



## MONTHLY LENDER NOTICE

**Dated: January 1, 2010**

**NOTE TO LENDERS:** The purpose of the Monthly Lender Notice is to provide lenders with important program information updates and reminders. Interest rate information is published each week in the Availability of Funds and Notice of Terms Bulletin. A new Monthly Lender Notice will be issued by SONYMA by the first calendar day of each month.

### UPDATES

#### **SONYMA TAX CREDIT ADVANCE LOAN**

Pursuant to our Announcement dated December 9<sup>th</sup>, SONYMA is offering the Tax Credit Advance Loan ("TCAL") effective for homes in contract by April 30, 2010 and closed by June 30, 2010. TCAL gives borrowers the ability to utilize the Federal homebuyer tax credit in the home purchase transaction by advancing the full amount of the credit towards the home purchase. TCAL is an alternative to our Down Payment Assistance Loan (DPAL); the two products may not be combined. The TCAL may be used for down payment and/or closing costs and pre-paid expenses and must be used in conjunction with any available SONYMA loan program. Starting on or after January 1, 2010, we will begin accepting reservations for loans with a Tax Credit Advance Loan (if the applicant opts for this assistance). For more information, please refer to our Lender Announcement posted on our website: <http://www.nyhomes.org/Modules/ShowDocument.aspx?documentid=3868>.

#### **TCALS AND COMBINED LOAN TO VALUE RATIOS (CLTV) EXCEEDING 103%**

For Mortgage Loans where borrowers are also receiving a TCAL, if the combined loan-to-value (loan amount plus TCAL) exceeds 103%, mortgage insurance must be provided by SONYMA's Mortgage Insurance Fund (MIF).

#### **MODIFICATION TO MAXIMUM LOAN TO VALUE FOR THE CONSTRUCTION INCENTIVE PROGRAM**

Effective immediately, the maximum loan to value ratio (LTV) for the Construction Incentive Program's (CIP) is being reduced to 97%.

#### **TRANSITION FROM CLOSING COST ASSISTANCE TO DOWN PAYMENT ASSISTANCE**

Effective for **reservations** made on or after January 1, 2010, SONYMA will no longer be offering its Closing Cost Assistance Loan ("CCAL"). Instead, applicants may opt for our Down Payment Assistance Loan ("DPAL"). The transition to DPAL eliminates the need for lenders to submit documentation requesting SONYMA's approval of the final assistance amount prior to loan closing. The DPAL amount will be reviewed and approved simultaneously with our review of the SONYMA pre-closing (compliance) file. The transition will apply to all SONYMA programs. Please note that SONYMA will continue to honor and process CCALs that were reserved prior to January 1, 2010 in the same manner as in the past. For more information, please refer to our Lender Announcement posted on our website: <http://www.nyhomes.org/Modules/ShowDocument.aspx?documentid=3661>

### REMINDERS

#### **SONYMA LENDER ONLINE SYSTEM**

SONYMA has noticed that there are many duplicate LOL Users listed within several Lender organizations. We would like to remind you that it is the Lender's responsibility to maintain a current list of all LOL Users within your organization. *In particular, individuals who are no longer employed by your company should be immediately removed.*

For more information, please refer to the Lender Online Users Guide at <http://www.nyhomes.org/Modules/ShowDocument.aspx?documentid=1859>

### **SONYMA LENDER ONLINE SYSTEM SECURITY ENHANCEMENTS**

Pursuant to our November 23<sup>rd</sup> letter, SONYMA has made two new enhancements to the Lender OnLine system (LOL). Further, SONYMA has upgraded the security level of the LOL system. As a result of the security upgrade, LOL users will initially be required to create 5 unique challenge questions and answers. This process, coupled with transparent one-time-password technology, creates a second layer of authentication which is more secure than the traditional user name and password. *This "dual authentication" process will go into effect for any LOL User that attempts to login to LOL on or after December 1, 2009.* For more information, please refer to our Lender Announcement posted on our website: <http://www.nyhomes.org/Modules/ShowDocument.aspx?documentid=3791>

