined on this format. (Architectural exhibits may be required).
- 5 In addition to the above plans, detailed kitchen plans, patio plan, air conditioning layout, electric plans, etc. must be furnished if this type of work is planned to be done.
- 6 "OUTLINE OF WORK PLAN": Letter, briefly detailing the proposed work must be attached. Any format may be used however, estimated quantity and cost of each item must be listed below. (Use checklist below, items 1-36).
- 7 Transfer costs to draw request HUD #9746-A for each draw required.
- 8 If this is a purchase and not a refinance, then a sales contract should be attached indicating the Loan is contingent upon HUD approval.
- 9 If owner intends to perform any of the proposed work, other than painting, a letter detailing their qualification to perform the work is necessary.
- 10 Meaning of Abbreviations: Linear Feet = LF Each = EA Square Feet = SF Lump Sum = LS
 Square Yard = SY * = Required Item

1. MASONRY

	Unit	\$ Cost	Qty	Total	Describe the work to be done, and itemize the materials to be used.
Point brick work	SF				<input type="checkbox"/> Draw 1 _____
Stucco	SF				<input type="checkbox"/> Draw 2 _____
Build brick wall	SF				<input type="checkbox"/> Draw 3 _____
Build masonry, brick, or stone chimney	SF				<input type="checkbox"/> Draw 4 _____
					<input type="checkbox"/> Draw 5 _____

This portion of the work will be done by: (check one) Owner Contractor Sub-contractor

Cost Estimate Attached Yes No Photo Furnished Yes No Diagram Furnished Yes No

See description of materials (V.A. #28-1852/HUD #92005)
 Other documentation: See item Nos.: _____

Comments:

SUB-TOTAL SECTION No. 1

2. SIDING

	Unit	\$ Cost	Qty	Total	Describe the work to be done, and itemize the materials to be used.
Replace defective siding	SF			\$0.00	<input type="checkbox"/> Draw 1 _____
Replace defective fascia	SF			\$0.00	<input type="checkbox"/> Draw 2 _____
Replace defective soffit	SF			\$0.00	<input type="checkbox"/> Draw 3 _____
					<input type="checkbox"/> Draw 4 _____
					<input type="checkbox"/> Draw 5 _____

This portion of the work will be done by: (check one) Owner Contractor Sub-contractor

Cost Estimate Attached Yes No Photo Furnished Yes No Diagram Furnished Yes No

See description of materials (V.A. #28-1852/HUD #92005)
 Other documentation: See item Nos.: _____

Comments:

SUB-TOTAL SECTION No. 2

3. GUTTERS & DOWNSPOUTS

	Unit	\$ Cost	Qty	Total
Replace gutters & downspouts	LF			\$0.00
Clean gutters & open downspouts	LF			

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 3

4. ROOF

	Unit	\$ Cost	Qty	Total
Install new builtup roof, with new metal gravel stops	SF			\$0.00
Install 240# Sealtab asphalt shingles on all roofs with a 3:12 pitch or greater	SF			\$0.00
Remove old roofing	LS			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 4

5. SHUTTERS

	Unit	\$ Cost	Qty	Total
Install shutters at windows	Pair			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 5

6. EXTERIOR

	Unit	\$ Cost	Qty	Total
Remove defective, buckeled wood members	LF			\$0.00
Provide a structurally sound porch floor, properly finished	SF			\$0.00
Replace existing porch with masonry steps and stoops	SF			\$0.00
Provide ornamental iron or wood railing or parts	LF			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 6

7. WALKS

	Unit	\$ Cost	Qty	Total
Install new concrete walks	SF			\$0.00
Install concrete steps	LF			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner
 Contractor
 Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 7

8. DRIVEWAYS

	Unit	\$ Cost	Qty	Total
Remove old driveway and apron	SF			\$0.00
Install blacktop drive (min. 2") over existing drive and apron	SF			\$0.00
Install new concrete drive way (min. 4") and apron with wire mesh	SF			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner
 Contractor
 Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 8

9. PAINTING - EXTERIOR

	Unit	\$ Cost	Qty	Total
Scrape, sand smooth, and paint a min. 2 coats of good quality paint at all exterior woodwork and metal. <i>All old defective paint to be removed in accordance with lead paint removal procedures.</i>				\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner
 Contractor
 Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 9

10. CAULKING

	Unit	\$ Cost	Qty	Total
Caulk all windows and door frames	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner
 Contractor
 Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 10

11. FENCING

	Unit	\$ Cost	Qty	Total
Install new fencing	LS			\$0.00
Reset existing fencing	LS			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner
 Contractor
 Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 11

12. GRADING

	Unit	\$ Cost	Qty	Total
Remove debris from yards, finish earth; then grade and seed	LS			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner
 Contractor
 Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 12

13. WINDOWS

	Unit	\$ Cost	Qty	Total
install new replacement thermo windows	EA			\$0.00
Replace rotted or defective sash	EA			\$0.00
Replace all rotted sills at exterior	EA			\$0.00
Replace basement windows	EA			\$0.00
Replace cracked / broken glass	EA			\$0.00
Replace missing glazing putty	EA			\$0.00
Repair/Replace missing screens	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner
 Contractor
 Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 13

14. WEATHERSTRIPPING

	Unit	\$ Cost	Qty	Total
Install new weatherstripping at all exterior doors	EA			\$0.00
Weatherstripping all windows	EA			\$0.00
Install metal interlocking thresholds at exterior doors	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner
 Contractor
 Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 14

15. DOORS - EXTERIOR

	Unit	\$ Cost	Qty	Total
Install new 1-3/4" exterior doors	EA			\$0.00
Install three (3) new door butts	EA			\$0.00
Install exterior door trim	LF			\$0.00
Install new lockset	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished

Yes

No

Diagram Furnished Yes No

See item Nos.: _____

Other documentation:

Comments:

SUB-TOTAL SECTION No. 15

16. DOORS - INTERIOR

	Unit	\$ Cost	Qty	Total
Replace defective doors	EA			\$0.00
Install new doors with new locksets	EA			\$0.00
Install lockset where missing or malfunctioning	EA			\$0.00
Readjust all doors for proper closing	EA			\$0.00
Install bedroom closet doors	EA			\$0.00
Install bi-fold doors	EA			\$0.00
Install trim around doors	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished

Yes

No

Diagram Furnished Yes No

See item Nos.: _____

Other documentation:

Comments:

SUB-TOTAL SECTION No. 16

17. PARTITION

	Unit	\$ Cost	Qty	Total
Framing of new walls and partitions. (Do not include drywall costs)	SF			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished

Yes

No

Diagram Furnished Yes No

See item Nos.: _____

Other documentation:

Comments:

SUB-TOTAL SECTION No. 17

18. PLASTER / DRYWALL

	Unit	\$ Cost	Qty	Total
Patch all defective plaster / drywall; finish smooth with existing wall or ceiling finish	LS			\$0.00
Install new drywall	SF			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished

Yes

No

Diagram Furnished Yes No

See item Nos.: _____

Other documentation:

Comments:

SUB-TOTAL SECTION No. 18

19. DECORATING

	Unit	\$ Cost	Qty	Total
Paint all interior walls & trim <i>All old defective paint to be removed in accordance with lead paint removal procedures</i>	LS			\$0.00
Remove all existing wallpaper	SF			\$0.00
Wallpaper walls	SF			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 19

20. WOOD TRIM

	Unit	\$ Cost	Qty	Total
Replace all cracked, broken, mismatched trim, jambs, etc	LF			\$0.00
Remove all unused hinges, curtain rod hangers, nails, screws, etc	EA			\$0.00
Replace all wood trim at interior door units, base, shoe & other trim	LF			\$0.00
Replace defective wall paneling	SF			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 20

21. STAIRS

	Unit	\$ Cost	Qty	Total
Replace bad basement treads, and risers	LF			\$0.00
Replace main stairs, treads, and risers	LF			\$0.00
Replace broken &/or missing baluster	LF			\$0.00
*Provide hand rails, etc.	LF			\$0.00
Install new stairs at basement	LF			\$0.00
Install new stairs	LF			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 21

