



# State of New York Mortgage Agency

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May 12, 2010

**RE: Homebuyer Tax Credit Loan Submission Deadlines  
SONYMA Mortgage Program Reminders**

Dear Participating Lender:

With the Federal homebuyer tax credit deadline quickly approaching, the entire mortgage industry is under enormous pressure to commit loans and close them by June 30, 2010. The State of New York Mortgage Agency (“SONYMA”) is committed to assisting its participating lenders and their borrowers in meeting this deadline. We are therefore implementing a policy on the submission of loan files to ensure the most streamlined and efficient loan review process. This letter also serves to re-state SONYMA’s policy regarding all mortgage loans reserved with a Tax Credit Advance Loan (TCAL).

**Submission Date Cutoff for Loans Subject to the Homebuyer Tax Credit**

To ensure ample time for SONYMA to review and approve loan files that are eligible for the Federal tax credit, and to provide lenders with sufficient time to close loans by June 30th, SONYMA has established the following policy:

- Pre-closing (IRS compliance) files must be submitted to SONYMA no later than Friday, June 4th; and
- Any trailing documentation required to fully commit a loan must be submitted by no later than Tuesday, June 15.

Files and documents received after these dates will be given our best efforts to accommodate for the June 30th close, but SONYMA makes no representations or guarantees that any loan it receives will close by June 30th. Lenders are responsible for ensuring that loans subject to the Federal tax credit are closed by June 30th.

**Loan Applications with a TCAL**

As a reminder, all SONYMA loan applicants who have opted for a TCAL must have been in contract as of April 30, 2010 and must be closed by June 30, 2010. SONYMA will not fund any TCAL that does not meet these requirements. To ensure that TCAL pre-closing (IRS compliance) loan files are approved by SONYMA in order to meet the June 30<sup>th</sup> closing deadline, lenders must submit the complete pre-closing file to SONYMA in conformance with the dates set forth above. For more information on closing TCALs, please refer our [Lender Letter dated December 9, 2010](#).

## **Summary of Common Errors on Pre-Closing (IRS Compliance) Files Submitted to SONYMA**

Lenders are required to submit complete and accurate pre-closing compliance files to SONYMA in order to ensure that loans can be reviewed and approved in an expeditious manner. To date, lenders continue to submit loan files that are incomplete (missing documentation) or where documents are incorrectly completed. With the high volume of reservations that we have experienced in the past few months, and with the Federal homebuyer tax credit looming, we would like to minimize these issues. Please note that it is important that all the items listed on our [Pre-Closing Application File Checklist \(Form 225/12-09\)](#) are completed correctly before a compliance file is submitted to SONYMA. Lenders must also ensure that all documents are placed in the same stacking order as the documents are listed on Form 225. To assist lenders in proper file submission, we have identified below the most common loan submission deficiencies/ errors:

### **1. Recapture Notification and Mortgagor's Affidavit (Form 211/1-10)**

Pages 1-9 must be fully completed. Detailed examples on how to complete this document can be found on our website at the following link:

<http://www.nyhomes.org/Modules/ShowDocument.aspx?documentid=3861>

- a. Lenders name, Mortgagor's name and Property Seller's name is incomplete at the top of page 1.
- b. Total number of persons expected to occupy the Residence is incomplete or incorrect on page 1. (This number should be consistent with the number of Mortgagors and dependents stated on the 1003.)
- c. All Mortgagors' names are not stated on the top of page 2.
- d. Section 2 on page 2 is incomplete.
- e. Sections 9(A), 9(B), or 9(C) are incomplete.
- f. Purchase Price is omitted from page 6, line 1. [If there are any down payment subsidies, including any DPAL or TCAL, this amount should be the net purchase price (contract price less the total of all down payment subsidies)].
- g. Cooperative pro-rata share of the underlying mortgage is omitted from page 6, line 1a.
- h. Amount of down payment subsidy, including any DPAL or TCAL, is omitted from page 6, line 2.
- i. Total acquisition cost is left blank on page 6, line 7.
- j. Execution at Time of Loan Application on page 9 is not signed by all applicants.
- k. Notary Section on page 9 is incomplete.

### **2. Pay Stubs**

- a. Computer-generated pay stubs or Verifications of Employment for all household members, age 18 and over, are omitted from the file.

### **3. Residential Loan Application**

- a. Copy of fully executed 1003 is omitted.
- b. DPAL/TCAL amount is not listed in Details of Transactions section.
- c. Manner in which title to be held section is left blank. (All persons on title must be named and must execute, as required, the SONYMA compliance documents.)

**4. Federal Income Tax Returns**

- a. Copies of tax returns provided are not signed by all borrower(s).
- b. Schedules are omitted.
- c. Deductions for real estate taxes/home mortgage interest on Schedule A are not addressed by lender/borrower(s).
- d. Business use of home exceeds 15%.

**5. FEMA Standard Flood Hazard Determination**

- a. Copy of the Flood Certification is not submitted with the loan file.

**6. Appraisal Report**

- a. Copy of report is omitted from the file.
- b. Photos of subject property are unclear or omitted from the file.
- c. Pro-rata share information is missing from report when property is a Coop.

**7. Interest Rate Option Form (Form D3/9-09)**

- a. Original/copy of document is omitted from the file.
- b. Interest rate/lock-in period section is left blank.

**8. Sales Contract**

- a. Copy of fully executed sales contract is omitted from the file.

**9. SONYMA Loan Transmittal Form (Form 213/8-09)**

- a. Document is omitted from the file.

To improve the pre-closing loan file review turnaround time, SONYMA encourages lenders to submit pre-closing compliance files to SONYMA for review simultaneously when submitting files for Pool/PMI insurance approval. This will enable SONYMA to perform its compliance review and allow lenders time to address compliance issues concurrently with Genworth/MIF.

SONYMA's overall goal is to reduce the timeframe from lender submission to final SONYMA approval. We feel confident that by continuing to work with our lending partners to address hindrances to prompt loan turnaround time, we can ensure an excellent financing experience for our borrowers. If you have any questions, please feel free to contact me at 212.872.0616 or amancusi@nyhomes.org.

Sincerely,



Anthony J. Mancusi  
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