### **LOAN OFFICER WEB PAGE**

SONYMA has devised a web page specifically for loan officers. All the tools necessary for a loan officer to originate SONYMA mortgages are located on one comprehensive page. To access this page, click on the following link: <http://www.nyhomes.org/index.aspx?page=779>

### **MORTGAGE CREDIT CERTIFICATES**

#### **FUNDS REMAIN FOR TARGET AREA RESERVATIONS**

SONYMA has fully exhausted the MCC funds for non-target areas and will no longer accept MCC reservations for non-target area properties. Only target area MCC reservations will be accepted. Going forward, any reservations for non-target areas or loans reserved as target, but turn out to be non-target will be rejected. On a [weekly](#) basis, SONYMA will post on Lender Online, the amount of remaining MCC funds for target areas. For more information on target areas and how to determine if a property is located in a target area, please click on <http://www.nyhomes.org/index.aspx?page=270>.

#### **NOTIFICATION TO SONYMA OF CANCELLED OR LENDER REJECTED MCC APPLICATIONS**

In order for SONYMA to get a clearer picture of our *active* pipeline, we urge lenders to review your pipeline of MCC applications and advise us of any loans that will not qualify for an MCC or have been cancelled or withdrawn. To do so, lenders must submit [MCC Reservation Cancellation Form \(M3/9-09\)](#), with the appropriate documentation attached. Fax the required documentation to the number indicated at the top of the document.

***Note: There is no penalty if the MCC reservation is cancelled or denied.***

**NOTE: Homebuyers will not be eligible for an MCC if their loan closes prior to SONYMA's approval of the pre-closing loan file.**

### **SUBMISSION OF COLOR PHOTOGRAPHS WITH PROPERTY APPRAISALS**

SONYMA's pool insurer requires that the appraisal report include color copies of photographs of the subject property and of the comparable sales. ***Effective November 1, 2009, loans will be suspended by the pool insurer if the appraisal report does not include color copies of the photographs.*** The color photographs should be e-mailed to Genworth Mortgage Insurance Corporation ([branch.albany@genworth.com](mailto:branch.albany@genworth.com)). Please include the SONYMA # and borrower's name in subject line of the e-mail.

### **REMINDER REGARDING MINIMUM NUMBER OF CREDIT REFERENCES**

SONYMA requires applicants to have a minimum number of credit references. Specifically, applicants must have at least 3 lines of credit (trade lines) established for a minimum period of 18 months prior to the mortgage loan application date. If not, the loan must be manually underwritten. Alternative or non-traditional credit references that require regular periodic payments such as rent or utilities may be verified and included in the manual underwriting submission. Please be reminded that, the payment and debt ratios for manually underwritten loans (LTV's of 97% or less) are 40%/45%.

Since many questions have emerged regarding our policy regarding the minimum number of credit references, attached to this notice are FAQ's to assist lenders in applying the new policy.

## **RECENT PROGRAM CHANGES**

### **MODIFICATION TO LOCK-IN FEE COLLECTION POLICY**

To assist lenders in complying with the Mortgage Disclosure Improvement Act of 2008 ("MDIA"), effective July 30, 2009, SONYMA has relaxed its requirement that participating lenders must collect a 1% lock-in fee at time of loan reservation. Lenders have a grace period of fourteen calendar days from the reservation date to notify SONYMA of a cancellation or rejection of the initial reservation. Otherwise, the lender is liable to SONYMA for the lock-in fee. Please refer to the July 28, 2009 Lender Announcement posted on our website: <http://www.nyhomes.org/Modules/ShowDocument.aspx?documentid=3297>.

### **ACCEPTANCE OF BINDERS FOR LOAN RESERVATIONS**

Lenders may reserve loans with a fully executed binder in lieu of a formal sales contract. Lenders are reminded, however, that if the final sales contract does not get negotiated, it will have to submit a Request for Lock-in Fee Waiver (Form 244/5-08). SONYMA will require the final sales contract to be included in the Pre-Closing Application Loan File submitted to SONYMA.