22. CLOSETS

	Unit	\$ Cost	Qty	Total
Install new shelves	LF			\$0.00
Install new clothes rods	LF			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 22

23. WOOD FLOORS

	Unit	\$ Cost	Qty	Total
Replace all defective flooring, holes in floors, etc. with wood flooring to match existing floors	SF			\$0.00
Sand, fill and refinish wood floors	SF			\$0.00
Install new hardwood floors	SF			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 23

24. FINISH FLOORS

	Unit	\$ Cost	Qty	Total
Install vinyl, asbestos tile or sheet goods with 1/4" underlayment:				
Kitchen:	SY			\$0.00
Bath:	SY			\$0.00
Install carpet & pad	SY			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 24

25. CERAMIC TILE

	Unit	\$ Cost	Qty	Total
Install ceramic tile wainscot in bathtub area for shower height	SF			\$0.00
Install ceramic tile floor	SF			\$0.00
Install fiberglass kit wainscot in bathtub area for shower height	LS			\$0.00
Replace defective tile in bath	SF			\$0.00
Replace defective tile in vestibule	SF			\$0.00
Replace defective tile in kitchen	SF			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 25

26. BATH ACCESSORIES

	Unit	\$ Cost	Qty	Total
Replace medicine cabinet in bath	EA			\$0.00
Install paper holder	EA			
Install towel bar	EA			
Install soap dish	EA			
Install grab bar in tub/shower	EA			

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 See item Nos.: _____

Other documentation:
 Comments:

SUB-TOTAL SECTION No. 26

27. PLUMBING

	Unit	\$ Cost	Qty	Total
Install new hot & cold water piping	LF			\$0.00
Install 40 gal. (min.) glass lined gas hot water heater (52gal. if electric)	EA			\$0.00
Install new kitchen sink	EA			\$0.00
Install three (3) piece bathroom with shower over tub	LS			\$0.00
Install laundry tray with faucet	EA			\$0.00
Replace washers at faucets	EA			\$0.00
Replace defective sewer lines	LF			\$0.00
Replace defective kitchen faucets	EA			\$0.00
Replace defective bath faucets	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No

Other documentation:
 Comments:

See item Nos.: _____

SUB-TOTAL SECTION No. 27

28. ELECTRICAL

	Unit	\$ Cost	Qty	Total
Install 100 amp. service	LS			\$0.00
Replace all frayed exterior wire from service to main & into exterior panel box	LS			\$0.00
Install new ceiling-light wall switches	EA			\$0.00
Install new lighting fixtures	EA			\$0.00
Install new exterior lighting	EA			\$0.00
Replace wall receptacles	EA			\$0.00
Install three (3) way switch	EA			\$0.00
*Smoke detector(s)	EA			\$0.00
Exterior wall exhaust fan(s)	EA			\$0.00
Install GFI outlets	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No

Other documentation:
 Comments:

See item Nos.: _____

SUB-TOTAL SECTION No. 28

29. HEATING

	Unit	\$ Cost	Qty	Total
Install new forced warm air heater	EA			\$0.00
Install new hot water boiler	EA			\$0.00
Install automatic flow control valve	EA			\$0.00
Install temp. control valve at boiler	EA			\$0.00
Install heat supply outlet in each room	LS			\$0.00
Install heat (FWA) grills	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No

Other documentation:
 Comments:

See item Nos.: _____

SUB-TOTAL SECTION No. 29

30. INSULATION

	Unit	\$ Cost	Qty	Total
Install in crawl space: R-	SF			\$0.00
Install batts attic: R-	SF			\$0.00
Install R-13 batts in exterior walls	SF			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 30

31. CABINETRY

	Unit	\$ Cost	Qty	Total
Base cabinets	LF			\$0.00
Kitchen countertop	LS			\$0.00
Wall cabinets	LF			\$0.00
Vanities	EA			\$0.00
Vanity countertop(s)	LS			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 31

32. APPLIANCES

	Unit	\$ Cost	Qty	Total
Range	EA			\$0.00
Refrigerator	EA			\$0.00
Dishwasher	EA			\$0.00
Disposal	EA			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 32

33. BASEMENTS

	Unit	\$ Cost	Qty	Total
Install a min. 3" thick concrete floor	SF			\$0.00
Cement parge basement walls	SF			\$0.00
Provide dry basement	LS			\$0.00
Install new sump pump	EA			\$0.00
Replace damaged joists (termite damage)	EA			\$0.00
Termite treatment	LS			\$0.00

Describe the work to be done, and itemize the materials to be used.

Draw 1
 Draw 2
 Draw 3
 Draw 4
 Draw 5

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)
 Other documentation:
 Comments:

Photo Furnished Yes No
 Diagram Furnished Yes No
 See item Nos.: _____

SUB-TOTAL SECTION No. 33

34. CLEANUP

	Unit	\$ Cost	Qty	Total
Remove debris from property exterior	LS			\$0.00
Remove debris from property interior	LS			\$0.00
Broom clean floors, clean ALL windows	LS			\$0.00
Clean all plumbing fixtures and appliances	LS			\$0.00

Describe the work to be done, and itemize the materials to be used.

<input type="checkbox"/>	Draw 1	_____
<input type="checkbox"/>	Draw 2	_____
<input type="checkbox"/>	Draw 3	_____
<input type="checkbox"/>	Draw 4	_____
<input type="checkbox"/>	Draw 5	_____

This portion of the work will be done by: (check one)

Owner Contractor Sub-contractor

Cost Estimate Attached Yes No
 See description of materials (V.A. #26-1852/hud #92005)

Photo Furnished Yes No Diagram Furnished Yes No
 Other documentation: _____
 See Item Nos.: _____

Comments:

SUB-TOTAL SECTION No. 34

35 MISCELLANEOUS

(Describe any main dwelling materials, equipment or construction items not shown elsewhere; or use to provide additional information where the space provided was inadequate. always reference by item number to correspond to numbering used on this form.)

Certifications

- A. Plumbing/Heating/Electrical (systems are safe, adequate and operable) _____
- B. Septic/Well Water Quality Lab Report (no health hazard) _____
- C. Third party electrical (for new work) _____
- D. Roof/Sheathing (system is dry, sound and solid) _____
- E. Termite/Rodent/Wood Destroying Insect Exterminator Report (identification and correction) _____
- F. Basement/Foundation/Crawl Space Waterproofing Specialist (conditions corrected) _____
- G. Licensed professional engineer or architect; to report adequacy of existing structural system at: _____

SUB-TOTAL SECTION No. 35

RECAP OF SUB-TOTALS

1 MASONRY	
2 SIDING	
3 GUTTERS & DWNSPTS	
4 ROOF	
5 SHUTTERS	
6 EXTERIOR	
7 WALKS	
8 DRIVEWAYS	
9 PAINTING (EXTERIOR)	
10 CAULKING	
11 FENCING	
12 GRADING	
13 WINDOWS	
14 WEATHERSTRIPPING	
15 DOORS (EXTERIOR)	
16 DOORS (INTERIOR)	
17 PARTITION WALLS	
18 PLASTER / DRYWALL	
19 DECORATING	
20 WOOD TRIM	
21 STAIRS	
22 CLOSETS	
23 WOOD FLOORS	
24 FINISH FLOORS	
25 CERAMIC TILE	
26 BATH ACCESSORIES	
27 PLUMBING	
28 ELECTRICAL	
29 HEATING	
30 INSULATION	
31 CABINETS	
32 APPLIANCES	
33 BASEMENTS	
34 CLEANUP	
35 MISCELLANEOUS	
TOTAL COST OF REPAIRS	
36 ALLOWANCE FEES (LIST)	
* _____ % Contingency Reserve	
_____ Inspections @ _____ ea.	
Total Cost of Allowable Fees	
TOTAL OF ITEMS 1-36	

PLAN REVIEWER

SIGNATURE _____
 AFTER PLAN REVIEW

BUYER'S SIGNATURE _____
 AFTER PLAN REVIEW

Exhibit 7
SONYMA Remodel New York Program
Mortgage Loan Agreement

THIS AGREEMENT, including the provisions below, is made this _____ day of _____, _____ 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 rehabilitate the property described below. The property is located in the County of _____, State of New York, and is described as:

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 or deed of trust ("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 rehabilitation or improvement 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 rehabilitation cost of \$_____ (line C-11 of the Maximum Mortgage Worksheet), plus any reserves put up by the Mortgagor or others in cash, in a secured interest bearing account, trust or escrow for the benefit of the Mortgagor (hereinafter called "escrowed funds"). 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, at such times as the stages of construction are completed. If a mortgage payment reserve account is requested by the Mortgagor and established, the Lender may make draws from the account to make the mortgage payments provided the dwelling has not been occupied and/or the Final Release Notice has not been issued. A maximum of six mortgage payments may be requested to be financed by the mortgage payment reserve. The actual number of mortgage payments to be financed will depend on the actual number of months that the Eligible Property is expected to remain uninhabitable during the rehabilitation.
4. The interest accumulated in the Rehabilitation Escrow Account will be distributed as required by the Mortgagor's Acknowledgment Form.
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. Such repairs 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, if the contingency reserve is part of the mortgage. 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 Rehabilitation Escrow Account equal to the cost of additional work, plus at least ten percent 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.
6. The Mortgagor will complete all improvements on the property in accordance with the work specifications and/or architectural exhibits as accepted by the Lender.
7. Changes in the work specifications and/or architectural exhibits must be submitted to Lender in a letter from Mortgagor or on Fannie Mae Form 1200, 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 rehabilitate 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 Rehabilitation Escrow Account to be released by the Lender.

10. The Mortgagor can only request reimbursement for completed work on the Draw Request for the actual cost of rehabilitation by the contractor(s). In no case will any savings 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 materialmen's 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 30 days following the date of this Agreement. Work must be performed with reasonable diligence; therefore, work is never to cease for more than 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 Rehabilitation 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, pay all costs and expenses of contesting the same.

15. Failure of the Mortgagor to perform under the terms of this Remodel New York Program 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. The Mortgagor understands that the mortgage payments (PITI) that were financed at closing are estimates and the Mortgagor will be responsible for paying the full amount of the mortgage payment, each and every payment due, if a shortage occurs. If the rehabilitation is completed prior to all of the mortgage payments being expended, the remaining balance of the Mortgage Payment Reserve must be applied in the same manner as stated in paragraph 5. above.

17. The accepted work specifications [first page of completed Draw Request (Form HUD-9746-A)] are incorporated in this Agreement.

18. Mortgagor must have the work completed within _____ months following the date of this Agreement.

19. Date of Completion: _____

Mortgagor Date

Mortgagor Date

Mortgagor Date

Mortgagor Date

Signature of Lender Date

Title Date

Attachment: Accepted work specifications [first page of completed Draw Request (Form HUD-9746-A)].

SONYMA REMODEL NEW YORK PROGRAM REHABILITATION LOAN RIDER

THIS REHABILITATION LOAN RIDER is made this _____ day of _____, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (A Security Instrument®) of the same date given you by the undersigned (ABorrower®) to secure Borrowers Note to _____ (ALender®) 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 Remodel New York Mortgage Loan Agreement dated _____, _____, 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 rehabilitation is not properly completed, performed with reasonable diligence, or is discontinued at any time except for strikes or lockouts, the lender is vested with full authority to take the necessary steps to protect the rehabilitation improvements and property from harm, continue existing contracts or enter into necessary contracts to complete the rehabilitation. 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
_____ (Seal)	_____ (Seal)
-Borrower	-Borrower



**SONYMA Remodel New York Program
Mortgagor's Acknowledgment**

Condition of Property: I understand that the property I am purchasing is not SONYMA approved, and SONYMA does not warrant the condition or the value of the property. I understand that SONYMA's review of the work specifications and the appraisal are performed to determine compliance with the required architectural exhibits and to estimate the value of the property, but neither guarantees the house is free of defects. I understand I have the option to retain an independent consultant and/or a professional home inspection service to perform an inspection of the property. The cost of this inspection can (or could be) included in the mortgage.

Loan Requirements: I understand at the time of the loan closing of a SONYMA Remodel New York Program Mortgage Loan, for which I have applied to my lender, the proceeds designated for the rehabilitation or improvement (including a contingency reserve, mortgage payments, and any other fees where applicable) are to be placed in an interest bearing escrow account. The Rehabilitation Escrow Account is not, nor will it be treated as, an escrow for the paying of real estate taxes, insurance premiums, delinquent notes, ground rents or assessments. I hereby request the lender, after the Final Release Notice is issued to:

- 9 pay the net interest income directly to me/us.
- 9 apply the net interest income directly to the mortgage principal balance for an equal amount of principal reduction.

I understand that the Rehabilitation Escrow Account will cease paying interest to me if (1) the loan payments are delinquent for more than 30 days; or (2) the completion date (or an approved extension) has expired. During this period, the interest will be used first, to pay any accrued and unpaid interest due of the Mortgage Loan and second, to pay down the mortgage principal. I understand that if I clear up the delinquent or default status and/or the completion date has not expired or an extension date had been approved, then the interest on the Rehabilitation Escrow Account will begin again to be paid according to the request above.

I understand that no draws on the Rehabilitation Escrow Account can be made until all permits have been issued by the local or New York State building department, where required. I further understand I can only request moneys for the actual cost of rehabilitation. If any cost savings result on any line item of the Draw Request, the amount saved will be placed in the contingency reserve. I may elect to use these funds for additional repairs, if approved by my lender. Otherwise, upon acceptable completion of all work, the remaining amount must be used to prepay the mortgage principal.

I understand the contractor(s) is responsible to complete the work described in the work specifications, contracts, and/or architectural exhibits in a workmanlike manner. If I agree that the work has been properly completed, I will sign the Draw Request form, thereby accepting the responsibility that the completed work is acceptable and payment is justified. I understand there may be 10 per cent holdback on each Draw Request to assure that the work is properly completed and for lien protection.

I understand I am responsible to negotiate any and all agreements with the contractor(s) I select, and that SONYMA recommends that the agreement with the contractor(s) include a provision for binding arbitration with the American Arbitration Association on any dispute.

I understand if I change a contractor for any reason, I may be obligated under the terms of the original contractor's agreement, and I should seek legal advice before taking such action. If I disagree with the contractor regarding the acceptable completion of the work, I can request an inspection by the fee inspector, at my expense, to determine if the work has been properly completed. If an agreement cannot be made with the contractor, the lender may hold the money until such time as an agreement is reached, or an arbitrator's decision is rendered.

I understand that neither the lender nor SONYMA provides any warranty on the completed work on the property. I am responsible to obtain such warranty(s) from the contractor(s), and the warranty should be stated in the Homeowner-Contractor Agreement.

I understand I am responsible to make the mortgage payments during the term of the loan, including the rehabilitation period, to ensure that the loan will not go into default. The construction on the home must start within 30 days; if the construction ceases for more than 30 days, the lender may consider the loan in default, or the lender may use the escrow money to have the work completed. If the work stops or is not progressing as it should, or if the work does not comply with the work specifications and/or accepted architectural exhibits, the lender may require additional compliance inspections to protect the security of the loan and I will be responsible to pay for the inspections, and the cost of the inspections may be withheld at the next draw request.

I understand no changes to the work specifications and/or architectural exhibits can be made without written approval by the lender on a letter or on a form (HUD-9746-A) which I submit to the lender. Also, the contingency fund is set up for changes that affect the health, safety, or items of necessity of the occupants of the property. If the contingency reserve is insufficient, I must place additional moneys into the account for payment upon acceptance of the change and/or I must adjust the scope of the original work specifications by eliminating or reducing certain repairs or work. A change order will be made to assure that the moneys are available to the contractor upon completion of the changed work.