### **MODIFICATION TO HOUSEHOLD INCOME DEFINITION**

SONYMA has *revised its Household Income definition*. When calculating an applicant's compliance income, lenders must include the income of all persons expecting to occupy the mortgaged premises, aged **18** or older, who earn an income, regardless of whether they sign the mortgage documents. If a household member is a full-time student, SONYMA will only count earned income up to a maximum of \$480 per year. This change applies to all SONYMA programs including MCCs. Note that the previous age requirement was 21.

### **MODIFICATION TO FIRST-TIME HOMEBUYER DEFINITION**

SONYMA has *revised its First-Time Homebuyer requirement*. Previously, SONYMA required that if any household member (including those who were not a party to the mortgage transaction) had an ownership interest in his/her primary residence within the last three (3) years, the borrower was not eligible for a SONYMA loan. SONYMA's current policy requires that only the borrower and co-borrowers (or anyone holding title) must meet this definition; other household members are excluded. Note that all other first-time homebuyer requirements still apply, as noted in the Seller's Guide, Section 2.301.

**Note:** All Household members age 18 or older must still meet the income limit eligibility requirements.

### **MORTGAGE INSURANCE AND POOL INSURANCE COMMITMENT PERIODS**

Both Genworth and SONYMA's Mortgage Insurance Fund ("MIF") issue insurance commitments for a 6-month period, starting from the day the loan is approved for mortgage insurance and pool insurance. As a reminder, loans not closing within the 6 month commitment period **will** require a second review by Genworth or MIF, as applicable, to ensure the loan application remains a good credit risk. As such, Genworth or MIF, at its discretion, will require updated credit documentation (paystubs, credit report, bank statements) and an appraisal update with recent comparable sales or a reappraisal of the property to make this determination. However, if values have declined since the original appraisal or if the original appraisal is older than 12 months, then a new standard appraisal (i.e., Fannie Form 1004 or Freddie Form 70) will be required.

Most lenders update credit documents and appraisals prior to closing. In the event these updates indicate the borrower's credit, income, or asset position has changed to the point where the borrower's ability to repay or close on the requested loan amount is impacted, or the value of the property has declined, the updates must be forwarded to the mortgage insurer that underwrote the loan.

## **SUBMISSION OF CREDIT DOCUMENTATION AND APPRAISALS FOR PMI/POOL INSURANCE UNDERWRITING**

Lenders are reminded that credit documents (paystubs, credit report, bank statements) must be dated within 90 days of the date that a file is submitted for PMI/pool insurance consideration. ***Additionally, until further notice, property appraisals must be dated within four (4) months of the date the file is submitted for review.***

## **INQUIRIES REGARDING LOAN DECISIONS**

Lenders are advised not to refer applicants to call Genworth, SONYMA, or the MIF regarding loan decisions. All dialogue should be between the SONYMA lender, and Genworth or SONYMA/MIF.

## **CLOSING INTEREST RATE CALCULATOR**

Lenders are reminded that the [Closing Interest Rate Calculator](#) is the only source available to assist lenders in determining closing interest rates for SONYMA loans. A revised calculator will be published each Friday morning.

## **INCREASED PAYMENT AND DEBT RATIOS FOR MANUALLY UNDERWRITTEN LOANS**

To offset the increased difficulty in getting standard approval recommendations from the automated underwriting systems (AUS) of Fannie Mae or Freddie Mac, SONYMA has increased to 40% and 45%, respectively, the maximum payment-to-income and debt-to-income ratios for LTVs up to 97% on manually underwritten loans.

Given the current limitations of the AUS, more emphasis is now being placed on manually underwritten loans. If lenders cannot get a standard approval recommendation from an AUS [or EA-1 or A-Minus (Level 1) with certain restrictions], the loan may still be approved using SONYMA's manual underwriting guidelines. To access these guidelines, link to [SONYMA Credit and Property Underwriting Notes](#).