I understand if there are unused contingency funds, mortgage payments, inspection fees or other moneys in the Rehabilitation Escrow Account after the Final Release is processed and I elect not to use the excess funds for any additional work, the lender, in compliance with SONYMA requirements, must apply these funds to prepay the mortgage principal, provided they were financed with the mortgage loan proceeds. If I do elect to use all or part of the excess funds for additional work, I must receive the consent of the lender first and all of the requirements as set forth on this document will continue to apply until the additional work is completed.

I understand the lender shall retain the 10 per cent holdback from each draw, for a period not to exceed 35 days or the time period required by law to file a lien (whichever is longer), to ensure compliance with New York State lien waiver laws or other New York State requirements. Upon completion of the work, I understand I will be provided: (1) the Final Draw Request; (2) the Final Release Notice; (3) an accounting of the final distribution of all funds.

This statement must be delivered to you prior to closing the loan. Return one copy to your lender as proof that you have read the entire document. Keep one copy for your records. You, the Mortgagor(s), must be certain that you understand this information. Sign here only after you have read this entire document. Seek professional advice if you are uncertain.

x _____
Mortgagor's Signature and Date

x _____
Co-Mortgagor's Signature and Date

I, the lender, certify this information was delivered to the Mortgagor(s) prior to the time of the closing.

x _____
Lender's Signature and Date



Remodel New York Program Loan Maximum Mortgage Worksheet

A. Loan Type		Max LTV	Max Rehab	Ratios
	SONYMA Remodel New York Program Loan	97%	40%	33/38%
B. Property Information				
1	Sales price or "as-is" value		\$	
2	"As Completed" value		\$	
C. Rehabilitation and other Allowable Costs				
1	Total Cost of Repairs/Rehab (from work write-up)			\$
2	Contingency Reserve		10%	\$
3	Number of inspections (____) x Cost per inspection (\$_____) =			\$
4	Number of title updates (____) x Cost per title update (\$_____) =			\$
5	Months not occupied (____) x Estimated PITI (\$_____) =			\$
6	Subtotal (lines C1 thru C5)			\$
7	Architectural and Engineering Fees			\$
8	Independent Consultant Fees			\$
9	Permits			\$
10	Other Fees (attach explanation)			\$
11	Total Rehab Cost (lines C6 thru C10)			\$
12	Release at Closing (lines C7 thru C10)			\$
D. Mortgage Calculation for Purchases				
1	Sales Price			\$
2	Total Rehab Costs (line C11)			\$
3	Lesser of (D1+ D2) or B2			\$
4	Maximum Mortgage Amount (D3 x 97%)			\$
5	Borrowers cash (D1+ D2 - D4)			\$



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Remodel New York Program

Completing the Maximum Mortgage Worksheet

Section A: Loan Type

Each loan must be identified as a SONYMA Remodel New York Program mortgage.

Section B: Property Information

1. Contract Sales Price :

The sales price should be completed in this box for all purchases.

\$ _____ **B1**

2. As-Completed Value:

This value will come from the appraisal. The appraisal should represent the appraiser's estimate of the property's value after completing the proposed rehabilitation. This estimate is determined by comparing the values of other properties in the immediate area in similar condition to the condition anticipated for the improved property.

\$ _____ **B2**

Section C: Rehabilitation and Other Allowable Costs:

1. Total Cost of Repairs:

This represents the total "hard costs" of construction based on signed, accepted estimate(s) or construction contract(s).

\$ _____ **C1**

2. Contingency Reserve:

The Contingency Reserve is an additional escrow which is set up to protect the borrower from any unforeseen problems or those items that could not have been anticipated or revealed before commencement of the rehabilitation process. The monies set aside for the contingency reserve can be used for any additional improvements once the rehabilitation is complete. The required amount is 10% of line 1 and cannot be waived. A higher percentage may be allowed as an exception, if acceptably justified by lender based on information provided by contractor. The

Completing the Maximum Mortgage Worksheet

contingency reserve can be paid either in cash or financed. If paid in cash, enter a 0 on this line. If being financed, enter the actual amount of contingency. If paid in cash, any unused monies will be returned to the borrower. If financed, unused monies may be used for additional repairs or will be applied to the principal balance.

\$ _____ C2

3. Inspection Fees:

The number of inspections allowed on a project will depend on the scope of the work. The maximum number of inspections is usually five. Calculate the anticipated number of inspections times the fee. The actual fee is determined by the appraiser and will vary depending on the area.

Inspections x \$ = \$ _____ C3

4. Title Update Fees:

The title update is to ensure that the mortgage remains in first position on the title. The amount, frequency and costs of updates will vary greatly from lender to lender due to state specific requirements. The lender should therefore complete this line based on local requirements.

Title Updates x \$ = \$ _____ C4

5. Mortgage Payments:

The borrower is allowed to escrow up to 6 months of mortgage payments, provided the subject is a primary residence which is inhabitable. This will enable the borrower to make housing payments elsewhere without having the additional burden of a second housing payment during the rehabilitation period. The escrow amount includes principal, interest, taxes and insurance. Any unused mortgage payments will be applied to principal.

Mortgage Payments x \$ = \$ _____ C5

6. Subtotal

Please add lines C1 through C5.

\$ _____ C6

7. Architectural and Engineering Fees:

If there is going to be a structural modification to either the interior or exterior of the property, then the borrower may finance the fees charged by an architect to do the necessary drawings of the plans.

\$ _____ C7

8. **Independent Consultant Fees:**

In cases where the rehabilitation project will cost more than \$15,000 or where the Eligible Renovations include structural alterations or repairs, asbestos removal, removal of environmental or safety hazards, or other similar adverse condition, the borrower must hire a consultant to help determine what work should be done, and helping to obtain contractor bids, etc. This fee can be financed and should be placed on this line.

\$ _____ C8

9. **Permits**

Building permits may be financed.

\$ _____ C9

10. **Other Fees:**

Any fees necessary to complete the rehabilitation can be financed (i.e. final appraisal, draw processing fees, any soft costs that can be attributed to the renovation). In addition, a supplemental origination fee may be charged which is equal to the GREATER of \$500 or 1.5% of the *total* repair costs (line C11).

\$ _____ C10

11. **Total Rehabilitation Costs:**

Add lines C6 through C10 and place the total in this box. This is a good time to check that your rehabilitation meets SONYMA's minimum and maximum rehabilitation amounts. Divide your total from this line by line B2 ("as completed" appraised value). If this value does not exceed the lower of \$5,000 or 5% of line B2, the loan does not qualify. If this value exceeds 40% of line B2, rehabilitation amount must be adjusted downward.

\$ _____ C11

12. **Funds Release at Closing:**

Any items represented on lines C7 through C9 may be released at closing when paid receipts or bills for payment at closing are presented and approved prior to closing.

\$ _____ C12

Section D: Mortgage Calculations for Purchases:

1. Sales Price:

This number is carried from Line **B1**.

_____ **D1**

2. Total Rehabilitation Cost:

The sum of all costs found on line **C11**

_____ **D2**

3. Lesser of Sum of D1 + D2 OR B2

Add lines D1 and D2 and then compare sum to line B2. Input the lower of the two.

_____ **D3**

4. Maximum Mortgage Amount:

Multiply line D3 by 97%.

_____ **D4**

5. Borrower's Cash (D1 + D2 – D4):

Please add lines D1 and D2, then subtract line D4 from the total (assuming the borrower is financing the maximum amount. Otherwise, subtract *lower* actual loan amount instead of line D4). **If contingency reserve is being paid in cash, this amount must be considered and therefore added to total cash to close.**

Please note that this calculation represents minimum down payment requirement only and does not include prepaids or closing costs. Actual "cash from borrower" is determined outside of the max mortgage worksheet on the Details of Transaction section of the Fannie Mae 1003.

_____ **D5**

Exhibit 12
Section 22 Affidavit

BORROWER'S AFFIDAVIT

STATE OF NEW YORK)
 : SS.
COUNTY OF _____)

_____, being duly sworn, deposes and says that ___he___ resides at _____ and that ___he___ is/are the Borrower(s) mentioned in the Mortgage Loan Agreement and Notice of Lending accompanying this Borrower's Affidavit; that no consideration was paid or is to be paid for the loan therein; that all expenses, except as therein noted and for an origination charge and other fees paid to the Lender; that all of the expenses incurred in connection with the advances to be made against the Premises are as follows:

Amount of Loan \$ _____

1. The expenses incurred or to be incurred in connection with the loan are as follows:

Attorney's fees for examination of title and preparing loan documents	\$ _____
Judgement Search	\$ _____
Mortgage Tax	\$ _____
Recording Fees (estimated)	\$ _____
Search Charges (estimated) (Rehabilitation Loan Rundowns)	\$ _____
Title Insurance Premium	\$ _____
Interest Reserve	\$ _____
Inspection Fees	\$ _____
Other	\$ _____
Total	\$ _____

2. Origination charge to Lender..... \$ _____

3. Used for acquisition of the property \$ _____

NET SUM AVAILABLE TO BORROWER(S) \$ _____

That after the payment of the costs and expenses of the loan as set forth above, the net sum available to the Borrower(s) for the rehabilitation will be the amount hereinabove indicated as the net sum, which is the amount available for construction of the rehabilitation as recited in the Paragraph 3 of the Mortgage Loan Agreement.

This statement is made pursuant to Section 22 of the Lien Law of the State of New York, as amended.

That the facts stated in this affidavit are true and accurate.

Signature of Borrower

Signature of Borrower

Sworn to before me this _____ day of _____, _____.

Notary Public



Notice of Lending

(Pursuant of Section 73 of the Lien Law)

(a) Name and Address of person or lender making advances:

(b) 1. Name and Address of person to whom or on whose behalf advances are made:

2. Specify whether person to whom or on whose behalf advances are made is:

_____ Owner _____ Contractor _____ Subcontractor

(c) Description sufficient for identification of the improvement and of the real property involved or public improvement for which advances are made, (if advances relate to one specific project or one specific public improvement):

If the Notice of Lending relates to several or undetermined projects or for public improvements, include a statement of each county wherein the real property is or may be situated:

Address of property affected:

County of _____ State of New York

(d) Date of any advance made on or before the date of filing for which this Notice of Lending is intended to be effective:

(e) Maximum balance of advances outstanding to be permitted by the Lender pursuant to this Notice of Lending:

Dated:

Filed by:





Remodel New York Program
Post-Closing File Checklist

SONYMA requires that this checklist be completed and submitted with each closed document loan file. Each document listed must be included in the file and checked against this checklist for accuracy and completeness.

General Information

SONYMA #: _____ **Date:** _____

Borrower(s) Name: _____

Property Address: _____

Lender Name: _____ **Lender Contact:** _____

Telephone #: _____ **Lender Contact E-Mail Address:** _____

Please check if the following applies:

- Down Payment Assistance Loan
- Homes for Veterans Program Loan

1. Property Data [39, 39A/39B]

The following data is required for all loans if not submitted at time of loan application. Upon submission of the closed loan file, the Lender is required to specify in the space provided the appropriate information. Please answer each category. If the information is not available, mark the category "N/A". Please see Section 2.703 of the Seller's Guide for conventions.

- A. Tax Map Parcel Number (Section/Block/Lot) _____ [39J]
- B. Taxing Municipality Type (please check the appropriate item) [39K]
County (NYC Only) ____ City ____ Town ____ Village ____
- C. Taxing Municipality Name: _____ [39L]

2. Mortgage Note (Fannie Mae/Freddie Mac Form 3233 - 1/01) [45]

- a. Original document and a photocopy submitted? [45A]
- b. Date in upper left-hand corner corresponds with the date of the Mortgage? [45B]
- c. Property address and city is correctly stated? [45C]
- d. Item 1 specifies Mortgage amount and Lender's name? [45D, 45E]
- e. Item 2 reflects correct loan interest rate (according to the appropriate Monthly Availability of Funds and Notice of Terms Bulletin)? [45F]
- f. Item 3 (A) reflects the correct initial payment date, maturity date, and location as to where monthly payments are to be made? [45G/45H, 45I/45J]
- f2. Item 3 (B) reflects the correct monthly principal and interest payment? [45K]
- g. Item 6(A) is completed? [45L]
- h. Document is signed by all Mortgagor(s) and Guarantor(s) (if applicable)? [45P]
- i. Endorsement without recourse to SONYMA is reflected and executed by an authorized officer of the Lender? (An Allonge to the Note is an acceptable alternative) [45N/45O]

3. Recorded Mortgage (Fannie Mae/Freddie Mac Form 3033 - 1/01) with SONYMA Rider to Fannie Mae/Freddie Mac Mortgage (Form 230/12-00) attached) [46]

- a. Signed duplicate original of unrecorded Mortgage submitted, if recorded instrument is not available? **Document should not be stamped or typed with: "Copy or certified true copy"**. [461, 46C]
- a1. Original recorded document (if available) and a photocopy submitted? [46A]
- b. Item A corresponds with the date of the Mortgage Note? [46D]
- c. Item B shows all Borrower(s)? [46E]
- d. **Item C shows Lender's full name and other required information? [46F]**
Note: If Lender is an approved MERS Member (see Seller's Guide Appendix IV) and

names MERS as the nominee, the applicable MERS as Original Mortgagee ("MOM") language must be incorporated into the Mortgage instrument. Please see Appendix IV for more details.

- e. Item D shows date of the Mortgage Note, the Mortgage amount and maturity date? [46G/46H, 46I]
- f. Item H shows all riders attached as applicable?
- g. Under the "Description of Property" section, item A accurately states the correct property address? [46K, 46L]
- g1. Property legal description (Schedule "A") matches that of the Title Policy? [46M/46N/46O]
- h. Is appropriate box checked in Section 25? [47Z]
- i. All Mortgagor(s) duly executed document? [46P]
- j. Notary Public's proper execution and stamp and/or seal affixed on document? [46Y]
- k. County Clerk's recording stamp affixed? [46Z]
- l. **SONYMA Rider to Fannie Mae/Freddie Mac Mortgage (Form 230/12-00)** [462]
- l1. Signed duplicate original document submitted? [46W/46X]
- l2. Borrower(s) name(s) accurately specified? [46E]
- l3. Mortgage date and name of Lender specified? [46D, 46F]
- l4. All Mortgagor(s) duly executed document? [47G]
- m. **Planned Unit Development Rider (Fannie Mae/Freddie Mac Form 3150 1/01), if applicable** [463]
- m1. If the property is a PUD, signed duplicate original submitted? [46T]
- m2. The Mortgage date is correctly specified? [46I]
- m3. The name of the Lender is correctly stated? [46F]
- m4. The property address is correct? [46K]
- m5. The name of the Declaration is correctly specified? [466]
- m6. The name of the Planned Unit Development is correctly stated? [467]
- m7. All Mortgagor(s) executed document? [47G]
- n. **Condominium Rider (Fannie Mae/Freddie Mac Form 3140 1/01), if applicable** [47]
- n1. If the property is a Condo, signed duplicate original submitted? [47A]
- n2. The Mortgage date is correctly specified? [47C]
- n3. The name of the Lender is correctly stated? [47D]
- n4. The property address is correctly stated? [47E]
- n5. The name of the Condominium Project is correctly stated? [47F]
- n6. All Mortgagor(s) executed the document? [47G]
- o. **1-4 Family Rider (Fannie Mae/Freddie Mac Form 3170 1/01, if applicable)** [470]
- o1. If the property is a two-family property, signed duplicate original submitted? [47A]
- o2. The Mortgage date is correctly specified? [47C]
- o3. Lender's name is correctly stated? [47D]
- o4. The property address is correctly specified? [47E]
- o5. All Mortgagor(s) executed document? [47G]
- p. **Rehabilitation Loan Rider (Form R5/7-00)** [49]
- p1. Signed duplicate original submitted? [49A]
- p2. The date of the rider is the same as the mortgage date? [49B]
- p3. The name of the Lender is correctly stated? [49C]
- p4. The property address is correctly stated? [49D]
- p5. All Mortgagors executed the document? [49E]

Note: SONYMA does not permit any additional Riders to be attached to the Mortgage, unless prior-approved by SONYMA.