## **SUBMISSION OF CCAL REQUESTS FOR DISBURSEMENT**

Requests for SONYMA Closing Cost Assistance Loan (CCAL) approval must be submitted at least three (3) business days prior to the mortgage loan closing. Please complete and submit the CCAL Loan Request for Disbursement Form (C6/10-08), along with the completed CCAL Calculation Worksheet and the required supporting documentation.

## **SPECIAL OFFER TO PURCHASERS OF NEW YORK ENERGY STAR® LABELED HOMES**

SONYMA offers a special rate incentive for purchasers of a new construction New York ENERGY STAR® Labeled home. Eligible borrowers will receive an interest rate that is 0.50% lower than the rates SONYMA currently offers for loans with closing cost assistance (the rate depends on the SONYMA program selected by the applicant). For more information, please see [Seller's Guide Bulletin #4-2008](#). Please note that if the applicant opts not to use a CCAL under this program, no additional rate benefit, other than as stated in this paragraph, will be given.

## **SONYMA RELATIONSHIP MANAGERS**

Please contact one of SONYMA's Relationship Managers if you need assistance with training on products, policies, and procedures. Please feel free to contact them using the following information:

Downstate (Albany and South)	Gail Kresge	212-872-0399 Office 917-576-8250 Cell <a href="mailto:gkresge@nyhomes.org">gkresge@nyhomes.org</a> (Best Option)
Upstate (North and West of Albany)	Lynn Morris	917-613-1465 Cell <a href="mailto:lmorris@nyhomes.org">lmorris@nyhomes.org</a>

## **MISCELLANEOUS INFORMATION**

### **RESERVATION/RATE LOCK-IN REQUESTS; USE OF LENDER ONLINE**

Lenders may reserve loans via our internet-based Lender Online ("LOL") system. **SONYMA strongly recommends all Lenders use LOL to reserve loans.** Unless you have received authorization from SONYMA to reserve loans on LOL, lenders are advised that the Loan Reservation Worksheet and Lock Certification (Form 238/5-08) must be submitted for all loans. As a reminder, if you have not yet been assigned a logon ID and password to allow you to

access LOL, please contact your SONYMA Primary Contact. If you do not know whom to contact, please call Paula Campbell at 212-872-0427 or e-mail her at [pcampbell@nyhomes.org](mailto:pcampbell@nyhomes.org). LOL Administrators - note that when reserving loans on LOL, a Contact Person, Loan Officer and Loan Processor must be assigned to the loan; otherwise, the reservation will not be accepted. Please remember to set up a Contact Person, Loan Officer and Loan Processor for each branch office listed on LOL.

**REMINDER:** Every loan reservation sent via fax to SONYMA must be accompanied by the completed CCAL Interest Rate Option Form (Form #C9/10-08). For loans reserved on LOL, this form must be submitted in the loan file. NO EXCEPTIONS WILL BE MADE TO THIS POLICY. Lenders may send Form 238 either by mail or by fax. Faxes should be sent to (917) 274-0406.

Lenders must be in receipt of a fully executed binder or sales contract, prior to accepting a loan application and registering the loan with SONYMA. Any applications taken without such verification must not be reserved. Reservations made without the proper documentation will be subject to a rate change and possible lender penalty. Reminder: Lenders locking new construction loans as short term are advised that lender paid penalties may result, should the loans close beyond the initial lock term.

### **GENWORTH MORTGAGE INSURANCE CORPORATION'S JOB LOSS PROTECTION PRODUCT**

Lenders are reminded that SONYMA borrowers obtaining PMI from Genworth Mortgage Insurance Corporation are eligible for Genworth's Job Loss Protection product. At no additional cost to borrowers or lenders, this Job Loss Protection product offers protection from temporary unemployment. If borrowers become involuntarily unemployed, their mortgage payments will be covered (a maximum of \$2,000 a month for up to 6 months). For more information, please see our website (<http://www.nyhomes.org/index.aspx?page=309org>).

### **REMINDER TO NON-SERVICING LENDERS – TIMELY SUBMISSION OF REQUIRED LOAN FILE TO SONYMA'S MASTER SERVICER**

Lenders who do not service loans for SONYMA are reminded of their obligations to transfer servicing of loans to SONYMA's master servicer, M&T Bank ("M&T"), in accordance with previously agreed to procedures. [Click here to review the procedures](#). Each lender has represented to SONYMA that it will transfer the servicing of each loan to M&T within 5 business days of the loan closing date. Lenders must advise borrowers at closing that M&T will be servicing their loan. Lenders may not process any servicing transactions prior to transfer and any mortgage payments received are to be sent to M&T for processing. *Failure to do so may result in SONYMA suspending your company from taking new loan applications.*

### **SONYMA PRE-CLOSING FILE REVIEW**

SONYMA's review time for loan application files is approximately **24 to 48** hours from receipt of the loan file. *Lenders could help us improve our turnaround time by ensuring that all documents are submitted in the manner described on the Pre-Closing Application File Checklist (Form 225/10-08).* Files submitted with missing or incomplete documents require us to perform multiple reviews of the same file and slows our response time in reviewing newly submitted loans. Additionally, if your loan file is suspended for deficient or further documentation, please submit any corrective or trailing documents at one time.

### **COMMITMENT EXTENSION REQUESTS**

Requests for an extension of the commitment, accompanied by appropriate supporting documentation, must be made by completing and submitting the Commitment Extension Request Form (Form 235/5-08) to the attention of Sylvia Roberts, SONYMA Team Leader. SONYMA, at its sole discretion, will determine if the extension request is valid and may assess penalties to the lender as described on the form. Upon the commitment being extended, the initial interest rate field on Lender Online will display "TBD".

**REMINDER:** When SONYMA extends a commitment, it is extending the time period to close a loan. It is NOT extending the interest rate.

If the extension is granted, the loan must close at the rate stated in the [Closing Interest Rate Calculator](#). Loans requiring extensions, depending on when reserved, may close at a substantially higher rate than initially locked.

Before closing any loan that has been extended by SONYMA, lenders must ensure that the higher interest rate is acceptable to any mortgage insurer and the Pool Insurer (Genworth Mortgage Insurance or SONYMA Mortgage Insurance Fund). In addition, please note that an extension from SONYMA does not imply an extension of the pool insurance commitment. Please see below.

<p><b>POOL INSURANCE:</b></p> <p><b><i>Low Interest Rate and Achieving the Dream Programs</i></b></p>	<p>All loans reserved under the Low Interest Rate and Achieving the Dream Programs will be underwritten by Genworth Mortgage Insurance Corporation for mortgage pool insurance. Files should be sent to: Genworth Mortgage Insurance Corporation, Attn: Central Imaging, 6601 Six Forks Road, Raleigh, NC 27615.</p>
<p><b><i>Construction Incentive, Remodel NY, Habitat for Humanity, and Section 8 Programs</i></b></p>	<p>All credit underwriting packages for loans reserved under the Construction Incentive, Remodel New York, Section 8 Voucher Homeownership, and Habitat for Humanity Mortgage Programs must be sent to the MIF for pool insurance underwriting. The MIF's address is 641 Lexington Avenue, 5<sup>th</sup> Floor, New York, NY 10022, Attention: Mike Esposito.</p>
<p><b><i>Rate Changes; Lapse of Coverage</i></b></p>	<p>If SONYMA approves an extension of the mortgage commitment, Lenders are responsible for notifying the Pool Insurer and the appropriate PMI Insurer, if applicable, of changes in interest rates prior to closing. AN INCREASE IN THE INTEREST RATE MAY RESULT IN A REJECTION OF THE LOAN BY THE POOL INSURER. Lenders are also responsible for ensuring that coverage from such insurer has not lapsed.</p>
<p><b>SONYMA COMPLIANCE REVIEW:</b></p>	<p>Lenders should be prepared to forward a fully processed loan application package to the SONYMA Originations Department at 641 Lexington Avenue, New York, NY 10022 <b>within 45 days of application</b>. Loans not received in that time frame will be identified via our loan tracking system as inactive and may be subject to cancellation or penalty.</p>
<p><b>LOAN PURCHASE PROCEDURE:</b></p>	<p>SONYMA will purchase approved post-closing loans on Thursdays. If Thursday is an Agency holiday, the loans will be purchased on Friday. Lenders will be advised by e-mail when each closed loan document file has been approved for purchase. The mortgage loan will be purchased on the next scheduled purchase date. All loans will be purchased under the Homeowners Mortgage Revenue Bond (HMB) Indenture.</p>
<p><b>SONYMA CONTACT HOURS:</b></p>	<p>SONYMA Loan Analysts will accept phone calls between the hours of 10:00 A.M. to 12:00 P.M. and 2:30 P.M. to 4:00 P.M. only. Keep in mind that Lenders can get up-to-date loan status information by accessing Lender Online as discussed above or can call <b>Lou Germanakos at 212-872-0407</b>.</p>
<p><b>SONYMA HOLIDAYS:</b></p>	<p>SONYMA will be closing at 3PM on December 31, 2009 and will be closed on Friday, January 1, 2010 in observance of New Year's Day and Monday, January 18, 2010 in observance of Martin Luther King Day.</p>

## FREQUENTLY ASKED QUESTIONS REGARDING MINIMUM CREDIT REFERENCES

**1) Must a revolving trade line on a traditional credit report be currently “active” in order to be counted?**

No. The revolving trade line must have been “open” for a period of 18 months prior to the date of application. A revolving account that has been open for 18 months *but never used*, however, *would not be eligible*.

**2) Can a paid-off installment loan be counted as an eligible credit reference?**

Yes.

**3) In the case of a joint application, must BOTH the Borrower and the Co-Borrower meet the requirement?**

No. Only the “primary” borrower (the applicant with the most income) must meet the requirement.

**4) Does a revolving account that was opened more than 18 months prior to loan application but now appears “closed” qualify?**

Yes, as long as the account was used.

**5) If a borrower has only 1 or 2 eligible credit references on his/her traditional credit report, can non-traditional credit references be used to meet the minimum requirement?**

Yes. Any combination of traditional and non-traditional credit may be used to meet the 3 credit reference minimum. If, however, the traditional credit report does not include at least 3 eligible trade lines, the LP or DU decision is not valid and the loan must be manually underwritten.

**6) A borrower has the required number of traditional credit references, meets SONYMA credit underwriting requirements, yet the loan does not receive a standard approval through automated underwriting. May the loan be submitted as a manual underwrite?**

Yes. If the loan meets SONYMA credit underwriting requirements, you may disregard the LP/DU credit decision and submit the loan as a manual underwrite.

**7) When verifying rental payments, is a standard VOR form acceptable documentation?**

A standard VOR is acceptable only if the landlord is a management company. When the landlord is an individual, borrowers must provide either 12 consecutive months of cancelled checks or 12 consecutive monthly bank statements reflecting the clearing of rental payments.

**8) Under what circumstances can a qualified Guarantor be added to the loan?**

If a borrower does not have the minimum number of credit references but otherwise meets SONYMA credit underwriting guidelines, a qualified Guarantor with an acceptable credit history may be added to the loan to provide additional security. The Guarantor’s income MAY NOT be used for qualifying purposes. The Guarantor must be a blood relative and may not be a spouse. Lenders must submit a complete credit package on the Guarantor (i.e. 1003, credit report, income verification). The Guarantor will sign the Note at loan closing and is required to sign the Mortgagor’s Affidavit at both application and loan closing.