4. Filed Mortgage Loan Agreement (Form R3/5-01) with Notice of Lending (Form R7/5-01) attached [70]

- a. Signed duplicate original of unrecorded Mortgage Loan Agreement submitted in file? [70A]
- b. The date of the agreement is the same as the mortgage date? [70B]
- c. All mortgagors names are accurately stated? [70C]
- d. The county and the property address are accurately stated? [70D/70E]
- e. Item 1 reflects the correct mortgage amount? [70F]
- f. Item 3 indicates the total rehabilitation cost as stated on line C-11 of the Maximum Mortgage Worksheet? [70G/70H]
- g. Item 18 reflects the number of months (not to exceed 6 months) to complete the rehabilitation? [70I/70J]
- h. Document signed and dated by all Mortgagors? [70K]
- i. Document signed and dated by Lender? [70L]

- j. Approved work specifications [first page of completed Draw Request (Form HUD-9746-A)] attached? [70M/70N]
- k. **Notice of Lending (Form R7/5-01)** [72]
- k1. Signed duplicated original attached to Mortgage Loan Agreement? [72A]
- k2. Item (a) accurately reflects the Lender's name and address? [72J]
- k3. Item (b) 1. accurately states all Mortgagor's names and addresses? [72B/72C]
- k4. Item (b) 2. accurately states to whom the advances are being made? [72D]
- k5. The third paragraph in Item (c) indicates the address of the property being financed? [72E/72F]
- k6. Item (d) indicates the closing date? [72G]
- k7. Item (e) accurately indicates the rehabilitation amount as stated in Item 3 of the Mortgage Loan Agreement? [72H/72I]
- k8. Lender's name completed in "Filed by:" field and form dated? [72K]
- k9. Indemnification letter obtained in lieu of the filed Mortgage Loan Agreement and Notice of Lending form? (**Letter must state that the Lender agrees to indemnify SONYMA against any loss or damage that may result from the lack thereof of these filed instruments.**) [72L/72M]

5. Section 22 Affidavit (Form R6/10-09) [71]

- a. Photocopy of form submitted in file? [71A]
- b. County, Mortgagor's name(s), and property address accurately stated in first paragraph? [71B/ 71C]
- c. Loan amount correctly stated above item 1? [71D]
- d. All fees and expenses associated with the transaction are accurately listed in line 1? [71E]
- e. Points accurately stated in line 2? [71F]
- f. The amount in line 3 is the difference between the loan amount and the sum of the line 1 total, line 2 and the net sum available for rehab? [71G/71H]
- g. The net amount available for the renovation is accurately stated? [71I]
- h. Document signed by all Mortgagors? [71J]
- i. Notary Public's proper execution and stamp or seal affixed on document? [71K]

6. Recorded Assignment of Mortgage (Form 202/9-99) [09]

- a1. Signed duplicate original of unrecorded Assignment of Mortgage submitted, if recorded instrument is not available? **Document should not be stamped or typed with: "Copy or certified true copy"**. [10, 10C]
- a2. Original recorded document (if available) and a photocopy submitted? [10A/10B]
- b. Lender's name as Assignor and address specified? [10E]
Note: If Lender is an approved MERS Member (see Seller's Guide Appendix IV) and has named MERS as the nominee on the Mortgage, SONYMA requires the Assignment of Mortgage (Form 202) to be executed and recorded in the appropriate county clerk's office. The Assignment of Mortgage must come from MERS to SONYMA and must be executed by a MERS certifying officer. Please see Appendix IV for more details
- c. Borrower(s) name correctly stated? [10H]
- d. Mortgage date, recording information and amount of loan specified? [10I, 10J/10K]
- e. Property address specified? [10L]
- f. Document dated and executed by an authorized bank representative and witnessed? [10S/10T]
- g. Notary Public's execution and stamp and/or seal affixed? [10V]
- h. County Clerk's recording stamp affixed? [10W]

7. Recorded DPAL Enforcement Note and Mortgage (Form D1/9-09 Rev.) [05M]

- a. Signed duplicate original of unrecorded document and a photocopy of this document submitted? **Document should not be stamped or typed with: "Copy or certified true copy"**. [05N]
- b. The mortgage closing date is correctly specified? [05O]
- c. Property county is correctly stated? [05P]
- d. Borrower(s) name and current address are correctly stated? [05Q]
- e. Mortgagee (Lender) name and address are correctly specified? [05R]
- f. Item 1 reflects correct DPAL Amount (Recapture Obligation)? [05S]
- g. Item 2 reflects full property address? [05T]
- h. Item 4 reflects Lender's name? [05U]
- i. All Borrower(s) executed the document? [05V]

- j. Notary Public's execution and stamp and/or seal affixed? [05W]
- k. County Clerk's recording stamp affixed? [05X]
- l. Property legal description (Schedule "A") matches that of the Title Policy? [05Y]

8. Recorded Assignment of DPAL Enforcement Note and Mortgage (Form 202/9-99) [13M]

- a1. Signed duplicate original of unrecorded Assignment of Mortgage submitted, if recorded instrument is not available? **Document should not be stamped or typed with: "Copy or certified true copy"**. [13N, 13O]
- a2. Original recorded document (if available) and a photocopy submitted? [13P]
- b. Lender's name as Assignor and address specified? [13Q]
- c. Borrower(s) name correctly stated? [13R]
- d. Mortgage date, recording information and amount of loan specified? [13S, 13T]
- e. Property address specified? [13U]
- f. Document dated and executed by an authorized bank representative and witnessed? [13V]
- g. Notary Public's execution and stamp and/or seal affixed? [13W]
- h. County Clerk's recording stamp affixed? [13X]

9. Executed second lienholder's Mortgage and Note from Government subsidized program (other than DPAL), if applicable [12/13]

- a. If a subsidy(ies), other than any DPAL subsidy, is being utilized in this transaction, is photocopy of executed documentation submitted (i.e. Mortgage and Note and award letter), verifying the subsidy provider(s) and subsidy amount(s), and is distribution of funds indicated? [13A/13B, 13K/13L]
- b. Total amount of subsidy(ies) corresponds to amount(s) approved by SONYMA, as stated on the HUD-1? [13H/13I]

10. Mortgage Title Insurance Policy (ALTA Loan Policy 2006) [14]

NOTE: SONYMA will not accept the Short Form Title Policy.

If a Preliminary Title Report or Certificate of Title [15] is being submitted:

- a. Original or photocopy of Preliminary Title Report or Certificate of Title submitted? [15, 15C/15D]
- a1. Title recertified in Borrower(s) name, if preliminary report is dated prior to the closing date? [150]
- b. Insured amount matches amount on Mortgage and Note? [15H]
- c. Date of issue (closing date) accurately stated? [15V/15W]
- d. "State of New York Mortgage Agency" **or** "Lender, its Successors and/or Assigns" specified as insured? [15I/15J]
- e. **Does Schedule A of the policy show the following?** [14V/14W]
- e1. If Mortgage is executed with MERS MOM language, does Sections 1 and 4 on Schedule A state MERS as nominee for the Lender? [14V/14W]
- e2. Mortgagor(s) reflected as having fee simple title to land? [14X]
- e3. Mortgage amount and/or data accurately stated? [15Y]
- f. Is an itemized schedule of all endorsements to be included in the final title policy attached? [15E/15F]
- g. Description of property (Schedule "A") matches that of the Mortgage document? [15L/15M]
- h. Document shows marketable title with no liens, encumbrances, encroachments etc. that may adversely affect SONYMA's security? [MDC 117/118]
- i. Date and amount of DPAL Enforcement Note and Mortgage indicates a second lien position, as applicable? [MDC 160/161]

If the Final Title Insurance Policy [14] is being submitted:

Note: A stamped, duplicate original, with an original signature is acceptable.

- a. Original and a photocopy, evidencing coverage through the rehabilitation completion date submitted? [15A/15B]
- b. Is document validated by an authorized officer and/or agent of the title company? [15K]
- c. Insured amount matches amount on Mortgage and Note? [15H]
- d. Date of issue (closing date or recording date) accurately stated? [15V/15W]
- e. "State of New York Mortgage Agency" **or** "Lender, its Successors and/or Assigns" specified as insured? [15I/15J]
- f. **Does Schedule A of the policy show the following?** [14V/14W]
- f1. If Mortgage is executed with MERS MOM language, does Sections 1 and 4 on Schedule A

- state MERS as nominee for the Lender? [14V/14W]
- f2. Mortgagor(s) reflected as having fee simple title to land? [14X]
- f3. Mortgage amount and/or data accurately stated? [15Y]
- g. Description of property (Schedule "A") matches that of the Mortgage document? [15L/15M]
- h. Are the New York Standard Endorsement [15P], the Environmental Protection Endorsement [15T/15U], Residential Mortgage Endorsement (1-4 Family), and the Waiver of Arbitration Endorsement [MDC 119/120; 121] incorporated into the document?
- i. Is the applicable ALTA Endorsement(s) attached to the title policy (i.e., Condominium Endorsement, if applicable; Planned Unit Development Endorsement if applicable) attached? [MDC 122; 123]
- j. Is the front and back cover pages of the policy citing the conditions and stipulations being submitted? [15Q]
- k. Date and amount of DPAL Enforcement Note and Mortgage indicates a second lien position, as applicable? [MDC 160/161]

Note: SONYMA will accept computerized signatures on any page of the title policy or title report. If a page calls for a counter signature, the page must be signed either by hand or electronically.

11. Reaffirmed Recapture Notification and Mortgagor's Affidavit (Form 211/1-10 or 3-11, as applicable) The form dated 3-11 must be used for all loan reservations made on or after April 1, 2011. [50/51]

- a. Original completed document and a photocopy submitted in file? [51A]
- b. **Part IV - Income Eligibility**
- b1. Total monthly and annual gross income earned is specified in section entitled "At Loan Closing?" [51F/51G]
- b2. Income is within SONYMA income limits in effect as of the loan reservation date? [51D/51E]
- c. Reaffirmation At Title Closing section is complete and executed by all Mortgagor(s) and Guarantor(s) [51B/51C]
- d. Document is not reaffirmed by a Power of Attorney? [51L/51M]

12. Property Seller's Affidavit (#R9/7-00) [73]

Note: This document is not required for foreclosed properties sold by the foreclosing lender or investor.

- a. Original completed document and photocopy being submitted? [73A]
- a1. Applicant(s)/Purchaser(s) name(s) appears in first paragraph? [73B]
- a2. Item 1 is completed? [73C]
- a3. Item 5 reflects the purchase price of the property only? [73I]
- a4. Items 7 and 8 completed? [73D]
- a5. Signed by all property sellers or POA, with a copy of POA submitted (recorded or unrecorded document acceptable)? [73E]
- a6. Notary section fully completed? [73G] (**This document must always be notarized.**)
- a7. Notary stamp and/or seal affixed and notary commission not expired? [73H]

13. Military Veteran's Eligibility Affidavit (Form 243/5-09), if applicable [84]

- a. Original of document submitted if photocopy was accepted by SONYMA at commitment? [840]

14. Interest Rate Option Form (Form D3/8-11) [92]

- a. Original of document submitted if photocopy was accepted by SONYMA at commitment? [920]

15. Down Payment Assistance Loan ("DPAL") Recapture Notification (Form D4/9-09), (if applicable) [861]

- a. Original of document submitted if photocopy was accepted by SONYMA at commitment? [862]

16. Hazard and Flood Insurance Certificate (Form 216/7-10) [20]

Note: This document is not required if Lender has executed a Master Hazard and Flood Insurance Certificate (Form 247).

- a. Original completed document submitted in file? [20A/20B]
- b. SONYMA Loan Number correctly stated?
- c. Closing date correctly stated? [20D]
- d. Borrower(s) name specified? [20E]
- e. Property address correctly stated? [20F]
- f. Bank's representative signature and title affixed? [20G/20H]

17. Uniform Settlement Statement (HUD-1) [19]

- a. Photocopy of Document submitted in file? [19A/19B]
- b. Borrower(s) name specified? [19D]
- c. Property address correctly stated? [19E]
- d. Purchase Price correctly stated and within SONYMA's Purchase Price Limits? [19I/19J]
- e. Loan amount specified? [19F]
- f. Correct points and equivalent monies specified? [19G/19H]
- g. Correct borrower fees collected (not to exceed SONYMA maximum allowable amount)? [19V]
- h. Secondary financing grant/subsidies stated and equal to the amount on the secondary Mortgage/Note? [19M/19N]
- i. Appropriate escrows for taxes, insurance, etc. have been collected? [19Q/19R]
- j. If applicable, is the Down Payment Assistance Loan amount reflected on lines 204-209? [19W]
- k. Executed by all Borrowers and Property Sellers, if applicable? [19S]

18. Uniform Settlement Statement (HUD-1) for DPAL Second Mortgage, if applicable [19]

- a. Photocopy of Document submitted in file? [19A/19B]
- b. Borrower(s) name specified? [19D]
- c. Property address correctly stated? [19E]
- d. Closing costs associated with the second mortgage correctly stated? [19Z]
- e. If applicable, is the Down Payment Assistance Loan amount reflected? [19W]
- f. Executed by all Borrowers? [19S]

19. Satisfactory Completion Certificate (Fannie Mae/Freddie Mac Form), if applicable

[2A0]

- a. SONYMA Loan Number, Borrower(s) name, and Lender's name accurately stated? [2A1]
- b. Original document and photocopy fully completed? [2A2]
- c. Original or computer generated color photographs of completed dwelling submitted? [2A3/2A4]
- d. Form signed and dated by qualified property inspector/appraiser? [2A5/2A6]

20. Loan Funding Certification (Form 229/6-91) [41]

Note: This document is not required if Lender has executed a Master Loan Funding Certification (Form 248).

- a. Original document and photocopy submitted with file? [41K/41L]
- b. Lender's name, SONYMA Loan Number, Borrower(s), property address, and loan closing date accurately stated? [41A/41B]
- c. Is either 1, 2, or 3 checked as required? [41C/41D]
- d. If 2 is checked, did Lender previously provide SONYMA with a Certificate as to Unsecured Credit Agreement (see Seller's Guide)? [41E/41F]
- e. If 3 is checked, are the Warehousing Bank, the Purchase Price (loan amount), and the wire transfer instructions completed and accurately stated? [41G/41H/41I/41J]

Note: If the wire transfer instructions differ from those previously received by SONYMA from the Lender, SONYMA will not purchase the Mortgage Loan until notified under separate cover of the change in writing by the Lender.

- f. Is the document executed by an authorized officer of Lender's institution and if 3 is checked, also executed by an officer of the Warehousing Bank? [41M/41N/41O]

[Current versions of all SONYMA documents may be downloaded from our website (www.nyhomes.org/home/index.asp?page=935).

Submitted by: _____

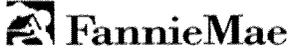
Date: _____

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 **FannieMae**
HomeStyle® Completion Certificate

This form is a model document and may not comply with applicable law in all jurisdictions. Lenders choosing to follow the form should consult with counsel and modify the form to comply with all applicable laws. This Form must be executed by the Borrower, the Contractor, and, if applicable, the Inspector, and must be submitted to the mortgage lender.

Fannie Mae or Lender Loan Number: _____	
Name and Address of Lending Institution: _____	Name and Address of Borrower(s): _____
Address of Improved Property: _____	Loan Product (check one): <input type="checkbox"/> HomeStyle Renovation Mortgage <input type="checkbox"/> HomeStyle Construction-to-Permanent Mortgage <input type="checkbox"/> HomeStyle Energy Loan <input type="checkbox"/> Other: _____
Borrower: (We) certify that: (1) The loan proceeds have been spent only to purchase the property or refinance existing liens on the property, and on eligible property improvements. (2) The property improvements have been completed in accordance with the work estimate. (3) I am satisfied with the work. Signature of Borrower(s) Date: _____ 1. _____ 2. _____	Inspector (if applicable): Summary of On-Site Home Improvement Inspection: Inspector (check one): <input type="checkbox"/> Lender or its agent <input type="checkbox"/> Appraiser <input type="checkbox"/> Architect <input type="checkbox"/> Rehabilitation Consultant <input type="checkbox"/> Energy Rater
Contractor: The undersigned certifies that: (1) The loan proceeds have been spent on eligible property improvements. (2) The property improvements have been completed in accordance with the work estimate. (3) The borrower signed this certificate after the completion of the property improvements. Signature of Contractor Date: _____ _____	The undersigned certifies that: (1) I carefully inspected this property on the date below. (2) The work described above has been completed in accordance with the plans and specifications or other specified documents. (3) I have no personal interest, present, or prospective, in the property, applicant, or proceeds of the loan. Signature of Inspector Date: _____ _____



HomeStyle® Change Order Request

THIS IS A MODEL DOCUMENT FOR USE IN HOMESTYLE LOAN TRANSACTIONS. THIS FORM IS PROVIDED AS AN EXAMPLE AND IS NOT VALID AND ENFORCEABLE IN ALL JURISDICTIONS. LENDERS SHOULD CONSULT WITH LEGAL COUNSEL TO ENSURE THAT ALL FORMS USED TO ORIGINATE CONSTRUCTION-TO-PERMANENT MORTGAGES ARE APPROPRIATE, AND THAT ALL LEGAL INSTRUMENTS ARE COMPLETED CORRECTLY AND IN COMPLIANCE WITH APPLICABLE LAW.

Case Number: _____	Date: _____
Lender Name: _____	
Change Order Request Number: _____	
Borrower Name(s): _____	Phone #1: _____
_____	Phone #2: _____
Subject Property Address: _____ _____	
Contractor Name: _____	
Address: _____ _____	
Point of Contact: _____	
Phone#: _____	Fax#: _____
Alternate#: _____	

Original Contract Cost: \$ _____ Original Completion Date: _____

The Contract Changes are described below. Attach supporting documentation as needed.

- | | | |
|----|--|---------------|
| 1. | | \$ _____ |
| | | <i>(Cost)</i> |
| 2. | | \$ _____ |
| | | <i>(Cost)</i> |
| 3. | | \$ _____ |
| | | <i>(Cost)</i> |

Please list supporting documents: _____ Total Cost: \$ _____

The total cost of the changes listed above is \$ _____. The total cost of the renovation, including the changes described above, is now \$ _____. The date of completion is now estimated to be _____ based on the modifications in the Change Order Request.

Borrower and Contractor agree to the terms stated above:

Borrower: _____ Contractor: _____
 Date: _____ Date: _____

Approved By:	
Lender Name: _____	Title: _____
Date: _____	

SONYMA REMODEL NEW YORK PROGRAM

ATTACHMENT TO SONYMA RESERVATION WORKSHEET AND LOCK CERTIFICATION

LENDER: _____ ORIGINATOR ID #: _____

APPLICANT(S)
LASTNAME: _____ FIRSTNAME: _____

LASTNAME: _____ FIRSTNAME: _____

1) Is the property a one- or two-family home? (Y/N) _____
Note: If property is a three- or four-family, cooperative, or manufactured housing, it does not qualify. One-family includes condos and PUDs.

2) What is the total cost of the rehabilitation? \$ _____
Note: This amount is the sum of the total "hard cost" of the rehabilitation based on signed, accepted estimates and/or construction contracts plus certain "soft" costs associated with the rehabilitation such as consultant, architectural, engineering, inspection, title update and permit fees; administration fee; contingency reserve amount, and mortgage payment reserve amount.

3) Is the purchase price of the property plus the amount on line 2 above within the applicable SONYMA purchase price limits? (Y/N) _____
Note: If no, the loan does not qualify under the Remodel New York Program.

COMPLETED BY: _____

TELEPHONE #: _____ FAX #: _____

FOR SONYMA USE ONLY

Reservation Date: _____ Flip: _____

SONYMA # _____



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**STATE OF NEW YORK MORTGAGE AGENCY
REMODEL NEW YORK PROGRAM
PROPERTY SELLER'S AFFIDAVIT**

PARAGRAPHS 1, 5, 7 AND 8 OF THIS DOCUMENT MUST BE COMPLETED

As an essential part of an application for a mortgage loan (the "Mortgage Loan"), pursuant to the Purchase/ Rehabilitation Program of the State of New York Mortgage Agency, being submitted by _____ (the "Purchaser" whether one or more) to finance the purchase from the undersigned of a residence, which includes real estate and fixtures under New York law, (the "Residence"), the undersigned does hereby depose and say:

1. The Residence is located in the State of New York and is an (check one):

____(A) Existing one dwelling unit residence (including a condominium unit).

____(B) Existing two dwelling unit residence not located in a target area where at least one unit has been occupied as a residence for at least the five years immediately preceding the date hereof, provided, that any unit may have been vacant during such period if the unit was, to the best of my knowledge, from the time previously occupied as a residence, continuously held out for residential use and not occupied for any portion of such period in connection with a commercial or business use.

For purposes of the above, the term "existing residence" means units or dwellings which have been previously occupied or used as a residence.

2. No portion of the Residence is specifically designed for commercial, vacation or recreational use, and any commercial fixtures currently located in the Residence will be removed upon the sale of the Residence.

3. At the time of sale, the Residence was in compliance with all applicable zoning ordinances, health and building codes or other applicable land use or development regulations or laws.

4. All of the land purchased with the Residence maintains the basic livability of the home and will not provide a source of income to the Purchaser. No map which subdivides such land has been recorded. The land does not contain any outbuildings or other structures which are currently used for the production of income.

5. The Acquisition Cost of the Residence is [\$_____]. A true and correct copy of the purchase contract representing the entire transaction for the purchase of the Residence has been provided to the Mortgage Lender.

6. (I/We) have examined copies of all contracts, agreements and understandings to which (I/we) (am/are) a party submitted by Purchaser in connection with his application for a Mortgage Loan relating to the furnishing of any services, (e.g., painting, plastering, landscaping for the Residence), the completion, addition or reequipping of the Residence or the purchase of any other real or personal property in connection with the Residence. The dollar amounts set forth in such contracts are true and correct.

7. The Residence does not contain any unfinished areas that are suitable for completion and I have not removed without replacement any fixtures (other than fixtures for commercial use), except as listed below: (If none, state "None".)

8. The purchase price of the Residence is the same as it would be if the financing had been provided by other than a Mortgage Loan. (State "Yes" or "No".)

9. No part of the proceeds of the Mortgage Loan will be used directly or indirectly to repay any existing loan made to the Purchaser by me or any person acting on my behalf in connection with the Residence, except a construction loan, bridge loan or similar temporary initial financing with an initial term not exceeding 24 months.



10. In connection with the sale of the Residence, neither I nor anyone acting on my behalf (directly or indirectly) has entered into any contract, arrangement or understanding to make any payment to any persons other than as included in the amount completed in item 5 of this affidavit.

THIS DOCUMENT MUST BE EXECUTED BY PROPERTY SELLER AND NOT BE EXECUTED BY ANY PERSON HOLDING A POWER-OF-ATTORNEY.

Execution at Time of Loan Application

Property Seller

Property Seller

ACKNOWLEDGEMENT

STATE OF _____).ss:

COUNTY OF _____)

On the _____ day of _____ in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public
Commission expires:

ACKNOWLEDGEMENT

STATE OF _____).ss:

COUNTY OF _____)

On the _____ day of _____ in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public
Commission expires: