

# STATE OF NEW YORK MORTGAGE AGENCY LOW INTEREST RATE MORTGAGE PROGRAM

## SELLER'S GUIDE

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## TABLE OF EXHIBITS

<u>Exhibits</u>	<u>Description</u>	<u>SONYMA Form #</u>
A	Income and Purchase Price Limits Table	
B	List of Mortgage Pool Insurers	
C	Application Loan File Checklist	225/9-02
D	* Mortgage Loan Eligibility Form	212/4-99
E	* Loan Verification Form	213/10-98
F	Seller's Annual Certification	240/12-00
G	Recapture Notification and Mortgagor's Affidavit	211/4-99
H	Property Seller's Affidavit	210/4-99
I	Exhibit Deleted	
J	Property Usage Affidavit	242/9-02
K	Manufactured HomeOwner Eligibility Affidavit	217/12-00
L	Loan Reservation Worksheet and Rate Certification	238/12-00
M	Reservation Cancellation Form	228/7-97
N	Closed Loan Document Checklist	223/9-02
O	Computer Produced and/or Third Party Printed Documents Indemnification Form	239/12-00
P	Exhibit Deleted	
Q	Assignment of Mortgage	202/9-99
R	Exhibit Deleted	
S	Hazard and Flood Insurance Certificate	216/12-00
T	Satisfactory Completion Certificate	208/12-00
U	Closed Cooperative Share Loan Document Checklist	224/9-02
V	Exhibit Deleted	
W	Cooperative Loan Note	Coop Exhibit 2/4-99
X	Security Agreement	Coop Exhibit 8/4-99

<u>Exhibits</u>	<u>Description</u>	<u>SONYMA Form #</u>
Y	Acceptance of Assignment and Assumption of Lease	Coop Exhibit 3/4-99
Z	Assignment of Lease to Lender	Coop Exhibit 4/4-99
AA	Assignment of Loan	Coop Exhibit 5/4-99
BB	Stock Power	Coop Exhibit 9/4-99
CC	Exhibit Deleted	
DD	No Lien Affidavit	Coop Exhibit 7/4-99
EE	Loan Funding Certification	229/6-91
FF	SONYMA Rider to Fannie Mae/Freddie Mac Mortgage	230/12-00
GG	SONYMA Rider to Fannie Mae/Freddie Mac Note (for SONYMA Split Interest Rate Loans - 4 Year)	236/12-00
HH	Exhibit Deleted	
II	Rider to SONYMA Cooperative Share Loan Note (for Split Interest Rate Cooperative Share Loans - 4 Year)	Coop Exhibit 12/7-94
JJ	Exhibit Deleted	
KK	Exhibit Deleted	
LL	Request for Lock-in Fee Waiver	234/12-00
MM	Commitment Extension Request Form	235/12-00

Note: All of the above Exhibits may be photocopied from SONYMA produced camera-ready forms except for asterisks (\*).

**STATE OF NEW YORK MORTGAGE AGENCY  
LOW INTEREST RATE MORTGAGE PROGRAM**

**SELLER'S GUIDE**

**PART I - GENERAL**

**SECTION 1.1 - DEFINITIONS.**

- (a) **Application** The Participation Application from Seller in which Seller seeks approval to participate in the Low Interest Rate Mortgage Program.
- (b) **Application Fee** The payment made by a Seller to the Agency, in the amount set forth in the Application, as consideration for the Agency's review of the Application.
- (c) **Automated Underwriting System** Fannie Mae's Desktop Underwriter® or Freddie Mac's Loan Prospector®. Only Fannie Mae's Desktop Underwriter® and Freddie Mac's Loan Prospector® shall be considered an Automated Underwriting System for purposes of this definition.
- (d) **Availability of Funds and Notice of Terms Bulletin** Periodic notice to participating Sellers announcing the availability of funds for Mortgage Loans, the applicable interest rate, the time frame of fund availability, and any other requirements specifically applicable to Mortgage Loans financed with such funds.
- (e) **Bonds** Obligations issued by SONYMA to finance Mortgage Loans.
- (f) **Certificate as to Unsecured Credit Agreement** Certification from a financial institution with which Seller has entered into an unsecured credit agreement or other agreement relating to Mortgage Loans. The Certificate as to Unsecured Credit Agreement shall be submitted by Seller with the Application.
- (g) **Closing Date** The date, with respect to any Mortgage Loan sold or offered for sale to SONYMA by Seller under the Mortgage Purchase Agreement, on which a Mortgage Loan was closed.
- (h) **Closing Documents** The documents which Seller must provide to SONYMA as a condition precedent to SONYMA's purchase of a Mortgage Loan. With respect to Single Family Dwellings (other than cooperative share loans), Two-Family Dwellings, and Three- or Four-Family Dwellings, Seller must provide all documents listed in Section 2.710(d)(i) of this Seller's Guide. With respect to cooperative share loans, Seller must provide all documents listed in Section 2.710(e)(i) of this Seller's Guide.
- (i) **Delivery Date** With respect to any Mortgage Loan sold to SONYMA by Seller under the Mortgage Purchase Agreement and as set forth in Section 2.710 of this Seller's Guide, the date by which all documents and instruments required under this Seller's Guide are to be delivered by Seller to SONYMA in connection with the sale of the Mortgage Loan.
- (j) **Eligible Property** A building located in the State of New York which is an existing Single Family Dwelling, existing Two-Family Dwelling, existing Three- or Four-Family Dwelling, newly constructed Single Family Dwelling, or newly constructed Two-Family Dwelling located in a Targeted Area, including the land appurtenant thereto, as limited by Section 2.402(f) or condominium interest or cooperative share interest therein, to be used as the principal residence of the Mortgagor. A building or unit shall not qualify as an Eligible Property if all or any portion is used or intended for non-residential purposes or as a vacation home.
- (k) **Escrows** Payments required to be made under the terms of a Mortgage Loan by

Mortgagor and to be paid into Mortgagor's escrow account to cover expenses, which shall include but not be limited to, all taxes and special assessments, as well as hazard and flood insurance premiums, and mortgage insurance premiums.

- (l) **Existing Housing** Any Single Family Dwelling, Two-Family Dwelling or Three- or Four-Family Dwelling which has previously been occupied or used for residential purposes.
- (m) **Fannie Mae** Fannie Mae.
- (n) **FHA** Federal Housing Administration.
- (o) **Freddie Mac** Federal Home Loan Mortgage Corporation or Freddie Mac.
- (p) **Guarantor** The person or persons, having no title to or interest in an Eligible Property and thus unable to sign the mortgage instrument, who sign and thereby become personally liable for repayment of the note.
- (q) **Loan Funding Certification** The certification by Seller to be submitted with the Closing Documents regarding the source of funding of the Mortgage Loan.
- (r) **Lock-in Date** The date on which Seller locks in an interest rate with SONYMA in conformance with the requirements set forth in Section 2.201 of this Seller's Guide.
- (s) **Lock-in Fee** One percent of the amount of the Mortgage Loan, which shall be paid by the Seller from any combination of the property seller or Mortgagor. The Lock-in Fee is the property of SONYMA as of the Lock-in Date and will not be waived or returned without the consent of SONYMA. On the Lock-in Date, Seller shall certify to SONYMA pursuant to the Loan Reservation Worksheet and Rate Certification (Form 238; Exhibit L) that it is obligated, as of said date, to remit to SONYMA the Lock-in Fee.  
  
Section of 2.106 of this Seller's Guide sets forth how the Lock-in Fee will be collected and in what cases it may be forfeited by Seller or waived by SONYMA.
- (t) **Long-Term Lock-in** Type of interest rate lock which must be used for Eligible Properties that Seller expects cannot be closed within the timeframes of a Short-Term Lock-in (i.e., properties under construction or rehabilitation as of the Residential Loan Application Date). In no event may a Long-Term Lock-in be used for Existing Housing.
- (u) **Low Interest Rate Mortgage Program** The residential mortgage loan purchase program financed by the Bonds, formerly known as the Forward Commitment Program, and also herein referred to as the "Program", and any other programs which may be offered from time to time and financed by the Bonds.
- (v) **MERS®** Mortgage Electronic Registration Systems, Inc.
- (w) **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 or with respect to a cooperative unit, secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises, 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.

- (x) **Mortgage Purchase Agreement** The agreement between SONYMA and each Seller of Mortgage Loans to SONYMA that sets forth the general terms of such sale to SONYMA and incorporates the terms of the Application, as modified or supplemented by the Availability of Funds and Notice of Terms Bulletins and this Seller's Guide.
- (y) **Mortgagor** The person or persons who shall hold title to the Eligible Property and who will execute or have executed the mortgage instrument securing a Mortgage Loan, each of whom shall be natural persons.
- (z) **Newly Constructed Housing** Single Family Dwellings, and Two-Family Dwellings located in a Targeted Area, that have not been previously occupied or used for residential purposes.
- (aa) **Origination Fee** One and three-quarters percent (1.75%) of the amount of the Mortgage Loan, (which is all of the discount points as set forth in Section 2.202 of this Seller's Guide), which Seller receives to originate Mortgage Loans for sale to SONYMA. Seller will collect one percent (1%) on the Lock-in Date (as the Lock-in Fee) and the remaining three-quarters of one percent (0.75%) on the Closing Date. SONYMA may assess penalties in accordance with Sections 2.201(d) and 2.710(f) of this Seller's Guide which will reduce the amount of the Origination Fee. The Origination Fee is subject to change at SONYMA's discretion.
- (bb) **Participation Acceptance Notice** The Participation Acceptance Notice from SONYMA to Seller which entitles Seller to participate in the Low Interest Rate Mortgage Program.
- (cc) **Pool Insurer** The issuer or issuers designated by SONYMA of the mortgage pool insurance policy or policies related to the Mortgage Loans.
- (dd) **PMI** (i) A primary mortgage insurer licensed to do business in the State and qualified to provide insurance on mortgage loans purchased by Freddie Mac or any successor federal agency or corporation, or (ii) the State of New York Mortgage Agency Mortgage Insurance Fund (MIF). The claims-paying ability of the PMI at the time of issuance of any primary mortgage insurance for a Mortgage Loan shall be rated Aa or the equivalent by Moody's Investors Service and/or Standard and Poor's Corporation.
- (ee) **Purchase Date** The date upon which payment is made to Seller by SONYMA with respect to any Mortgage Loan sold to SONYMA by Seller under the Mortgage Purchase Agreement.
- (ff) **Reservation** The request by a Seller, pursuant to Section 2.6 of this Seller's Guide, to set aside funds for a specific Mortgage Loan which is being processed by Seller under a SONYMA program available pursuant to the Availability of Funds and Notice of Terms Bulletin.
- (gg) **Reservation Date** The date funds for a specific Mortgage Loan are reserved.
- (hh) **Residential Loan Application Date** The initial date on which a Mortgagor applies for a Mortgage Loan as defined by the Federal Reserve Board, the regulatory authority on the Real Estate Settlement and Procedures Act (RESPA).
- (ii) **Seller** Any institution or person meeting the requirements for participation in the Low Interest Rate Mortgage Program, which shall have executed a Mortgage Purchase Agreement and an Application and received a Participation Acceptance Notice.
- (jj) **Seller's Guide** This guide, as it may be amended from time to time by SONYMA,

containing, among other things, the procedures governing the delivery of Mortgage Loans purchased by SONYMA from Seller under the Mortgage Purchase Agreement.

- (kk) **Servicer** An institution or a 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.
- (ll) **Servicer's Guide** The guide, as it may be amended from time to time by SONYMA, containing the procedures governing the servicing of Mortgage Loans purchased by SONYMA under the Low Interest Rate Mortgage Program and all previous programs of SONYMA. The Servicer's Guide incorporates applicable accounting procedures.
- (mm) **Servicing Agreement** The agreement between SONYMA and a Servicer setting forth the general terms of servicing Mortgage Loans purchased by SONYMA under the Low Interest Rate Mortgage Program and all previous programs of SONYMA.
- (nn) **Short-Term Lock-in** Type of interest rate lock which must be used for all Existing Housing, and Newly Constructed Housing which Seller is able to close within Short-Term Lock-in timeframes. Such timeframes are set forth in Section 2.201 (a) (i) of this Seller's Guide.
- (oo) **Single Family Dwelling** A building designed for use by one family, which includes a condominium unit, cooperative unit or factory-made housing permanently affixed to real property. 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. With respect to a cooperative unit, (i) the cooperative must be located in a structure owned by a cooperative housing corporation for the purpose of the cooperative ownership of residential real estate in New York State, and (ii) evidence of the ownership of such cooperative unit must be through certificates of stock in, and a proprietary lease from, such cooperative housing corporation.
- (pp) **SONYMA** The State of New York Mortgage Agency. Also herein referred to as the "Agency".
- (qq) **SONYMA Loan Number** The number which is assigned to each Mortgage Loan by SONYMA on the Reservation Date. This number must appear on all SONYMA documents and be included as part of all correspondence submitted to SONYMA relating to the Mortgage Loan.
- (rr) **State** The State of New York.
- (ss) **Targeted Areas** Areas identified by SONYMA in accordance with the Internal Revenue Code of 1986, as amended, and the regulations thereunder, and included as Appendix II of this Seller's Guide.
- (tt) **Three- or Four-Family Dwelling** An owner-occupied dwelling containing two or three rental units, which was first occupied as a residence at least five years prior to the Residential Loan Application Date.
- (uu) **Two-Family Dwelling** An owner-occupied dwelling containing one rental unit which is: (i) a newly constructed or existing structure located in a Targeted Area, or (ii) an existing structure located in a non-Targeted Area and first occupied as a residence at least five years prior to the Residential Loan Application Date.

- (w) **Value of the Property** The lower of (i) the appraised value of the Eligible Property securing a Mortgage Loan at the time the Mortgage Loan is closed, such appraised value being the fair market value as determined by an appraiser acceptable to SONYMA or (ii) the purchase price paid for the Eligible Property securing a Mortgage Loan.

**SECTION 1.2 - AMENDMENTS.**

This Seller's Guide may be amended or supplemented from time to time by SONYMA. Seller will be mailed amended pages to be effective upon receipt, but no later than five business days after the post-marked date of mailing thereof, provided, however, in the event of any conflict between the provisions of the Mortgage Purchase Agreement and this Seller's Guide, this Seller's Guide shall govern.

**SECTION 1.3 - QUALIFICATIONS OF SELLER; RELIANCE ON SELLER'S WARRANTIES; FIDELITY AND ERRORS AND OMISSIONS INSURANCE; ANNUAL REVIEW OF SELLERS; USE OF THIRD PARTY ORIGINATORS; SELLER COMPLIANCE WITH FAIR HOUSING AND EQUAL OPPORTUNITY LAWS.**

(a) Seller must be a corporation or organization located in the State and one of the following: (i) a bank or trust company, savings bank, savings and loan association, industrial bank, national banking association, federal savings and loan association, federal savings bank; or (ii) a credit union or federal credit union; or (iii) a State licensed mortgage banker approved as a mortgage lender by Fannie Mae or Freddie Mac; or (iv) an entity exempt from licensing provisions in accordance with paragraph (a) of subdivision 2 of section 590 of the State banking law which is approved as a mortgage lender by Fannie Mae or Freddie Mac. Seller's financial condition must, in SONYMA's sole discretion, be sufficient for participation in the Low Interest Rate Mortgage Program.

(b) SONYMA expressly relies on each Seller to either (i) satisfy fully each of the warranty requirements set forth in the Mortgage Purchase Agreement at all times as they pertain to the Seller and to the Mortgage Loans delivered for purchase by SONYMA or (ii) obtain a written waiver from SONYMA.

(c) Seller must maintain in effect at all times and at its expense, fidelity insurance and errors and omissions coverage underwritten by an insurance company authorized to do business in the State and acceptable to Fannie Mae or Freddie Mac. The form and scope of such coverages shall also be consistent with the requirements of Fannie Mae or Freddie Mac. Coverage requirements are as follows:

<u>Coverage Amount</u>	<u>Annual Originations Volume*</u>
\$300,000	\$100 million or less
Plus 0.15% of the next	\$400 million
Plus 0.125% of the next	\$500 million
Plus 0.1% of any amount over	\$1 billion

\*For all one- to four-family loans including Mortgage Loans sold to SONYMA.

The maximum deductible shall be the greater of \$100,000 or 5 percent of the minimum amount of insurance required above.

(d) Annually, SONYMA will review each Seller, in accordance with the criteria set forth below, to determine each Seller's continued participation in the Low Interest Rate Mortgage Program. SONYMA reserves the right to charge Seller a fee for such annual review.

(i) Financial Requirements. SONYMA shall perform periodic reviews of the financial condition of each Seller. In general, SONYMA requires that Seller have a net worth to assets ratio of at least 5 percent. At such time as SONYMA determines, at its sole discretion, that a Seller's financial condition is not adequate for continued participation in the Low Interest Rate Mortgage Program, SONYMA may terminate Seller's participation in the Low Interest Rate Mortgage Program, which termination shall take effect immediately.

(ii) Performance Requirements.

(A) Volume Requirements - Sellers must originate and sell to SONYMA a minimum of 20 Mortgage

Loans each year. If removal of a Seller causes insufficient Low Interest Rate Mortgage Program coverage in a specific geographical area of the State, an exception to this requirement may be made.

(B) Mortgagor Complaints - In each case where SONYMA has received one or more substantiated complaints regarding a Seller, SONYMA may take the following steps:

- (1) Upon 1st occurrence: SONYMA may choose to counsel the Seller and provide Seller with an initial warning of removal from the Low Interest Rate Mortgage Program;
- (2) Upon 2nd occurrence: SONYMA may suspend taking Reservations from the Seller for a period of 30 days; and
- (3) Upon 3rd occurrence: SONYMA may remove (cease taking Reservations from) Seller from the Low Interest Rate Mortgage Program.

(iii) Annual Certification. Within 90 days after the end of Seller's fiscal year, Seller shall submit Seller's Annual Certification (Form 240; Exhibit F) to establish Seller's continued compliance with all requirements of this Seller's Guide and the Mortgage Purchase Agreement.

(e) Use of Third Party Originators. SONYMA permits the use of third party or correspondent originators ("participating mortgage brokers") to accept Mortgage Loan applications on behalf of Seller subject to the following conditions:

(i) Participating mortgage brokers must be registered with the State Banking Department and must make all disclosures to Mortgagor as required by regulations of the Banking Department. A participating mortgage broker may also be any corporation or organization that is eligible to participate as a Seller as described in Section 1.3(a) above. Seller cannot be a participating mortgage broker for another Seller.

(ii) The participating mortgage broker must be affiliated with Seller. Participating mortgage brokers will not be permitted to act as independent agents soliciting potential SONYMA business, and then transferring the Mortgage Loan application to **any** SONYMA Seller of their choice.

(iii) Seller will be required to execute an addendum to the Mortgage Purchase Agreement listing each participating mortgage broker and taking full responsibility for and holding SONYMA harmless from any wrongful acts by the participating mortgage brokers. SONYMA will have no contractual agreement with participating mortgage brokers. The addendum to the Mortgage Purchase Agreement will be made available by SONYMA upon request by Seller.

(iv) Participating mortgage brokers can only be involved in the initial processing of SONYMA loans and cannot underwrite for commitment purposes or close loans.

(v) Seller and participating mortgage brokers may not impose any additional costs on Mortgagor other than the usual fees and points permitted under this Seller's Guide.

(vi) Seller will be required to provide technical training for participating mortgage brokers.

(vii) Participating mortgage brokers are prohibited from advertising in the print media (i.e. newspapers, trade magazines, etc.) or electronic media (i.e. radio, television, internet, etc.) that they: (A) are affiliated with SONYMA, (B) represent it is a SONYMA participating lender or broker, and/or (C) have SONYMA funds available.

(f) Seller shall comply with all Federal, State and local civil rights laws, including but not limited to, the Fair Housing and Equal Credit Opportunity Acts, and shall use its best efforts to comply with any decrees of the United States Department of Justice in connection with said laws.

#### **SECTION 1.4 - DISCLOSURE.**

Any person who is refused a Mortgage Loan by Seller may request, in writing, a written explanation as to the specific reasons for the refusal. Seller shall comply with all requirements of the "Fair Credit Reporting Act".

**SECTION 1.5 - WAIVER**

Upon written request of the Seller, SONYMA, at its sole discretion, may waive certain provisions of this Seller's Guide.

**SECTION 1.6 - NOTICES/COMMUNICATIONS.**

Any written communications or notices to the Seller shall be sent to the Seller's primary contact and address as it appears in the Application, or to such other address as the Seller may designate from time to time by written notice to SONYMA. Seller is responsible to report to SONYMA in writing of any changes in contact names, branch locations, addresses, telephone, fax numbers, and e-mail addresses stated in the Application. Notices to SONYMA shall be addressed as follows: Assistant Vice President, Single Family Programs, State of New York Mortgage Agency, 2nd Floor, 641 Lexington Avenue, New York, New York 10022, or to such other address as SONYMA may designate from time to time by written notice to the Seller.

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## **PART II - MORTGAGE LOAN PURCHASE REQUIREMENTS**

### **SECTION 2.1 - PRELIMINARY REQUIREMENTS**

- 2.101 **Fund Availability** On at least a monthly basis, SONYMA will fax or mail to Sellers an Availability of Funds and Notice of Terms Bulletin pursuant to which Sellers may originate Mortgage Loans in accordance with Section 2.6 of this Seller's Guide.
- 2.102 **Application Fee** At time of Application, Seller shall remit to SONYMA an Application Fee equal to the amount specified in the Application.
- 2.103 **Terms of Sale** Each sale of a Mortgage Loan to SONYMA shall be subject to the terms and conditions of the Availability of Funds and Notice of Terms Bulletin, the Mortgage Purchase Agreement, and this Seller's Guide. Each such Mortgage Loan must be subject to a Servicing Agreement.
- 2.104 **Purchase Amount of Mortgage Loans** The purchase amount of Mortgage Loans to be acquired by SONYMA is set forth in Section 2.710 of this Seller's Guide and in the Mortgage Purchase Agreement. SONYMA will reduce the purchase amount by (a) the amount of any penalties assessed by SONYMA and (b) the amount of short-term interest due SONYMA, if the Mortgage Loan's Closing Date and Purchase Date occur in the same calendar month.
- 2.105 **Servicing** Seller, if eligible, will service the Mortgage Loans purchased by SONYMA from Seller, unless Seller upon submission of an Application has notified SONYMA that it will not service the Mortgage Loans, at which time SONYMA will assign such servicing to an eligible Servicer. Each Seller which acts as a Servicer must comply with the eligibility requirements contained in Sections 1.04 and 1.05 of the Servicer's Guide.
- 2.106 **Lock-in Fees** (a) The Lock-in Fee shall be returned to the loan applicant, retained by Seller, or remitted to SONYMA depending on the final disposition of the loan application. On or prior to the Lock-in Date, the Seller must collect the Lock-in Fee (which is a portion of the discount fees set forth in Section 2.202) and becomes obligated to SONYMA for payment of the Lock-in Fee. The Lock-in Fee shall be forfeited and remitted to SONYMA if the Closing Date does not occur within the timeframes specified in Section 2.201 of this Seller's Guide. If SONYMA grants an extension of the lock-in timeframe upon Seller's submission of a Commitment Extension Request Form (Form 235; Exhibit MM), the Lock-in Fee shall not be considered forfeited to SONYMA providing the Closing Date occurs by the date to which the Mortgage Loan was extended. If the Closing Date occurs within the timeframes set forth in Section 2.201 or by the date in which SONYMA has approved an extension of that timeframe, Seller shall retain the Lock-in Fee as part of its Origination Fee. If SONYMA or the Pool Insurer rejects the Mortgage Loan, Seller is authorized and required to refund the Lock-in Fee to the loan applicant or the property seller, as applicable. If the Seller rejects a Mortgage Loan for credit, appraisal, or other reasons, Seller is **not authorized** to refund the Lock-in Fee to Mortgagor. However, SONYMA will authorize refund of the Lock-in Fee, provided the rejection is not a result of any material misrepresentation by the Mortgagor, and SONYMA approves such rejection. Whenever a Seller rejects a mortgage loan application, and seeks waiver of the Lock-in Fee, Seller shall provide SONYMA with a Request for Lock-in Fee Waiver Form [Form 234; Exhibit LL] and appropriate supporting documentation.

*Note: SONYMA will not review or consider a lock-in fee waiver request if (i) the mortgage application was cancelled or withdrawn, (ii) Seller reserved and locked a Mortgage Loan without securing a fully executed contract of sale, or (iii) the request is submitted by Seller later than the date stated*

*in the monthly billing statement described below.*

(b) Payment of Lock-in Fees. If a Seller fails to deliver a locked in Mortgage Loan which has been accepted for inclusion in the Low Interest Rate Mortgage Program by SONYMA's Single Family Program staff, or if the Mortgagor withdraws or cancels the Mortgage Loan, the Seller remains liable to SONYMA for the Lock-in Fee. In each instance, Seller shall submit a check payable to SONYMA for the entire amount of the Lock-in Fee in accordance with the timeframes set forth in a billing statement prepared by SONYMA. Monthly, if applicable, SONYMA will bill Seller for an amount equal to 1 percent of the aggregate principal amount of the Mortgage Loans that cancelled during the preceding month and were locked-in with SONYMA by Seller. The Seller is required to pay to SONYMA by check within 15 business days of the billing date, the amount specified in SONYMA's bill. If the Seller does not pay the amount billed by SONYMA within 30 days of the due date, SONYMA may subtract the fee from future Mortgage Loan purchases or exercise its remedies under the Mortgage Purchase Agreement.

2.107     **Advertising  
Standards**

SONYMA encourages advertising by Sellers as an important means of educating the public.

While Sellers are welcome to take advantage of technical assistance offered by SONYMA's Marketing Department, and other than the requirements listed in (a) below, any and all Seller advertising is strictly voluntary. Sellers should note, however, that any advertising costs or legal ramifications resulting from advertising undertaken by Sellers shall be the sole responsibility of the individual Seller.

(a) Mandatory Seller Marketing Guidelines. Sellers must prominently display "SONYMA Participating Lender" signage supplied by SONYMA in the windows of all participating branches.

Seller must make available SONYMA brochures and other marketing materials, as appropriate, to the public by prominently displaying said materials at participating branches.

**All** advertising featuring SONYMA rates, special programs, and/or other information relevant to SONYMA-specific policy, must clearly identify rates advertised (including APR equivalent) as SONYMA rates with the Agency name and logo clearly indicated. Ads must include the disclaimer that, "rates are subject to change." All advertisements by Seller featuring SONYMA shall comply with all requirements of the Truth in Lending Disclosure Act (Regulation Z).

All advertisements bearing the SONYMA name or logo must be reviewed by SONYMA **prior** to the ad appearing in print.

(b) Optional Advertising Guidelines. SONYMA's Marketing Department will, upon request, supply Sellers with a representative sampling of reproducible ads which are designed for various target audiences. These ads, suitable for newspaper and other print advertising, contain a blank field into which Sellers may insert bank name, logo and address as appropriate, and the phrase "SONYMA Participating Lender." The purchase of print advertising space is solely at the discretion of Sellers.

All Seller advertising should: (i) be placed with SONYMA's target population in mind; (ii) be specifically targeted to home buyers, not property sellers; (iii) make no false or misleading statements regarding

Mortgage Loans; and (iv) in no way state or imply that SONYMA funds are available for debt consolidation or refinancing.

(c) Optional Homebuyer Workshops. Sellers are strongly encouraged, but not required, to conduct periodic homebuyer workshops for potential SONYMA applicants. The workshops, whether produced with or without SONYMA's involvement, should focus on the basic aspects of the home purchase and the mortgage financing process, and should include speakers from relevant professionals in the real estate industry.

2.108 **Seller Closing Attorney** The attorney or law firm representing Seller at Mortgage Loan closings must not be affiliated with or representing any other interested party (except the Mortgagor) to the Mortgage Loan transaction.

## **SECTION 2.2 - MORTGAGE LOAN ELIGIBILITY**

Each Mortgage Loan delivered under a Mortgage Purchase Agreement must comply with the following requirements:

2.201 **Interest Rate Lock-in** (a) Interest Rate Lock-in. The Lock-in Date must occur on the Residential Loan Application Date. The Mortgage Loan must be locked either as a Short-Term Lock-in or a Long-Term Lock-in.

(i) For Short-Term Lock-ins the interest rate lock-in shall be effective for 100 days of the Residential Loan Application Date. Mortgage Loans will be locked at the Short-Term Lock-in interest rate in effect on the Lock-in Date as set forth in the appropriate Availability of Funds and Notice of Terms Bulletin. If the Closing Date occurs within this timeframe, the Mortgage Loan will close at the locked interest rate. The Short-Term Lock-in option must be used for all Mortgage Loans except as described in (ii) below.

(ii) For Long-Term Lock-ins the interest rate lock-in shall be effective for 220 days of the Residential Loan Application Date. Mortgage Loans locked as a Long-Term Lock-in will be *locked in* at the interest rate as set forth in the Availability of Funds and Notice of Terms Bulletin. Such interest rate will be equal to the interest rate available on the Lock-in Date for Short-Term Lock-ins plus one percent (1%) (the "Long-Term Lock-in interest rate"). The Long-Term Lock-in option may only be used for Newly Constructed Housing or rehabilitation properties which cannot close within the 100 day Short-Term Lock-in timeframe. All Long-Term Lock-in Mortgage Loans are required to be qualified and underwritten at the Long-Term Lock-in interest rate. If the Closing Date occurs within the above timeframe, the closing interest rate will be the **lesser** of: (A) the Long-Term Lock-in interest rate (as calculated above) or (B) the interest rate available for Short-Term Lock-ins on the Closing Date. In no event may a Long-Term Lock-in be used for Existing Housing.

Seller is responsible for determining the appropriate lock-in type. If Newly Constructed Housing or a rehabilitation property is locked as short-term, Seller must have ascertained that the Mortgage Loan will be able to close within the 100 day timeframe. If SONYMA is required to grant more than one commitment extension for the Mortgage Loan, Seller could be assessed a penalty as described in (d)(iii) below.

If the lock-in expiration date occurs on a weekend or holiday, SONYMA will permit the Mortgage Loan to close on the **first** business day immediately following the lock-in expiration date at the interest rate initially

locked-in.

(b) Procedure to Lock Interest Rate. SONYMA will automatically lock the interest rate upon receipt of the Loan Reservation Worksheet and Rate Certification (Form 238; Exhibit L). The interest rate locked will be the rate that was available on the Residential Loan Application Date for Short-Term Lock-ins or Long-Term Lock-ins, as appropriate.

The Loan Reservation Worksheet and Rate Certification (Form 238; Exhibit L) shall contain Seller's certification that Seller is liable to pay to SONYMA the Lock-in Fee for the related Mortgage Loan.

Please see Section 2.6 for details on prescreening potential applicants and submitting Form 238.

(c) Commitment Extensions. Mortgage Loan must be closed on or prior to the lock expiration date; however extensions of the above lock-in periods will be considered by SONYMA, at its sole discretion, on a case-by-case basis and must be fully documented by the Seller. **SONYMA will only consider extension of the expiration date of the Mortgage Loan, and will not extend the interest rate.** If SONYMA approves an extension of the expiration date, the Mortgage Loan must close at the interest rate as follows:

(i) For Short-Term Lock-ins, if SONYMA approves an extension of the timeframe stated in (a)(i) above, the Mortgage Loan will close at the **higher** of: (A) the interest rate locked on the Lock-in Date or (B) the interest rate available for Short-Term Lock-ins on the Closing Date.

(ii) For Long-Term Lock-ins, if SONYMA approves an extension of the timeframe stated in (a)(ii) above, the Mortgage Loan will close at the **lesser** of: (A) the Long-Term Lock-in interest rate, or (B) the interest rate available for Short-Term Lock-ins on the Closing Date.

In order for SONYMA to consider an extension request, Seller must submit the Commitment Extension Request Form (Form 235; Exhibit MM), together with documentation verifying the legitimacy of each request. SONYMA will review all such documentation in determining whether or not the extension should be granted. SONYMA will confirm, on a weekly basis, in writing to Seller the Mortgage Loans extended during the prior week. Seller is solely responsible for reviewing each extension confirmation report and **immediately** reporting any discrepancies to SONYMA.

*Note: SONYMA's approval of an extension request should not be deemed an extension of the Pool Insurer's commitment. Please see Section 2.707 for information on extending the Pool Insurer's commitment. Further, if SONYMA approves an extension of the commitment, Seller must notify, prior to the Closing Date, the Pool Insurer and, if applicable, the PMI of changes to the Mortgage Loan interest rate.*

(d) SONYMA may assess monetary penalties that would result in a reduction or forfeiture of Seller's Origination Fee if one or more of the following events take place:

(i) Seller closes the Mortgage Loan at an interest rate other than the locked rate or, if extended, at an interest rate other than as stated in the Availability of Funds and Terms Bulletin.

(ii) Seller closes the Mortgage Loan after the commitment expiration date.

(iii) Seller reserves and locks Newly Constructed Housing as a Short-Term Lock-in and more than one commitment extension is necessary to close the Mortgage Loan.

**SELLERS ARE REMINDED TO REFER TO THE APPLICABLE AVAILABILITY OF FUNDS AND NOTICE OF TERMS BULLETIN FOR THE APPROPRIATE UNDERWRITING AND CLOSING INTEREST RATES FOR EACH MORTGAGE LOAN. DIFFERENT RATES MAY APPLY DEPENDING ON THE LOCK-IN DATE.**

- 2.202     **Discount Fees (Points)**     With respect to each Mortgage Loan, a maximum of a one and three-quarter (1.75) point discount fee [one and three-quarters percent of the original principal balance of the Mortgage Loan] will be collected for each Mortgage Loan. The discount fee shall be equal to the Origination Fee. THE AMOUNT OF THE DISCOUNT FEE FOR SONYMA'S VARIOUS PROGRAMS MAY BE CHANGED BY SONYMA AT ANY TIME, UPON NOTICE TO SELLER BY SONYMA. The discount fee may be paid by the Mortgagor, the property seller, or both (see Section 3.101 (b)(vi) for property seller contribution requirements). NO ADDITIONAL FEE MAY BE COLLECTED BY SELLER AS CONSIDERATION FOR EXTENDING A COMMITMENT OR A RATE OF INTEREST THAT HAS BEEN GRANTED BY SONYMA. Seller must collect one percent (1%) of the one and three-quarter percent (1.75%) discount fee on or prior to the Lock-in Date, which the Seller may be obligated to remit to SONYMA, as set forth in Section 2.106 of this Seller's Guide. The remaining three-quarters of one percent (0.75%) must be collected on the Closing Date.
- 2.203     **Permissible Expenses**     In addition to the discount fee stated in Section 2.202, additional fees of whatever kind or nature collected from the Mortgagor must not exceed the actual out-of-pocket expenses incurred in closing the Mortgage Loan. Seller may charge Mortgagor a one-time application fee up to \$200 at the time a residential loan application is submitted. Seller may also charge a fee for actual out-of-pocket expenses, but only to the extent that such expenses are customary and reasonable, and do not exceed amount charged in such areas in cases where owner-financing is provided in the conventional mortgage loan market (i.e., appraisal report fee, credit report fee, flood certification, document preparation fees up to \$200).
- 2.204     **Term**     The original term of a Mortgage Loan must be for a period of 20, 25, or 30 years.
- 2.205     **Amortization**     Each Mortgage Loan must provide, through regular monthly payments on the first day of each month, for full amortization by maturity. Amortization must commence not later than 61 calendar days after final disbursement by Seller of the Mortgage Loan proceeds. ***However, if final disbursement takes place on the first calendar day of the month, amortization must commence on the first calendar day of the next succeeding month.***
- 2.206     **Origination**     Each Mortgage Loan must have been closed in Seller's name as lender. Seller is fully liable for all warranties and representations made to SONYMA in the Mortgage Purchase Agreement. Furthermore, Seller is liable and responsible for compliance with all consumer protection laws and regulations in effect at the time of the closing of the Mortgage Loan.

- 2.207 **Occupancy** Seller warrants with respect to each Mortgage Loan, that as of the Closing Date, to the best of Seller's knowledge and belief, and based on the Recapture Notification and the Mortgagor's Affidavit (Form 211; Exhibit G) and other documents received from the Mortgagor, Mortgagor is occupying, or will occupy within a maximum of 60 days, the Eligible Property as his or her principal residence. However, a Guarantor who will have no "present ownership interest" in the residence need not occupy the Eligible Property. Seller is obligated, upon receiving notice or information that any Mortgagor is not occupying the Eligible Property, to report such information immediately to SONYMA.
- 2.208 **No Trade or Business** The Eligible Property cannot be used or intended for use in a trade or business, as an investment property, or as a recreational home, except for rental income incidental to a Two-Family Dwelling or a Three- or Four-Family Dwelling and as described in Seller's Guide Appendix III - Section B, Item 20. Seller is obligated, upon receiving notice or information that the Eligible Property is being utilized for any commercial or business use, to report such information immediately to SONYMA.
- 2.209 **Assumption** Mortgage Loans are not assumable.
- 2.210 **Mortgage Security** The security on each Mortgage Loan must constitute a valid first lien on the real property described therein (whether in fee or in a leasehold), or, with respect to a cooperative unit, the Mortgage Loan must be secured by a lien upon the related shares of stock in cooperative housing corporation and the proprietary lease related to the financed premises, and must be specific security for the payment of the obligation secured by such Mortgage Loan. The Eligible Property must be free and clear of all encumbrances and liens prior to the lien of the Mortgage Loan (except those expressly permitted by SONYMA) and no rights may be outstanding that could give rise to such liens, subject only to liens of taxes or assessments which are not due and payable, building restrictions or other restrictive covenants or conditions, leases or tenancies whereby rents or profits are reserved to the owner, joint driveways, sewer rights, party walls, rights-of-way or other easements, or encroachments, provided that, in the opinion of SONYMA, none of the foregoing adversely affects to a material degree the security for the Mortgage Loan. The note evidencing the Mortgage Loan must be a legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms, free from any right of set-off, counterclaim or other claim or defense, and no part of the property or in the case of a cooperative unit, the related shares of stock in the cooperative corporation or the Proprietary Lease may have been released from the Mortgage Loan. The terms of the Mortgage Loan must not be modified, amended, waived or changed, except as set forth in a recorded mortgage modification approved by SONYMA.
- 2.211 **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 a completion 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 any escrow account authorized by SONYMA must be done after the Mortgage Loan is closed and proceeds disbursed. Within a maximum of 90 days from the Closing Date, except as stated in Section 2.402(n), all repairs and/or improvements must be completed and any funds held in an escrow account must be released (see Section 3.104(d) of this Seller's Guide for certification requirements). Seller is responsible for ensuring all terms of the 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.

2.212 **Mortgage and Note Forms**

Seller must utilize the mortgage, note, and rider instruments as listed below:

Note - New York Fixed Rate Note- Single Family- Fannie Mae/Freddie Mac Uniform Instrument 3233 1/01

Mortgage - New York- Single Family- Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01

Mortgage Riders (as applicable):

1. Multistate Condominium Rider - Single Family - Fannie Mae /Freddie Mac Uniform Instrument Form 3140-1/01
2. Multistate PUD Rider - Single Family - Fannie Mae/Freddie Mac Uniform Instrument Form 3150-1/01
3. Multistate 1-4 Family Rider - Single Family - Fannie Mae/ Freddie Mac Uniform Instrument Form 3170-1/01

SONYMA Rider to the Fannie Mae/Freddie Mac Mortgage (SONYMA Form 230/12-00)

SONYMA Rider to the Fannie Mae/Freddie Mac Note (SONYMA Form 236/12-00) (for Construction Incentive Program loans only)

***Note: Seller must be careful not to commingle prior versions of these forms. Mortgage Loan files that contain any combination of forms other than listed above will not be accepted for purchase.***

Seller is responsible for obtaining blank copies of these forms. All notes should be written with the payment date as of the first of every month. Such forms must reflect that:

(a) Late charges may be collected on monthly installments more than 15 days late and should be the usual and reasonable amount, never exceeding the amount allowed by law at that time.

(b) No prepayment charges or penalties except a potential recapture tax as described in Section 2.308 of this Seller's Guide, are allowed on any Mortgage Loan.

(c) The Mortgage Loan becomes due and payable if Mortgagor does not occupy the Eligible Property or misrepresents any of the statements included in the Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G).

(d) Seller may use the Fannie Mae/Freddie Mac plain language Consolidation, Extension and Modification Agreement [New York Single Family 3172-1/01(rev. 5/01)]. Seller is responsible for obtaining blank copies of the form and for ensuring that all requirements of the SONYMA Rider to Fannie Mae/Freddie Mac Mortgage (Form 230; Exhibit FF) are incorporated within the final recorded mortgage.

(e) No riders other than those stated in Section 2.710(d)(i) of this Seller's Guide may be added to the mortgage and note forms without the written

consent of SONYMA.

(f) Mortgage Loans closing on the first calendar day of the month must provide that the first principal and interest payment occur on the first calendar day of the next succeeding month.

(g) If Seller is a MERS® Member and elects to name MERS as nominee for Seller (see Section 2.705 below), the Mortgage (New York- Single Family- Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01) and if applicable, the Fannie Mae/Freddie Mac plain language Consolidation, Extension and Modification Agreement [New York Single Family 3172-1/01(rev. 5/01)] must contain the appropriate MERS language required by Fannie Mae and Freddie Mac.

If any Mortgage Loan, in SONYMA's sole discretion, is not in compliance with the requirements of this Seller's Guide, SONYMA shall not purchase the Mortgage Loan. If SONYMA has already purchased the Mortgage Loan and subsequently discovers that the requirements of this Seller's Guide have not been met, Seller, at SONYMA's sole option, must repurchase the Mortgage Loan at the remaining unpaid principal balance together with accrued interest and any related expenses.

**2.213 No Refinancing or  
"Cash-out"  
Transactions**

No Mortgage Loan will be purchased by SONYMA which was made for the purpose of refinancing an existing loan, other than construction period loans, bridge loans or similar type temporary financing having an initial term of 24 months or less.

SONYMA prohibits the use of its Mortgage Loan proceeds for "cash-out" purposes (i.e., for purposes other than to consummate the purchase of the Eligible Property or to reimburse Mortgagor for construction or rehabilitation expenses paid prior to the Closing Date).

**2.214 Mortgage Loan Not  
in Default**

As of the Purchase Date of each Mortgage Loan, principal and interest payments must not be more than 15 days due and unpaid under the terms of the Mortgage Loan. All costs, fees and expenses incurred in making, closing, and recording the Mortgage Loan must have been paid; and there must not have been outstanding any advance of funds by Seller or by another at the request of Seller to or on behalf of Mortgagor to be used by Mortgagor for the payment of any monthly installment of principal or interest under the terms of the Mortgage Loan.

**2.215 Escrow  
Requirements**

Each Mortgage Loan shall provide for the monthly collection of Escrows to the extent permitted by the Real Estate Settlement Procedures Act ("RESPA"), as amended, along with the monthly installment of interest and principal. The Escrows shall be held in trust for the benefit of SONYMA and Mortgagors in an account in a bank or trust company, savings bank, national banking institution or savings and loan association (which may be the Seller) insured to the full extent possible by the Federal Deposit Insurance Corporation or the Resolution Trust Corporation.

**2.216 Title Assurance  
Requirements**

(a) Each Mortgage Loan must be covered by a title insurance policy the benefits which run to SONYMA, on the 1992 American Land and Title Association (ALTA) standard lender's policy form with ALTA Form 8.1, Environmental Protection Endorsement and the Standard New York Endorsement attached, issued by a title insurer licensed to do business in the State and qualified to provide title insurance on mortgage loans purchased by Freddie Mac and Fannie Mae in an amount equal to the original principal balance of the Mortgage Loan. If the Eligible Property is a condominium or a PUD, an ALTA 4 endorsement or an ALTA 5

endorsement, as appropriate, must be attached. No other form of title insurance policy including ALTA short forms will be accepted. Schedule B-I of the title insurance policy must not reflect any exceptions other than liens of taxes or assessments which are not due and payable, building restrictions or other restrictive covenants or conditions, leases or tenancies whereby rents or profits are reserved to the owner, 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, adversely affect the security for the Mortgage Loan to a material degree.

(b) Acceptable Exceptions. SONYMA will accept exceptions to the title insurance policy such as public utility easements, encroachments, restrictive agreements, mutual easement agreements, provided all of the following conditions are met:

(i) The exception must not interfere with present or future use and enjoyment of the Eligible Property.

(ii) The exception must not affect the Value of the Property or the marketability of the Eligible Property.

(iii) The exception must be acceptable to any PMI and the Pool Insurer.

(iv) The exception must be commonly acceptable to private institutional mortgage investors in the area where the Eligible Property is located.

(c) If, in the normal course of business, assurance of clear title is provided in other than the manner described above, and is commonly acceptable in lieu of title insurance by private institutional mortgage investors in the area in which the Eligible Property is located, Seller may request a waiver of this policy. The request must be made in writing to SONYMA's Assistant Vice President, Single Family Programs, and the alternative method must be acceptable to SONYMA and to the applicable PMI and/or Pool Insurer.

*See Appendix IV for further details on documentary requirements for title insurance.*

2.217 **Survey Requirements**

With respect to each Mortgage Loan, except for condominium, PUD and cooperative properties, Seller must obtain a survey or plat dated or redated within six months of the Closing Date of the Mortgage Loan certified to, at a minimum, SONYMA or Seller by a licensed surveyor or engineer showing:

(a) the exact location and dimensions of the property including the improvements located thereon,

(b) the exact location of all lot and street lines and all means of access to such property,

(c) the exact location of all easements,

(d) the names of all avenues, streets and alleys abutting such property, and

(e) any encroachment on such property or any encroachment by the

improvements on adjoining property, or any other defect.

In lieu of the above, SONYMA will accept either:

(i) a survey made more than six months prior to the Closing Date provided that a title company survey inspection, performed within six months of the Closing Date, is cited within the title policy, and contains no material, adverse, or substantial changes from the survey being submitted; or

(ii) a survey endorsement written into the Title Insurance Policy containing the following language:

"This policy insures against loss or damage by a violation, encroachment, or adverse matter that would have been disclosed by an accurate survey."

2.218 **Endorsement of Notes; Execution and Recordation of Assignment; Waiver of Fee to Record Assignment**

All original mortgage notes must be endorsed and delivered to SONYMA for safe-keeping. Properly endorsed mortgage notes must be delivered to SONYMA prior to the Purchase Date. An assignment of each Mortgage Loan to SONYMA must be executed on or before the Purchase Date and recorded in the appropriate county clerk's office.

Section 2412 of the Public Authorities Law currently provides that the fee to record the Assignment of Mortgage (Form 202; Exhibit Q) on behalf of SONYMA is waived.

2.219 **Hazard Insurance Requirements**

The property securing each Mortgage Loan must be covered by hazard insurance meeting the following requirements:

(a) Scope and Amount of Coverage Required for Mortgage Loans. Insurance coverage of the following types and amounts is required on an Eligible Property covered by a Mortgage Loan:

(i) At minimum, the Eligible Property must be insured for loss or damage from fire and other perils within the scope of standard extended coverage. The insurance limits 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 insurable improvements, or

(B) 80 percent of the full replacement cost of the insurable improvements.

In no event can the coverage amount be required to exceed 100 percent of the full replacement cost of the insurable improvements on the Eligible Property. All amounts under the insurance shall be sufficient to prevent the mortgagee from becoming a co-insurer thereunder.

(ii) Such insurance must be in effect on the Closing Date of the Mortgage Loan, provided, that if under applicable State law Seller is authorized to accept on the Closing Date for a Mortgage Loan a binder issued by an insurer, or a duly authorized representative thereof, licensed to do business in the State, as evidence that insurance has been procured, then such a binder shall be sufficient to satisfy the requirement that insurance be in effect on the Closing Date. The premium on each policy shall have been

paid in full by the Mortgagor and no "courtesy receipts" or other secondary financing of such premium shall be permitted.

(iii) Where Seller is aware that the property is exposed to any appreciable hazard against which Fire and Extended Coverage Insurance does not afford protection, Seller shall advise SONYMA of the nature of such hazard and the additional insurance coverage, if any, which Seller has obtained against such hazard. SONYMA shall require such coverage prior to accepting the Mortgage Loan for purchase.

(iv) Insurance policies shall be sufficient in amount and scope of coverage to meet the requirements of the PMI and/or the Pool Insurer.

(v) The deductible may not exceed the higher of \$1,000 or one percent (1%) of the policy's insurance limits.

(vi) Each Mortgage Loan shall provide that in the event of any loss settlement on a hazard insurance policy the mortgagee shall have the option of applying the loss settlement proceeds against the principal amount of the Mortgage Loan rather than to the restoration of the Eligible Property.

(b) Minimum Financial Rating of Carrier; No Assessments; Other Requirements. Each hazard insurance policy must be written by a hazard insurance carrier which is specifically licensed or authorized by law to transact business in the State and which has, or which is fully reinsured by a company which has, a current rating that is acceptable to Fannie Mae or Freddie Mac.

(c) Unacceptable Policies. Policies are unacceptable in situations where:

(i) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against SONYMA or SONYMA's designee; or

(ii) contributions or assessments may be made against the owner of the property which could become a lien on the property superior to the lien of the Mortgage Loan; or

(iii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's Board of Directors, policyholders, or members; or

(iv) the policy includes any limiting clauses (other than insurance conditions) which could prevent SONYMA or the owner of the property from collecting insurance proceeds.

(d) Mortgagee Clause; Endorsement. All policies of hazard insurance must contain or have attached the standard mortgagee clause customarily used in the area in which the property is located, naming SONYMA as the first mortgagee. Seller shall cause Servicer's address to be used in the endorsement in lieu of the address of SONYMA. A sample of the mortgagee clause shall read as follows:

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

The policy must provide that the insurance carrier shall notify the mortgagee at least ten days in advance of the effective date of any cancellation or material modification of the policy. It is Seller's responsibility to cause each insurance policy to be properly endorsed and to give any necessary notices of transfer in order to fully protect, under the terms of the policy and applicable law, SONYMA's interest as first mortgagee. Seller must cause all documents to be delivered to Servicer, regardless of the manner in which the insurance policy is endorsed. All policies must provide that the insurance carrier waive all rights of set-off, counterclaim or deduction against Mortgagor.

(e) Flood Insurance. If the Eligible Property is located in an area identified by the Director of the Federal Emergency Management Agency (FEMA) as a Special Flood Hazard Area (SFHA), Seller must ensure that flood insurance is obtained by Mortgagor in the coverage amounts and conditions set forth below.

(i) If the property is located in a SFHA, and the community does not participate in the National Flood Insurance Program (NFIP), SONYMA will not purchase the mortgage.

(ii) For each Mortgage Loan, Seller must determine whether the Eligible Property is located in a SFHA. Seller may rely on the property appraiser, an employee of Seller, a surveyor, or a flood zone determination company to obtain this information. Seller must document each flood zone determination by submitting a completed FEMA Standard Flood Hazard Determination (FEMA Form 81-93, Oct 98) with the pre-closing application loan file as set forth in Section 2.706(c). If Seller will act as Servicer for the Mortgage Loans, SONYMA requires that Servicer monitor FEMA remappings for the entire term of each Mortgage Loan. Upon notification that an Eligible Property is located in a SFHA as a result of a FEMA remapping, Servicer must immediately secure flood insurance for the Eligible Property. If Seller is not servicing Mortgage Loans for SONYMA, Seller must comply with the requirements of the Servicer. In any event, Seller is responsible to SONYMA for the accuracy of any flood insurance determination, whether made by Seller or by another party.

(iii) Seller may waive the requirement for flood insurance if:

(A) a portion of the land is in a SFHA but the improvements are not;

(B) the Mortgagor obtains a letter from FEMA stating that its maps have been amended and the Eligible Property is no longer in a SFHA.

(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 insurable improvements, or

(B) 80 percent of the full replacement cost of the insurable improvements

In no event, however, does the coverage need to exceed the maximum amount currently sold under the NFIP for the type of improvements insured.

(v) The deductible may not exceed the higher of \$1,000 or one percent (1%) of the policy's insurance limits.

(vi) Flood insurance is not required for individual units in a condominium, planned unit development (PUD), or cooperative project if the unit is located in a high-rise building. However, if the condominium or PUD owners' association or cooperative corporation is located in a SFHA, it must maintain a blanket flood insurance policy on the common elements of the project, including machinery and equipment that are part of the building(s).

(f) Condominiums, Planned Unit Developments (PUD) and Cooperatives: Hazard Insurance Requirements. If the Eligible Property is located in a condominium, PUD, or cooperative project, the following requirements apply:

(i) Condominiums. A blanket "all risk" policy must be purchased and maintained by the owners' association of the condominium project. The policy must cover all of the general and limited common elements including fixtures, building service equipment and common personal property and supplies owned by the owners' association. The policy must also cover all fixtures, equipment, and improvements inside the individual units, whether or not they are part of the common areas. The insurance policy must at least protect against loss or damage by fire and all other hazards normally covered by the standard extended coverage endorsement, and all other perils typically covered with similar types of projects.

Coverage must be from an insurance company authorized to do business in the State for 100 percent of the insurable value of the common elements or property described above and provide for loss or damage on a replacement cost basis. The policy must contain all of the special endorsements typically required by Fannie Mae or Freddie Mac.

The deductible amount shall not exceed the lower of \$10,000 or one percent (1%) of the policy amount and funds to cover the deductible must be included in the owners' association operating reserve account.

The policy shall be in the name of the board of directors of the owners' association as trustee for all unit owners and mortgagees according to the loss or damage to their respective units and appurtenant common interests and payable in case of loss to such bank or trust company authorized to do business in the State as the owners' association shall designate for the custody and disposition of all proceeds of such insurance, without prejudice to the right of each unit owner to insure his unit for his own benefit. Except in the case where the "declaration" or other equivalent constituent document of the condominium project shall

provide that the owners' association may vote not to rebuild, repair or otherwise reinstate any improvements of the project damaged or destroyed by casualty required to be insured against and that such vote shall be subject to the written consent of all mortgagees affected, in every case of such loss or damage, all insurance proceeds shall be used as soon as reasonably possible by the owners' association for rebuilding, repairing or otherwise substantially reinstating the same buildings in a good and workmanlike manner according to the original plan and elevation thereof or such modified plans conforming to laws and ordinances then in effect as shall be first approved as provided in the said declaration or constituent document. In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the property, whether to the unit or to the common elements, any such proceeds payable to the Mortgagor shall be assigned under the Mortgage Loan and be paid to SONYMA, as mortgagee, for application of such proceeds against the principal amount of the Mortgage Loan, with the excess, if any, paid to the Mortgagor.

(ii) PUDs. If the Eligible Property is located in a PUD, Mortgagor is required to obtain an individual insurance policy as described in this Section 2.219 unless the project's constituent documents permit for a blanket insurance policy to cover both the individual units and the common elements. In either case, the policy must contain the standard extended coverage endorsement and must not exclude any types of perils normally covered by the endorsement for one- to four-family properties.

If the individual unit owners purchase their own insurance, the homeowners' association must purchase a blanket "all risk" policy to cover the common areas. The coverage amounts, deductible amounts and requirements are the same as for condominiums as stated above except that for individual units covered under a blanket policy, the maximum deductible is the higher of \$1,000 or one percent (1%) of the replacement cost of the unit. The policy must name the homeowners' association as the insured, must contain the standard mortgage clause and must name Seller, its successors or assigns, as mortgagee.

(iii) Cooperatives. A blanket "all risk" policy must be purchased and maintained by the cooperative corporation. The policy must cover the entire project, including the individual units. The insurance policy must at least protect against loss or damage by fire and all other hazards normally covered by the standard extended coverage endorsement, and all other perils typically covered with similar types of projects.

The insurance must cover 100 percent of the current replacement cost of the project facilities, and the endorsements typically required by Fannie Mae must be in effect. Deductible amounts and requirements are the same as those stated above for condominiums except that for individual units, the maximum deductible is the higher of \$1,000 or one percent (1%) of the replacement cost of the unit. The policy must name the cooperative corporation as the insured, must contain the standard mortgage clause and must name Seller, its successors or assigns, as mortgagee.

(g) Insurance Coverage Varying From Above Requirements. Insurance coverage which does not meet the foregoing requirements will be considered on a case-by-case basis by SONYMA upon request by Seller. SONYMA may require such additional coverage as it may deem necessary in connection with any case or group of cases.

2.220 **Legal Description**

The legal description as set forth in the mortgage title insurance policy, the mortgage, and other documents should be in the form of a metes and bounds description. A metes and bounds description should comply with the following standards:

(a) The beginning point should be established by a monument located at the beginning point, or by reference to a nearby monument.

(b) The sides of the Eligible Property should be described by giving the distances and bearings of each. In lieu of bearings it is equally acceptable to use the interior angle method, provided that the beginning point is located on a dedicated public street line, or other properly fixed line, or the course of the first side can be otherwise properly fixed.

(c) Curved courses should be described by data including: (i) length of arc; (ii) radius of circle for the arc; (iii) chord distance and bearing provided that, if deemed locally adequate by prudent private institutional investors, when a curved course is part of a dedicated public street or road line, that course may be described merely by indicating the distance and direction which that course takes along the street line from the end of the previous course.

(d) The legal description should be a single perimeter description of the entire plot. Division into parcels should be avoided unless a special purpose of the specific loan is served. Division would be necessary, however, if the plot is located on two sides of a public way. It is also customary in many areas to describe an easement appurtenant to a fee parcel by using a separate parcel description.

In the event a metes and bounds description cannot be prepared or is unavailable, SONYMA will accept, when usual and customary to the area in which the Eligible Property is located, one of the following forms of legal description:

(a) Block and Lot Description. A description composed of blocks and lots, which includes reference to a recorded map or plat on which said blocks and lots are delineated.

(b) Additional Acceptable Descriptions. A description of a parcel bounded on all sides by dedicated streets or alleys which refer to the bounding lines of the streets or alleys alone.

2.221 **Primary Mortgage Insurance**

(a) Coverage. Each Mortgage Loan which results in a loan-to-Value of the Property ratio in excess of 80 percent shall be insured by a PMI to the extent required so that the uninsured portion of such Mortgage Loan shall not exceed 72 percent of the Value of the Property. However, in no event shall Seller require Mortgagor to obtain coverage, unless such coverage is otherwise unavailable, that reduces SONYMA's exposure to below 72 percent. Any such insurance shall be evidenced by a final endorsement, certificate or policy of insurance in the amount of the original principal balance of the Mortgage Loan.

(b) Cancellation. Regardless of the Mortgage Loan Closing Date, PMI

coverage is required to remain in force until one of the following occurs, at which time coverage must ***automatically be cancelled by Servicer***, provided that at such time Mortgagor is not more than 30 days past due on his or her Mortgage Loan payments:

(i) the principal amount of the Mortgage Loan is reduced to 80 percent of the original Value of the Property; or

(ii) the Mortgage Loan reaches the midpoint of its amortization schedule.

***SONYMA will not permit PMI coverage to be eliminated based on an increase in the appraised value of the Eligible Property.*** In no event, however, can the coverage be maintained if not permitted under applicable State or federal law.

(c) PMI Declination. Sellers must notify SONYMA of any refusal by a PMI to provide the required coverage for any reason other than unsatisfactory credit.

(d) Full Force and Effect. As of the Closing Date, Seller is responsible for ensuring that such primary mortgage insurance is in full force and effect, the benefits of such primary mortgage insurance must be assigned to SONYMA in care of the Servicer and nothing must have been done or omitted to impair the rights of SONYMA thereunder.

(e) No Commissions. In connection with the placement or renewal of such primary mortgage insurance on the Mortgage Loans including any other mortgage owned or serviced by Seller, and to the Seller's knowledge, the PMI, including its parent or any affiliate, must not have caused or permitted any consideration or thing of value (other than the protection provided by its primary mortgage insurance), including but not limited to, any commission, fee or other compensation, to be paid to or received by: (i) any mortgage lender, (ii) any officer, director, or employee of such mortgage lender or any members of the immediate family or such officer, director or employee; (iii) any insurance agency, corporation (other than the PMI), partnership, trust or other business entity including any service corporation, whether organized for profit or otherwise) in which the mortgage lender or any officer, director, employee or any members of the immediate family of such officer, director or employee has any direct or indirect ownership or financial interest; or (iv) any designee, trustee, nominee or other agent or representative of any of the foregoing.

(f) No Delegated Underwriting. Seller or any other entity is ***not*** permitted to underwrite Mortgage Loans on behalf of the PMI under the PMI's delegated underwriting program. Seller must submit a complete underwriting file to the PMI for determination of PMI coverage acceptability.

## 2.222 Pool Insurance

Each Mortgage Loan, regardless of the loan-to-Value of the Property, must evidence a valid and effective pool insurance commitment issued by the Pool Insurer as of the Closing Date. Pool insurance is required by bond rating agencies (i.e., Moody's) as a credit enhancement to protect bondholders and to maintain an adequate rating on the Bonds. The premium for pool insurance coverage is paid by SONYMA.

A credit underwriting loan file, as described in Section 2.706(b), must be submitted by Seller for consideration and approval to the Pool Insurer for each Mortgage Loan.

**SECTION 2.3 - BORROWER ELIGIBILITY REQUIREMENTS.**

**2.301 First-Time Home Buyers**

(a) The Mortgagor must not have had, at any time during the three year period ending on the Residential Loan Application Date, except as stated in Section 2.5, a present ownership interest in a principal residence, and such status must exist up to the Closing Date. Furthermore, the Mortgagor must not, as of the Residential Loan Application Date and up to the Closing Date, own any other home including vacation or investment residences. For purposes of the above, interests which constitute a present ownership interest include the following: a fee simple interest; a joint tenancy, a tenancy in common, or tenancy by the entirety; the interest of a tenant-share-holder in a cooperative (including interest in a "Mitchell-Lama" or similar type limited equity or limited dividend cooperative project); a life estate; a land contract; and an interest held in trust for the Mortgagor (whether or not created by the Mortgagor) that would constitute a present ownership interest if held directly by the Mortgagor. Interests which do not constitute present ownership interests include the following: (i) a remainder interest; (ii) a lease with or without an option to purchase; (iii) a mere expectancy to inherit an interest in a residence; (iv) the interest that a purchaser of a residence acquires on the execution of a purchase contract; (v) an interest in real estate other than a residence; and (vi) ownership in the Eligible Property. An interest in a time-share unit will not constitute a present ownership interest only if the Mortgagor(s) has not taken real estate tax or home mortgage interest deductions on their Federal tax returns during the last three years.

(b) To establish that Mortgagor is a first-time homebuyer, Mortgagor must execute the Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G) and provide copies of his/her **signed** federal income tax returns (Form 1040A, 1040EZ, and/or 1040 and all schedules) for the three years immediately preceding the Residential Loan Application Date. If the required **signed** federal income tax returns are not available at such time, Seller must request the required documents from the Internal Revenue Service (IRS) on IRS Form 4506, Request for Copy or Transcript of Tax Form. If the prospective Mortgagor filed Form 1040 for the years in question, Seller must request copies of such income tax returns. If Form 1040A or Form 1040EZ was submitted for the years in question, Seller may submit IRS Form 8821 to the IRS requesting a letter from the IRS to such effect rather than submitting photocopies of the forms. If the prospective Mortgagors electronically filed their tax form or filed the Telefile Worksheet via telephone to the IRS, in addition to the form itself, SONYMA requires a separate notarized affidavit setting forth: (i) the filing date; (ii) the IRS office where the return was filed; (iii) a certification that the return did not include a deduction for either home mortgage interest or real estate taxes; and (iv) any other information available to the Mortgagors identifying the electronic filing. Alternatively, the Mortgagor may satisfy this requirement by obtaining a printout of the Telefile return. In this case, the Mortgagor may obtain a printout of the Telefile return from the IRS by calling 800-829-1040. If no tax returns were required to be filed under federal law by the potential Mortgagor for any such year, a correctly completed and signed Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G) is sufficient.

For Mortgage Loans with a Residential Loan Application Date of April 15th or later, SONYMA requires a copy of the tax returns for the most recent tax year. If Mortgagor filed a tax extension for the current tax year, a copy of this extension form must be submitted. For Mortgage Loans with a Residential Loan Application Date between January 1st and April 14th of

the current year, SONYMA does not require tax returns for the year immediately passed. (E.g., For a loan application dated April 1, 2000, tax returns for 1996, 1997, and 1998 will be accepted. For a loan application dated April 17, 2000, tax returns for 1997, 1998, and 1999 must be submitted.)

(c) If a spouse, fiancé, fiancée, or domestic partner is not a first-time homebuyer as defined above, both parties will not be considered first-time homebuyers, whether or not both sign the mortgage instruments. To determine if both parties are first-time homebuyers, SONYMA will require signed copies of the most recent three years' federal income tax returns for each party.

(d) In order to be eligible for financing, SONYMA will require any Mortgagor, who has itemized deductions for home mortgage interest and/or real estate tax deductions on their federal tax return(s) for a residence not owned by the Mortgagor, to amend their tax returns and eliminate these deductions. To document that the amended return(s) has been filed with the IRS, SONYMA will require a copy of the signed IRS Form 1040X as well as evidence that IRS has received the amended returns.

2.302 **Manufactured Home HomeOwner**

If the Mortgagor's only potentially disqualifying present ownership interest is ownership of a manufactured home that is NOT permanently attached to land, the Mortgagor may be considered a first-time homebuyer and may be eligible for a Mortgage Loan. A manufactured home is "permanently attached" if it is permanently anchored to real property and has had wheels and other components used in transportation removed. Mortgagors will be required to complete the Manufactured HomeOwner Eligibility Affidavit (Form 217; Exhibit K) regarding the status of their manufactured home. Eligibility will be determined based on how the Mortgagor responds to the questions on Form 217. **IMPORTANT NOTE:** If, due to their ownership of a manufactured home, Mortgagors have claimed a real estate tax or a home mortgage interest deduction on their income tax returns, they will **NOT** be considered first-time homebuyers regardless of whether or not the manufactured home was permanently attached to the land.

2.303 **Income Limits**

Total combined annual household income for each "Household Member" occupying the Eligible Property must be within the applicable income limits (based on household size) as described in the Application or this Seller's Guide. A "Household Member" is defined as the Mortgagor, the Mortgagor's spouse, any person signing the Mortgage Loan and/or Note, fiancée, domestic partner, and any person age 21 or older, and who expects to occupy the Eligible Property on the Closing Date.

For purposes of calculating income under this Section only, SONYMA will aggregate all household income (as defined above) for the year-to-date and will project this amount for the remainder of the calendar year. If Mortgagor can establish, by submission of computerized paystubs (received by Mortgagor not earlier than the Residential Loan Application Date), that income, such as overtime, bonuses or commission, is not currently being received, SONYMA will not include such amounts in its projection. Conversely, if Mortgagor receives an increase in base salary, SONYMA will use the new base salary in making its determination of Mortgagor's income for this purpose. See *Appendix III for more details on calculating household income.*

Seller shall distribute the Recapture Notification and Mortgagor's Affidavit

(Form 211; Exhibit G) to each prospective Mortgagor. Upon completion of Part IV - Income Eligibility of the form by each prospective Mortgagor for all household members with respect to a Mortgage Loan, the Seller shall aggregate all current income of all such household members and shall determine whether such aggregate sum exceeds the applicable income limit. The Recapture Notification and Mortgagor's Affidavit must be completed and executed at application and reaffirmed on the Closing Date. If the aggregate sum should exceed the applicable income limit on the Residential Loan Application Date or the Closing Date, Seller shall notify such Mortgagors that their application for a Mortgage Loan has been rejected.

SONYMA will require evidence of income for any Household Members who will not be a Mortgagor. To determine such income, SONYMA will require a recent paystub from such person(s).

*Note: This Section 2.303 is for purposes of determining whether a Mortgagor's household income complies with SONYMA's income limit requirements only and should not be confused with Section 3.102 which describes credit underwriting guidelines. The calculations in these sections are unique and mutually exclusive of each other.*

- 2.304     **Owner Occupancy**     The Mortgagor 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 or Three- or Four-Family Dwelling, the Mortgagor must occupy one of the units.
- 2.305     **No Trade or Business**     The Mortgagor must not use any portion of the Eligible Property in a trade or business, as a vacation home or as an investment, except for rental units in a Two-Family Dwelling or Three- or Four-Family Dwelling and as described in Seller's Guide Appendix III - Section B, Item 20.
- 2.306     **Applies to All Titleholders**     SONYMA requires that all individuals named on the deed as having an interest in the Eligible Property be Mortgagors and meet all requirements of Mortgagor set forth in this Seller's Guide. SONYMA requires that at least one Mortgagor execute the note and that any Mortgagor or Guarantor executing the note satisfy all requirements in Section 3.1.
- 2.307     **Does Not Apply to Guarantor**     In all cases under Section 2.3, except in the case of a spouse, fiancé, fiancée, or domestic partner as described in Section 2.301(c), the requirements do not apply to a person who is solely a Guarantor of the note and does not execute the mortgage and therefore has no ownership interest in the Eligible Property.
- 2.308     **Recapture Requirement**     For all Mortgage Loans, the Seller and SONYMA must inform the Mortgagor of the potential recapture tax payment that may be required to be made to the federal government upon sale or disposition of the Eligible Property as a result of receiving a Mortgage Loan financed from the proceeds of tax-exempt bonds. If any tax is due, payment to the IRS would be made upon completion of Mortgagor's federal income tax return for the tax year in which the Eligible Property was sold or transferred. The information must be provided to the Mortgagor in two parts:

(a) The Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G) must be provided by Seller to the Mortgagor on the Residential Loan Application Date, executed, and a photocopy of the original submitted to SONYMA with the pre-closing application loan file as listed in Section 2.706(c) of this Seller's Guide. The Mortgagor must reaffirm the Recapture Notification and Mortgagor's Affidavit on the Closing Date.

(b) The Mortgagor must be provided, on or after the Closing Date, with the information necessary for the Mortgagor to determine and pay the amount, if any, of recapture required to be paid by the Mortgagor. In all cases this information will include the following:

(i) the federally subsidized amount; and

(ii) the income limits for each category of family size for each year of the 9-year recapture period.

To establish that the Mortgagor is aware of his or her responsibility as to the recapture requirement, SONYMA will send a notification directly to the Mortgagor which sets forth all pertinent information with respect to his or her recapture obligations.

*See attached Appendix I which lists adjusted incomes that Mortgagor's household income must exceed upon disposition of the Eligible Property to be liable for a potential IRS recapture tax. The chart can be a useful tool for Seller when explaining recapture to potential Mortgagors.*

- 2.309 **Mortgage Loans to Seller's Employees** Unless specifically advised by SONYMA, employees of Seller are eligible to apply for SONYMA financing provided such employee is eligible in all other respects and Seller processes the Mortgage Loan application using Alternative Documentation as described in Section 3.105 of this Seller's Guide.
- 2.310 **Mortgagor Acting as Own Contractor** If Eligible Property is Newly Constructed Housing or a rehabilitation, SONYMA will not permit Mortgagor to act as the contractor unless construction is Mortgagor's full-time occupation. In no event will Mortgagor be compensated for "sweat equity" as part of the transaction.

#### **SECTION 2.4 - PROPERTY ELIGIBILITY REQUIREMENTS.**

- 2.401 **Residential Use** An Eligible Property, any portion of which is used for trade, business or non-residential purposes, is not eligible for a Mortgage Loan. An exception to this requirement may be allowed on a case-by-case basis. Section B, Item 20 of Appendix III of this Seller's Guide describes the circumstances where business use of the Eligible Property is permissible.
- 2.402 **Eligible Properties** The following are restrictions on dwelling types, including factory-made housing which is permanently affixed to real property, which are eligible for financing under the Low Interest Rate Mortgage Program:
- (a) Eligible Property must be located in the State.
- (b) Eligible Dwelling Types:
- (i) Single Family Dwellings may be Existing Housing or Newly Constructed Housing.
- (ii) Two-Family Dwellings may be Existing Housing or Newly Constructed Housing but if the dwelling is less than five years old as of the Residential Loan Application Date, it must be located in a Targeted Area. Two-Family Dwellings five years old or older as of the Residential Loan Application Date must have been used or held out for a residential purpose for the previous five years and could not have otherwise been used for any business or commercial purpose, including use as a boarding or rooming house.

(iii) Three- or Four-Family Dwellings - Must have been used or held out for use for residential purposes and no business or commercial use of the property as a boarding or rooming house was made or advertised during the previous five years.

(c) Minimum Living Area. The residence on the Eligible Property must have a minimum living area of 500 square feet.

(d) Manufactured housing must be permanently affixed to real property and meet the requirements set forth in Section 3.107.

(e) Compliance with Building and Zoning Codes. The Eligible Property must legally conform to all applicable zoning and building codes. If Newly Constructed Housing, the Eligible Property must be warranted by the builder as to all materials and workmanship for at least one year from completion of construction.

(f) Maximum Lot Sizes. The Eligible Property must not have more land appurtenant to it than required to maintain the basic livability of the residence as follows:

(i) Zoned areas: Maximum amount of land is five acres. If the property contains more than five acres, SONYMA will require a letter from the appropriate local municipal authority stating that the property is not subdividable or the additional lot(s) is not buildable. If the property is subdividable or the additional lot(s) is buildable, SONYMA will require that the second lot be subdivided and not be financed by, or provide security for, the Mortgage Loan.

(ii) Rural or Unzoned areas: No more than five acres. Eligible Properties in excess of five acres will be required to be parceled so that SONYMA's mortgage encumbers the parcel containing only the dwelling and no more than five acres of land. SONYMA will make an exception up to 10 acres if the local municipal authority provides a letter stating that the property can only be used for residential purposes and not for business, commercial or agricultural uses.

In any event, SONYMA will require the Property Usage Affidavit (Form 242; Exhibit J) signed by all Mortgagors stating that they will not, at any time during the Mortgage Loan term, subdivide, sell, or transfer any portion of the mortgaged property and will not use the Eligible Property for any business, commercial or agricultural purpose.

(g) Properties with Multiple Buildings. Properties containing more than one building or any part thereof are not eligible unless it can be established that the additional building cannot be used for one or more separate residences.

(h) New Construction - Closing with a Temporary Certificate of Occupancy. Mortgage Loans used to finance end loans on Newly Constructed Housing or rehabilitated Existing Housing may close and be purchased by SONYMA upon the issuance of a temporary certificate of occupancy provided the PMI is satisfied as to the level of completion of the Newly Constructed Housing. Seller is responsible for obtaining a permanent certificate of occupancy and incorporating it within the Mortgage Loan file.

(i) Private Roads. SONYMA will approve Mortgage Loans secured by properties which are located on private streets or roadways, provided there is a maintenance agreement of public record which has been signed by all property owners.

(j) The Eligible Property must have a continuously fueled heat source which is permanently affixed and is considered part of the real estate.

(k) Attached townhomes or zero-lot line homes that are not part of a condominium or PUD, should have a recorded party wall agreement.

(l) Private water and sewer systems must meet local health standards. If the Eligible Property utilizes private water and/or sewer systems, well and septic certification is required.

(m) Eligible Properties must have electrical systems sufficient to handle standard appliances and lighting.

(n) Permissible Escrows. For Newly Constructed Housing, when minor exterior repairs (e.g. concrete work, painting, scraping, grading, seeding, decks, driveway paving, etc.) cannot be made due to prevailing weather conditions, Seller is **authorized** to hold an escrow, not to exceed \$2,000, to complete the necessary work and satisfy any conditions of the Mortgage Loan approval. The escrow must be: (i) held from either the property seller's or the Mortgagor's own funds, and (ii) in an amount equal to one and one-half (1½) times the cost to satisfactorily complete all work. All work must be completed by the first day of June immediately following the winter of the Closing Date. All other escrows must be requested in writing by Seller and approved by SONYMA.

(o) Mother/Daughter Type Properties. Mother/daughter type properties or properties with accessory apartments will be considered for financing on a case-by-case basis. The property must conform to all local building ordinances and zoning requirements, and must be common to the area and noted as such in the appraisal report. The appraiser must supply at least one recent mother/daughter comparable in the area. Interior access must be present between the two units. Neither of the units may be considered as income producing. For acquisition cost limit purposes (see Sections 2.406 - 2.408 of this Seller's Guide), such properties will use the limits applicable to Single Family Dwellings.

(p) Properties with "Second Kitchens". Single Family Dwellings that are not legal mother/daughter type properties and contain a "second kitchen" must have the additional kitchen removed prior to the Closing Date. Removal includes all cabinets, appliances, sinks, and the capping of all pipes inside the relevant wall. The only exception to this rule is where the "second kitchen" is listed as a summer kitchen. Generally, these are small kitchen areas, usually located in the basement, that are common and customary to the neighborhood. The area containing a second kitchen cannot be set up or partitioned off for use as a separate apartment or living quarters.

(q) Infestation, Dampness or Settlement. If the appraisal report indicates any evidence of wood-boring insects, dampness or settlement, Seller must provide either satisfactory evidence that the condition was corrected or submit a report prepared by an appropriate professional indicating, based on an inspection of the premises, that the condition poses no threat to the structural integrity of the improvements.

(r) Environmental Hazards. If the appraisal report or other document indicates evidence of an environmental hazard or potential environmental hazard (i.e., leakage of fuel from an underground oil tank), Seller must contact SONYMA for a determination as to whether the property will be eligible for financing.

(s) Other Conditions. In cases where this Seller's Guide does not address specific property-related issues, Seller should utilize prudent lending practices common and customary to the area where the Eligible Property is located and is typically acceptable to Fannie Mae or Freddie Mac.

2.403 **Two-Family and Three- or Four-Family Dwelling Requirements**

For Two-Family Dwellings located in a non-Targeted Area and for all Three- or Four-Family Dwellings, the building or one unit of the building must have been occupied as a residence for at least five years immediately preceding the Residential Loan Application Date. Any unit may have been vacant during such time if the unit was, from the time previously occupied as a residence, continuously held out for residential use and not occupied for any period of time in connection with a commercial or business use.

2.404 **Rehabilitation Loans**

The following types of rehabilitation may be financed with Mortgage Loans:

(a) Mortgagor may purchase a rehabilitated property based upon the "as-rehabbed" value and property seller completes rehabilitation.

(b) Mortgagor may receive a commitment for a Mortgage Loan based on the purchase price plus the cost of rehabilitation of the Eligible Property. The Mortgage Loan commitment must be based on the "as-rehabbed" Value of the Property. However, interim financing to purchase the Eligible Property and complete the rehabilitation, other than what is permissible under Section 2.213 of this Seller's Guide, would have to be obtained from a source other than SONYMA.

For purposes of determining whether a rehabilitation or conversion property is considered Existing Housing or Newly Constructed Housing, Seller may use the following as a guide:

(a) Existing Housing - Rehabilitated or converted from a previous residential use (i.e. apartment building, single family home).

(b) Newly Constructed Housing - Rehabilitated or converted from a previous non-residential use (i.e. school, hospital, warehouse).

2.405 **Land Contracts**

A land contract is defined as a written agreement by which real estate is sold to a buyer who pays a portion of the purchase price when the contract is signed and completes payments in installments made over a specified period of time, with title remaining with the property seller until the total purchase price or a stipulated portion of the purchase price is paid. Properties being purchased under land contracts are **not eligible** for financing under the Low Interest Rate Mortgage Program.

2.406 **Acquisition Cost Defined**

(a) Acquisition Cost is defined as the cost of acquiring a residence (which does not include property such as an appliance, a piece of furniture, a television, etc., which under applicable law is not a fixture), from the property seller as a completed residential unit and includes the following:

(i) All amounts paid, either in cash or in kind, by the purchaser (or a related party for the benefit of the purchaser) to the property

seller (or a related party for the benefit of the property seller) as consideration for the residence.

(ii) If a residence is incomplete, the reasonable cost of completing the residence whether or not the cost of completing construction is to be financed by a Mortgage Loan.

(iii) If subject to a ground lease, the capitalized ground rent computed at a discount rate established by SONYMA.

(iv) Cost of land owned by Mortgagor for less than two years.

(v) For Mortgage Loans financing units in a cooperative project, the pro rata portion of the underlying mortgage allocable to the cooperative unit must be added to the cost of the shares of stock.

*Note: In some cases, the amount of a subsidy provided by a governmental entity or not-for-profit organization may not be required to be included in the Acquisition Cost. To determine if a subsidy is required to be included, please contact SONYMA.*

(b) The term "Acquisition Cost" does **not** include the following:

(i) The usual and reasonable settlement or financing costs. Settlement costs include titling and transfer costs, title insurance, survey fees, and/or other similar costs. Financing costs include credit reference fees, legal fees, appraisal expenses, "points" which are paid by the Mortgagor and/or other costs of financing the residence. However, such amounts will be excluded in determining Acquisition Cost only to the extent that the amounts do not exceed the usual and reasonable costs which would be paid by the Mortgagor where financing is not provided under the Low Interest Rate Mortgage Program or any other program financed by tax-exempt bonds. For example, if the Mortgagor agrees to pay to the property seller more than a pro-rata share of the property taxes, such excess shall be treated as part of the Acquisition Cost.

(ii) The value of services performed by the Mortgagor or members of the Mortgagor's family in completing the residence. For purposes of the preceding sentence, the family of an individual shall include only the individual's brothers and sisters (whether by whole or half blood), spouse, ancestors, and line descendants. Where the Mortgagor builds a home alone or with the help of family members, the Acquisition Cost includes the cost of materials provided and work performed by sub-contractors (whether or not related to the Mortgagor), but does not include the imputed cost of any labor actually performed by the Mortgagor or a member of the Mortgagor's family in constructing the residence. Similarly, where the Mortgagor purchases an incomplete residence the Acquisition Cost includes the cost of material and labor paid by the Mortgagor or the Mortgagor's family in completing the residence.

(iii) The cost of land owned by Mortgagor for two years or more prior to the date on which construction commenced on Newly Constructed Housing.

2.407 **Acquisition Cost Calculation** Mortgagors will be required to complete Part III - Acquisition Cost of Residence of the Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G) to determine eligibility. Sellers should refer to Section 2.406 of this Seller's Guide for the definition of Acquisition Cost.

2.408 **Acquisition Cost Limits** The maximum Acquisition Cost as defined in Section 2.406 must not exceed the purchase price limits set forth in the Income and Purchase Price Limits Table (Exhibit A of this Seller's Guide).

*Note: When reviewing applications for SONYMA financing, Seller must take all reasonable steps necessary to insure that there are no unaccounted funds paid by the Mortgagor (or related party) to the property seller (or related party) which would result in the purchase price of the home exceeding the relevant Acquisition Cost limit. Seller should pay particular attention to situations wherein the appraised value of the Eligible Property is higher than the purchase price which itself is at or relatively close to the relevant Acquisition Cost limit. In such cases, Seller should carefully review the appraisal to insure that any large adjustments are adequately explained. The purchase of Mortgage Loans that finance homes which exceed the appropriate Acquisition Cost limit is prohibited under IRS regulations and could result in the Seller having to repurchase the Mortgage Loan.*

2.409 **Newly Constructed Housing - Buy Down** New construction buy downs of the Mortgage Loan interest rate will not be allowed in the Low Interest Rate Mortgage Program.

2.410 **Newly Constructed Housing - Mortgagor Ownership of Land** A Mortgage Loan may be provided as end loan financing for Newly Constructed Housing on land owned by the Mortgagor as follows:

(a) If Mortgagor owns the land free and clear of any liens, the principal amount of the Mortgage Loan can never exceed the cost of constructing the residence plus any reasonable closing costs after all Mortgagor Cash as described in Section 3.101(a)(i) of this Seller's Guide is utilized. In cases where the land was recently gifted to Mortgagor, the closing costs may only be financed if Mortgagor meets the minimum equity requirement described in Section 3.101(a) below.

(b) If Mortgagor obtained financing to purchase the land and the original term of the loan was 24 months or less, the proceeds of the Mortgage Loan may be used to satisfy the land loan.

(c) If Mortgagor obtained financing to purchase the land and the original term of the loan was in excess of 24 months, the proceeds of the Mortgage Loan **may not** be used to satisfy the land loan. In this case, Mortgagor must use Cash or Other Equity as defined in Section 3.101 (a) of this Seller's Guide, to satisfy the land loan as of the Closing Date. The maximum financing in this case can never exceed the cost of constructing the residence plus any reasonable closing costs after all Mortgagor Cash as described in Section 3.101(a)(i) of this Seller's Guide is utilized.

Refer to Section 3.101 (a)(ii) of this Seller's Guide for the proper procedure for calculating the land as equity in the transaction. *Note: In cases where the value of the land exceeds 20 percent of the sum of the values of realty and improvements, PMI insurance will not be necessary.*

**IN NO EVENT WILL SONYMA PERMIT THE MORTGAGOR TO TAKE "CASH-OUT" OF THE TRANSACTION. SEE SECTION 2.213 OF THIS SELLER'S GUIDE.**

- 2.411 **Project Set-Aside** To provide developers and builders with a marketing tool to attract potential purchasers, SONYMA may agree to purchase a specific number of Mortgage Loans from a project which has been approved by SONYMA as a "Project Set-Aside". Such a designation will permit the developer or builder to market the approved project to qualified Mortgagors.
- In order to get a project designated for a set-aside commitment from SONYMA, the builder/developer must provide SONYMA and the Pool Insurer with certain project documentation. Please contact SONYMA's Project Manager for more details.
- 2.412 **Spot New Construction Mortgage Loans** Mortgage Loans for Newly Constructed Housing not designated as a project set-aside are defined as "Spot New Construction Mortgage Loans." Sellers should evaluate such applications carefully to determine if the Mortgage Loan can close within required program timeframes. Spot New Construction Mortgage Loans for the purchase of condominium and cooperative units may require project approval from the Pool Insurer in accordance with Section 3.108 or 3.109 of this Seller's Guide.

**SECTION 2.5 - TARGETED AREAS; SPECIAL REQUIREMENTS BY PROPERTY LOCATION.**

The following special provisions and exceptions are applicable to Targeted Areas. Sellers should review this Seller's Guide carefully to assure compliance with all terms. Please refer to Appendix II for the Listing of Federally Approved Targeted Areas for Economic Development published by SONYMA.

- (a) Waiver of First-Time Homebuyer Requirements. Mortgagors purchasing Eligible Properties in Targeted Areas are not required to be first-time homebuyer and the requirement to submit federal income tax returns for the previous three years is waived. However, Mortgagor is not permitted, as of the Residential Loan Application Date and up to and including the Closing Date, to own another home such as a vacation or investment home. Furthermore, all documentation for credit underwriting is required as stated in Sections 2.706 and 3.1, and the Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G) and Property Seller's Affidavit (Form 210; Exhibit H) are required.
- (b) Acquisition cost limits and income limits are higher in Targeted Areas than in non-Targeted Areas.
- (c) Two-Family Dwellings, if located in a Targeted Area, that are less than five years old, as of the Residential Loan Application Date, are eligible.

**SECTION 2.6 - LOAN RESERVATION AND INTEREST RATE LOCK-IN PROCESS.**

**RESERVATIONS WILL BE REQUIRED FOR ALL MORTGAGE LOANS.**

- (a) 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 must be within the applicable household income limit as provided in Exhibit A of this 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 (binders are not acceptable) executed by all property sellers and Mortgagors;
  - (iv) Acquisition cost of the property as described in Sections 2.406 and 2.407 must be within the purchase price limits as provided in Exhibit A of this Seller's Guide;

- (v) Determine if 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 property is located in an attached housing project as described in Section 3.108 or 3.109, the Pool Insurer must be contacted to determine whether the project is approved or requires approval.

(b) If Mortgagor meets the above criteria, Seller, upon accepting a Mortgage Loan application from Mortgagor, has 20 calendar days from the Residential Loan Application Date to fax or mail to SONYMA a fully completed Loan Reservation Worksheet and Rate Certification (Form 238; Exhibit L) to reserve funds and lock the interest rate for the Mortgage Loan. A copy of the dated signature page of the mortgage loan application must be submitted with Form 238. The Reservation fax number is (212) 872-0406. **Note: SONYMA will require a copy of the fully executed sales contract for any Mortgage Loan application in which Seller attempts to lock the interest rate with a Short-Term Lock-in and property is Newly Constructed Housing. Binders are not acceptable**

(c) Upon receipt of a fully completed Form 238, SONYMA will reserve the Mortgage Loan and lock the interest rate that was available on the Residential Loan Application Date. If the fully completed Form 238 is not received within 20 days of the Residential Loan Application Date, SONYMA will determine the interest rate in which the loan will be locked and whether Seller will be assessed a penalty.

(d) SONYMA will confirm each Reservation and rate lock in writing on a weekly basis to Seller's primary contact and will assign a SONYMA Loan Number exclusively to each Mortgage Loan reserved. Seller is responsible for reviewing the confirmation reports to ensure SONYMA has received each Reservation and immediately report any discrepancies to SONYMA. **Note: Seller shall not rely on a fax confirmation to confirm Reservations and rate locks.**

**SECTION 2.7 - PRIOR APPROVAL AND PURCHASE OF MORTGAGE LOANS.**

- |       |   |  |
|-------|---|--|
| 2.701 | <b>Property Seller's Affidavit</b>                      | Sellers will be required to obtain a fully executed Property Seller's Affidavit (Form 210; Exhibit H), prior to the submission of the Mortgage Loan application file to SONYMA. The Property Seller's Affidavit cannot be executed by a person having a power-of-attorney for property sale. In the case of a property seller completely incapacitated due to illness and therefore unable to sign the document, this document may be signed by the person possessing the power-of-attorney in lieu of the property seller. In such cases, Seller must obtain a certified statement from the attending physician of property seller's incapacity and must include a copy of the power-of-attorney in the file. If Seller has any reason to believe that any misrepresentation exists in this affidavit, Seller must immediately notify SONYMA of such possible misrepresentations. |
| 2.702 | <b>Recapture Notification and Mortgagor's Affidavit</b> | Sellers will be required to obtain a fully executed Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G) prior to the submission of the Mortgage Loan application file to SONYMA. This affidavit must be reaffirmed on the Closing Date. If Seller has any reason to believe that any misrepresentation exists in this affidavit, Seller must immediately notify SONYMA of such possible misrepresentations.   |
| 2.703 | <b>Property Data Reporting</b>                          | (a) SONYMA is required to pool its Mortgage Loan information with other State housing agencies and programs so that activities on a statewide level can be more accurately reported. As a result, Sellers are required to provide SONYMA with certain information regarding each Mortgage Loan. This information must be included in either the loan application file on the Loan Verification Form (Form 213; Exhibit E), or the closed loan document file on the Closed Loan Document Checklist (Form 223; Exhibit N), or the Closed Cooperative Share Loan Document Checklist (Form 224;  |

Exhibit U), whichever is appropriate for each Mortgage Loan. Furthermore, documentation to support the information must be included in the loan file. Specifically, SONYMA requires the following information for each Mortgage Loan:

(i) Section, Block, and Lot Number or Tax Map Parcel Number.

- (A) Section Number
- (B) Subsection Number
- (C) Block Number
- (D) Lot Number
- (E) Sublot Number
- (F) Tax Map Parcel Number

(ii) Taxing Municipality Type - choice of: County, City, Town, or Village.

(iii) Taxing Municipality Name.

(b) The conventions for this information are as follows:

(i) Section, Block and Lot Number or Tax Map Parcel Number.

(A) Section Number through Tax Map Parcel Number. This information usually takes a form such as: 107.99-01-23.10 This breaks down as:

Section	- 107
Subsection	- 99
Block	- 01
Lot	- 23
Sublot	- 10

(B) Whenever decimals follow the Section Number or Lot Number, the numbers to the right of the decimal are the Subsection Number or the Sublot Number respectively.

(C) Not all properties have a Subsection and/or Sublot Number.

(D) New York City properties only have a Block Number and a Lot Number.

(E) Tax Map Parcel Number. Some areas such as Broome County utilize a Tax Map Parcel Number in lieu of the Section, Block, and Lot Number format. In these areas, this number is acceptable to SONYMA.

(ii) Taxing Municipality Type - the following guidelines apply:

(A) In situations where taxes are paid to more than one authority - such as Town and Village - use the smaller entity - in this case Village - for your response.

(B) For the boroughs of New York City, county is the appropriate response.

(C) Outside of New York City, county is not an

acceptable response.

(iii) Taxing Municipality Name - Enter the full name of the taxing authority.

**2.704 Use of Computer  
Produced or Third-  
Party Printed  
Documents and  
Forms**

SONYMA will permit the documents listed below to be laser-printed, computer-generated or third-party printed, but only with the prior written consent of SONYMA. Examples of third-party printed documents include those reproduced by such companies as VMP Mortgage Forms and Great Lakes Business Forms, Inc. Seller will be required to execute an Indemnification Form (Form 239; Exhibit O) holding SONYMA harmless against any errors and/or omissions in any of the reproduced documents. The documents SONYMA will permit to be reproduced are:

(a) Mortgage (Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01 - New York - Single Family)

(b) Riders to Mortgage:

(i) Condo Rider (Fannie Mae/Freddie Mac Multistate Condominium Rider Single Family - Uniform Instrument Form 3140 1/01)

(ii) PUD Rider (Fannie Mae/Freddie Mac Multistate PUD Rider - Single Family - Uniform Instrument Form 3150 1/01)

(iii) 1-4 Family Rider (Fannie Mae/Freddie Mac Multistate 1-4 Family Rider - Uniform Instrument Form 3170 1/01)

(c) Note (Fannie Mae/Freddie Mac Uniform Instrument 3233 1/01 - New York Fixed Rate Note - Single Family)

(d) Assignment of Mortgage (SONYMA Form 202; Exhibit Q)

(e) Extension, Consolidation and Modification Agreement [Fannie Mae/Freddie Mac Single Family Form 3172 1/01(rev. 5/01)]

SONYMA will also permit certain forms related to cooperative share loans to be computer generated or third-party produced. For more information, please contact SONYMA. OTHER THAN THE FORMS LISTED IN THIS SECTION 2.704, NO OTHER FORMS LISTED IN THE TABLE OF EXHIBITS (PAGE v AND vi OF THE INDEX) CAN BE COMPUTER GENERATED OR THIRD-PARTY PRODUCED.

In order to receive SONYMA's consent to use laser-printed, computer-generated or third party printed documents, Seller must submit the following:

(a) Executed and notarized Indemnification Form (Form 239; Exhibit O).

(b) A complete set of each of the above forms Seller has printed and will use to close SONYMA loans.

SONYMA will review the submission and advise the Seller in writing of its approval of the document submission.

2.705 **MERS® (Mortgage Electronic Registrations Systems, Inc.)**

MERS® is a system developed by and for the mortgage industry to electronically register and track the ownership of mortgages. If a mortgage lender, servicer or investor is a "MERS Member", the electronic registration on MERS eliminates the need for a recorded assignment of mortgage. **SONYMA has not yet made a determination to become a MERS Member and as such, will continue to require a recorded assignment.** However, the Agency will accept for purchase Mortgage Loans which designate MERS as nominee for Seller.

If Seller is an approved MERS Member and elects to close Mortgage Loans with MERS as the nominee, SONYMA requires the following:

(a) Mortgage (Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01 - New York - Single Family) must contain the appropriate MERS as Original Mortgagee ("MOM") language required by Fannie Mae and Freddie Mac.

(b) Extension, Consolidation and Modification Agreement [Fannie Mae/Freddie Mac Single Family Form 3172 1/01(rev. 5/01)], if applicable, must contain the appropriate MERS language required by Fannie Mae and Freddie Mac.

(c) Assignment of Mortgage (SONYMA Form 202; Exhibit Q) from MERS to SONYMA must be executed by a MERS certifying officer (an employee of Seller that is duly elected as an officer of MERS) and must be recorded in the appropriate county clerk's office.

The above documents must be completed and submitted as set forth in Section 2.710 (d) below.

2.706 **SONYMA Pre-Closing Review**

(a) In order that SONYMA may make a determination that a prospective Mortgage Loan complies with all the requirements of this Seller's Guide and the Availability of Funds and Notice of Terms Bulletin, prior to Closing Date, Seller will be required to submit certain documentation to SONYMA as stated in paragraph (c) of this Section 2.706.

After review of the requested documentation, SONYMA will advise Seller of loan eligibility by faxing and mailing an executed copy of the Mortgage Loan Eligibility Form (Form 212; Exhibit D).

(b) Pool Insurer Loan File. A copy of the credit package as listed below or as described in Section 3.110 must be forwarded to the Pool Insurer for pool insurance consideration. **Unless otherwise notified by SONYMA, Pool Insurer approval is required before submitting the package to SONYMA.** The following documents, or as a substitute the alternative documents described in Section 3.105, must be submitted to the Pool Insurer:

(i) Pool Insurer's application for pool/primary insurance (indicate if coverage is for pool insurance only).

(ii) Uniform residential loan application (Fannie Mae 1003).

(iii) Standard Residential Mortgage Credit Report (not more than 90 days old) or equivalent as listed in Section 3.103.

(iv) Verification of Deposits (not more than 90 days old) or equivalent as listed in Section 3.105.

(v) Verification of Employments (not more than 90 days old) or equivalent as listed in Section 3.105.

(vi) Residential appraisal report on a form described in Section 3.104 below. The appraisal must evidence that an interior inspection of the Eligible Property was conducted by the appraiser and must include photographs of the subject premises and photographs of the comparable sales. The appraisal report must not be more than 6 months old; appraisals more than 6 months old may need to be recertified.

(vii) Sales contract/offer to purchase.

(viii) If the Mortgagor is subject to homebuyer education as described in Section 3.101(f), a certificate from a homebuyer education course, the source of which has been previously approved by the PMI, evidencing Mortgagor has successfully completed said homebuyer education course.

(ix) If the Eligible Property is manufactured housing as described in Section 3.107, original color photographs of the Eligible Property.

(x) Subsidy provider award letter, if applicable.

(xi) Any other documents appropriate to the transaction.

(c) SONYMA Pre-Closing Application Loan File. The originals and, where noted, copies as listed below of the following documents for each prospective Mortgage Loan must be forwarded to the attention of SONYMA's Senior Loan Officer/Originations, 2nd Floor, at 641 Lexington Avenue, New York, New York 10022. The SONYMA Loan Number must appear on all documents for each Mortgage Loan.

(i) Application Loan File Checklist (Form 225; Exhibit C).

(ii) Mortgage Loan Eligibility Form (Form 212; Exhibit D).

(iii) Loan Verification Form (Form 213; Exhibit E).

(iv) Property Seller's Affidavit (Form 210; Exhibit H).

(v) Copy of Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G).

(vi) Property Usage Affidavit (Form 242; Exhibit J).

(vii) Manufactured HomeOwner Eligibility Affidavit (Form 217; Exhibit K), if applicable, as described in Section 2.302 of this Seller's Guide.

(viii) Private mortgage insurance (PMI) certificate or endorsement, if applicable.

(ix) Pool insurance certificate.

(x) Copy of executed Contract of Sale.

(xi) Copy of initial executed and dated Fannie Mae Form 1003 - Uniform Residential Loan Application with a copy of Fannie Mae Form 1008 - Underwriting and Transmittal Summary attached.

(xii) Copy of initial and executed Good Faith Estimate.

(xiii) Copy of fully executed Lender Lock-in Agreement.

(xiv) For each Household Member, copies of computerized paystubs for the most recent 30 day period. If paystubs are not applicable or available, a copy of Verification of Employment, (Standard Freddie Mac/Fannie Mae forms) or equivalent as listed in Appendix III - Section B, Item 5(d).

(xv) Copy of Verification of Deposit, (Standard Freddie Mac/Fannie Mae forms) or equivalent as listed in Section 3.105 or Section 3.110. In the event the verification does not indicate sufficient cash assets to consummate the closing, additional verification indicating sufficient cash assets must be attached.

(xvi) Copy of Residential Mortgage Credit Report on Mortgagor(s) or equivalent as listed in Section 3.103 or Section 3.110.

(xvii) As appropriate, a copy of the Fannie Mae Form 1004 (Single Family), Fannie Mae Form 1025 (Two- to Four-family), Fannie Mae Form 1073 (Condominium) appraisal form with Fannie Mae Form 1004B attached, or Fannie Mae Form 1075 (Cooperative) appraisal form. For Existing Housing Mortgage Loans only, Fannie Mae Form 2055 (Quantitative Analysis Appraisal Report) may be submitted in lieu of Form 1004 (Single Family) or Form 1073 (Condominium) provided a full interior inspection of the Eligible Property has been performed.

(xviii) Three clear, descriptive original or laser-produced photographs. One photograph should be a front view of the property showing the complete improvements, the second should be a rear view of the property, and the third should be a street scene showing neighboring improvements.

(xix) Copies of Mortgagor's **signed** Federal income tax returns for the previous three years, or equivalent as defined in Section 2.301. If the Mortgagor's tax returns show itemization for real estate tax and/or home mortgage interest deductions, then a separate notarized affidavit explaining such deductions must also be submitted. Tax returns are not required if the Eligible Property is located in a Targeted Area.

(xx) Copy of FEMA Standard Flood Hazard Determination (FEMA Form 81-93, Oct 98).

(xxi) Copies of subsidy documentation, if applicable.

(xxii) Such other documents as SONYMA may reasonably request.

For more details on completing and submitting the forms listed above, see Appendix III.

- 2.707 **Pool Insurer Commitment Timeframes** The Pool Insurer issues commitments for a period of six (6) months. Mortgage Loans closing after this period must receive an extension from the Pool Insurer, and must close on or prior to the extended expiration date.
- 2.708 **Modifications After SONYMA Pre-Closing Review** (a) Modification of any material fact after SONYMA has reviewed the Mortgage Loan application file must be submitted by the Seller and must be approved by the PMI, the Pool Insurer, and SONYMA prior to the Mortgage Loan Closing Date.
- (b) Any change in the amount of the Mortgage Loan or other salient terms or conditions must be reported by Seller to SONYMA, the Pool Insurer, and the PMI. Any documents affected by this change may be required to be submitted to SONYMA or the Pool Insurer upon its request.
- 2.709 **Seller Submission of Mortgage Loan Closing Report** On the first business day of each week, Seller is required to submit a report to SONYMA identifying each Mortgage Loan closed by Seller during the prior week. The report should contain at minimum: the SONYMA Loan Number, Mortgagor's name, and the Closing Date.
- 2.710 **Purchase of Mortgage Loans by SONYMA** (a) SONYMA will purchase Mortgage Loans, on a weekly basis, at their current unpaid principal balance as of two (2) days prior to the Purchase Date by wire transfer of funds. SONYMA will reduce the purchase price by the amount of any penalties as described in this Section 2.710, and if the Closing Date and Purchase Date occur in the same calendar month, any short-term interest. SONYMA SHALL NOT PURCHASE A MORTGAGE LOAN UNLESS THE SELLER HAS PROVIDED SONYMA WITH THE CLOSING DOCUMENTS AND SONYMA HAS APPROVED THE CLOSING DOCUMENTS. Prior to purchasing a Mortgage Loan, SONYMA shall notify Seller by fax that the Closing Documents have been duly provided and that it will purchase the Mortgage Loan as follows:
- (i) Mortgage Loans for which Closing Documents have been approved by SONYMA will be purchased by SONYMA on the next succeeding business day on which SONYMA purchases Mortgage Loans from the proceeds of the Bond series under which the Mortgage Loans are allocated. Refer to Availability of Funds and Notice of Terms Bulletin for the purchase day in which SONYMA purchases Mortgage Loans.
- (ii) In order for SONYMA to review and approve a Mortgage Loan as set forth in (i) above, SONYMA must have received the complete and accurate Closing Documents not later than three business days prior to the next available Purchase Date.
- (iii) If the Closing Documents as set forth in (i) and (ii) above are approved, SONYMA staff will contact the Servicer by telephone two (2) days prior to the Purchase Date to obtain the unpaid principal balance and the interest paid-to-date for each Mortgage Loan.
- (iv) A confirmation of the purchased Mortgage Loans will be immediately sent to the Seller and the Servicer (if not the same). The confirmation will list for each loan (A) the balance at which the Mortgage Loan was purchased, (B) short-term interest, if any, (C) the amount of any penalty fee, if any, as described in (f) below, and (D) the net purchase price. Further, SONYMA will send to Seller with each purchase confirmation, a report entitled

"New Loans Trial Balance" that will break down on a Mortgage Loan-by-Mortgage Loan basis the amount of any principal and/or interest to be retained by Seller. For Sellers that do not service Mortgage Loans for SONYMA, the report will also be sent weekly to the Servicer, so they will know promptly and exactly the amount of principal and/or interest required to be remitted to Seller.

Be advised that SONYMA calculates per diem interest based on a 360 day year. However, prepaid interest should be calculated based on the actual number of days in the month in which the Mortgage Loan has closed. For example: If a mortgage with an interest rate of 6.50% and \$100,000 original loan amount was closed on October 2nd and purchased by SONYMA on October 28th, SONYMA would net from the purchase price, interest in the amount of \$72.24  $[(\$100,000 \times 6.50\%) \text{ divided by } 360] \times 4 \text{ days (October 28th through October 31st)}$ . Seller would retain \$469.44  $[(\$100,000 \times 6.50\%) \text{ divided by } 360] \times 26 \text{ days (October 2nd through October 27th)}$ .

(b) Mortgage Loan Delivery Date. The Delivery Date for submission of a complete documentary package shall be as follows:

(i) After the Closing Date and prior to the Purchase Date, all documents listed in Section 2.710 (d)(i) or 2.710 (e)(i) below, whichever is applicable.

(ii) Within 180 days of the Closing Date, all original recorded documents, original title insurance policy, and filed documents as listed in Section 2.710 (d)(ii) or 2.710 (e)(ii) below, whichever is applicable.

(c) SONYMA requires that Seller provide the following certifications to SONYMA prior to the Purchase Date:

(i) For each Mortgage Loan, Seller shall execute, and shall cause any warehousing entity, if applicable, to execute the Loan Funding Certification (Form 229; Exhibit EE) and submit such form with the Closing Documents. Seller shall provide SONYMA with a copy of the warehousing agreement at Application and shall periodically forward evidence that such warehousing agreement has not expired and remains in full force and effect.

(ii) In connection with any unsecured credit agreements under which Seller obtains funds to close Mortgage Loans, Seller shall provide SONYMA, at Application, with the Certificate as to Unsecured Credit Agreement.

(d) Single Family Dwelling (other than cooperative share loans), Two-Family Dwelling and Three- or Four-Family Dwelling Documentary Requirements. The following documents for each Mortgage Loan submission must be forwarded to the attention of SONYMA's Senior Loan Officer/Closed Documents, 2nd Floor, 641 Lexington Avenue, New York, New York 10022. SONYMA Loan Number must appear on all documents for each Mortgage Loan. For more details on completing and submitting the below forms, see Appendix IV.

(i) Seller is required to deliver the following documents after the Closing Date and prior to the Purchase Date:

(A) Closed Loan Document Checklist (Form 223; Exhibit N).

(B) Original and a photocopy of the executed Note endorsed to SONYMA (Fannie Mae/Freddie Mac Uniform Instrument Form 3233 1/01 - New York Fixed Rate Note - Single Family), and if applicable, the SONYMA Rider to Fannie Mae/Freddie Mac Note (for split interest rate loans) (Form 236; Exhibit GG).

(C) Executed duplicate original of the Mortgage (Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01 - New York - Single Family) with SONYMA Rider to Fannie Mae/Freddie Mac Mortgage (Form 230; Exhibit FF) and if applicable, for two- to four-family properties, 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.

(D) Executed duplicate original of the Consolidation, Extension, and Modification Agreement, if applicable [Fannie Mae/Freddie Mac Single Family Form 3172-1/01 (rev. 5/01)]. No Rider, except the SONYMA Rider to Fannie Mae/Freddie Mac Mortgage (Form 230; Exhibit FF) and if applicable, the SONYMA Rider to Fannie Mae/Freddie Mac Note (for split interest rate loans) (Form 236; Exhibit GG), should be added to this document unless approved by SONYMA.

(E) Original and a photocopy of the building note(s) and recorded building mortgage(s), if applicable.

(F) Executed duplicate original of the Assignment of Mortgage (Form 202; Exhibit Q).

(G) Copies of executed Mortgage and Note from government subsidized secondary lienholder, if applicable.

(H) Preliminary Title Report or other permissible assurance of title.

(I) Original and photocopy of the Reaffirmed Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G).

(J) Property Survey or Plat or an approved substitute as described in Section 2.217 of this Seller's Guide.

(K) Original Hazard and Flood Insurance Certificate (Form 216; Exhibit S).

(L) Copy of Uniform Settlement Statement (Form HUD

-1).

(M) Original Satisfactory Completion Certificate (Form 208; Exhibit T) or equivalent Fannie Mae/Freddie Mac Form, if applicable.

(N) Original Loan Funding Certification (Form 229; Exhibit EE).

(O) Copy of Mortgage Loan Eligibility Form (Form 212; Exhibit D) executed by SONYMA at time of pre-closing commitment. If any conditions were listed by SONYMA on Form 212, also submit documentation to evidence that the conditions have been satisfied.

(P) Such other documents as SONYMA may reasonably request.

(ii) Seller is required to deliver the **original and a photocopy** of the following documentation within 180 days of the Closing Date:

(A) Recorded Mortgage (Fannie Mae/Freddie Mac Uniform Instrument Form 3033 1/01 - New York - Single Family) and appropriate riders attached as stated in Section 2.710(d)(i)(C) above.

(B) Recorded Consolidation, Extension, and Modification Agreement [Fannie Mae/Freddie Mac Single Family Form 3172-1/01 (rev. 5/01)], if applicable.

(C) Recorded Assignment of Mortgage (Form 202; Exhibit Q).

(D) Mortgage Title Insurance Policy with endorsement attached, reflecting SONYMA as insured, or other permissible assurance of title.

(e) Cooperative Share Loan Documentary Requirements. The following documents for each cooperative share loan submission must be forwarded to SONYMA's Senior Loan Officer/Closed Documents. The SONYMA Loan Number must appear on all documents for each loan.

(i) Seller is required to deliver the following documents after the Closing Date and prior to the Purchase Date:

(A) Closed Cooperative Share Loan Document Checklist (Form 224; Exhibit U).

(B) Original and a photocopy of the Cooperative Loan Note endorsed to SONYMA. (SONYMA Coop Exhibit 2; Exhibit W), and if applicable, the Rider to SONYMA Cooperative Loan Note (for split interest rate loans) (SONYMA Coop Exhibit 12; Exhibit II).

(C) Original and a photocopy of the Security Agreement (SONYMA Coop Exhibit 8; Exhibit X).

(D) Original and a photocopy of the Consent.

(E) Original and a photocopy of the Acceptance of

Assignment and Assumption of Lease (SONYMA Coop Exhibit 3; Exhibit Y).

(F) Original and a photocopy of the Proprietary Lease or Original Occupancy Agreement (see below paragraph).

(G) Original and a photocopy of the Assignment of Lease to Lender (SONYMA Coop Exhibit 4; Exhibit Z).

(H) Original and photocopy of the Assignment of Loan (SONYMA Coop Exhibit 5; Exhibit AA).

(I) Original and a photocopy of the Stock Certificate.

(J) Original and a photocopy of the Stock Power (SONYMA Coop Exhibit 9; Exhibit BB).

(K) Original acknowledgment copy and a photocopy of the filed UCC Financing Statement (National UCC Financing Statement Form UCC1).

(L) Original acknowledgment copy and a photocopy of the filed UCC Financing Statement Cooperative Addendum (New York UCC Financing Statement Cooperative Addendum Form UCC1CAAd).

(M) If the loan was not assigned to SONYMA on the Closing Date, an executed duplicate original of the UCC Financing Statement Amendment (National UCC Financing Statement Amendment Form UCC3).

(N) Original and a photocopy of the Aztech Form Recognition Agreement or the Blumberg Standard Form Recognition Agreement.

(O) Original and a photocopy of the Reaffirmed Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G).

(P) Two copies of the Lien Search of the apartment.

(Q) Original and a photocopy of the No Lien Affidavit (SONYMA Coop Exhibit 7; Exhibit DD).

(R) Copy of Uniform Settlement Statement (Form HUD-1).

(S) Original and a photocopy of the Loan Funding Certification (Form 229; Exhibit EE).

(T) Photocopy of Mortgage Loan Eligibility Form (Form 212; Exhibit D) executed by SONYMA at time of pre-closing commitment. If any conditions were listed by SONYMA on Form 212, also submit documentation to evidence that the conditions have been satisfied.

(U) Such other documents as SONYMA may reasonably request.

(ii) If the Mortgage Loan was not assigned to SONYMA on the Closing Date, Seller is required to deliver within 180 days of the Closing Date, an original acknowledgment copy and a photocopy of the filed UCC Financing Statement Amendment (National UCC Financing Statement Amendment Form UCC3).

Original forms for SONYMA cooperative share loan documents can be obtained from SONYMA's website.

The Original Consent and Original Acceptance of Assignment and Assumption of Lease documents (items D and E above) are not required for cooperative share loans in which the project is newly converted and which the applicant is purchasing directly from the cooperative corporation.

The Lien Search [item (O) above] should run against the cooperative corporation, the purchaser, and the seller; should be dated not more than sixty (60) days prior to the loan closing; and should include, at minimum: (i) Federal tax liens (County and State), (ii) UCC financing statement (County and State), (iii) orders appointing receivers, (iv) assignments for the benefit of creditors, (v) judgements and New York tax liens, (vi) mechanic's liens, (vii) bankruptcies, (viii) U.S. judgments, (ix) leases affecting the apartment, (x) mortgages on apartment lease, (xi) mortgages on building, (xii) miscellaneous docket, (xiii) bail bond liens, (xiv) criminal surety bonds, (xv) hospital liens, and (xvi) lis pendens.

If an Occupancy Agreement has been submitted in lieu of a Proprietary Lease, SONYMA requires an affidavit executed by the Mortgagor setting forth that the Mortgagor will not terminate or refuse to extend the Occupancy Agreement, or interfere with or terminate SONYMA's right to maintain its security interest in the underlying shares of stock in the cooperative corporation and in the Occupancy Agreement.

(f) Assessment of Penalties. SONYMA will assess Seller penalties as follows:

(i) Procedural Issues. Penalties may be assessed for procedural errors, such as:

(A) Mortgage Loan was reserved more than 20 days after the Residential Loan Application Date or before the date in which the contract if sake was fully executed.

(B) Mortgage Loan closed at an interest rate that is lower than the correct interest rate. (Note: If the Mortgage Loan closed at an interest rate that is **higher** than the correct rate, Seller will be required to reclose Mortgage Loan at the correct interest rate.)

(C) Mortgage Loan closes on a date that occurs after the commitment expiration date.

(ii) Late Delivery of Closing Documents. The table below details the penalties that will be assessed against Seller for the late delivery of the Closing Documents to SONYMA where Seller does not receive SONYMA's approval of the Closing Documents within 35 days of the Mortgage Loan Closing Date.

<u>Days From Closing Date</u>	<u>Penalty as a % of the Original Loan Amount</u>
1 - 35	0%
36 - 60	0.25%
61 - 90	0.50%
91 - 120	1.00%
121 - 180	1.75%
181 or more	No Purchase

(iii) Late Delivery of Recorded and Filed Documents and Final Title Policies. The table below details the penalties that will be used against Seller for the late delivery of recorded documents and final title policies, or filed documents as described in Section 2.710(d)(ii) or (e)(ii), as applicable, more than 541 days after the Mortgage Loan Closing Date.

<u>Days From Closing Date</u>	<u>Penalty Per Document Per Month</u>
1 - 540	\$0
541 - 730	\$25
731 - 1095	\$50
1096 or more	Possible Seller Repurchase at SONYMA's Discretion

2.711 **Possession of Mortgage Loan File**

Seller, when acting as Servicer, shall maintain an entire Mortgage Loan file which must contain photocopies of all documents, including all recorded instruments and final title policies, delivered to SONYMA and, at minimum, the following additional documents:

(a) Hazard Insurance Policies, properly endorsed, and copies of any necessary notices to insurance carriers.

(b) All other documents constituting the Mortgage Loan file and such other documents as may be requested by SONYMA and as are customarily maintained in mortgage loan files by prudent lenders, investors, and mortgage loan servicers.

(c) For each Mortgage Loan covering an individual condominium unit, Seller shall possess (but need not maintain in the individual Mortgage Loan file) such documentation with respect to the condominium as will be required for the sale of the individual Mortgage Loan and deliver such documentation to SONYMA upon request.

2.712 **Requirements of Sellers Not Servicing Mortgage Loans**

If Seller will not act as Servicer of the Mortgage Loans it sells to SONYMA, copies of all documents in the Mortgage Loan files and prepaid escrow funds shall be forwarded within five days after the Closing Date to Servicer identified by SONYMA in accordance with the written agreement between Seller and SONYMA executed after the execution of the Mortgage Purchase Agreement. **Failure to deliver this file will result in a delay of SONYMA's purchase of the Mortgage Loan.** Further, Seller is responsible for delivering to Servicer copies of all recorded or filed instruments, final title policies, final certificates of occupancy, and documents to evidence that the terms of any escrow agreement have been satisfied. In addition, all relevant insurance coverage, including primary mortgage insurance, must be assigned to SONYMA in care of the designated Servicer.

2.713 **Post-Purchase  
Quality Control  
Requirements**

(a) SONYMA Audit. SONYMA reserves the right to conduct a post-purchase quality control audit of any Mortgage Loan sold to SONYMA. Seller will be notified in writing to submit a copy of the complete Mortgage Loan file(s) to SONYMA. Seller must submit legible copies of the selected Mortgage Loan file(s) within 15 business days of SONYMA's request. Failure to do so may result in SONYMA taking appropriate remedies under this Seller's Guide and the Mortgage Purchase Agreement. Sellers not servicing Mortgage Loans for SONYMA must keep a copy of the entire file for a period of at least two years from the Purchase Date for this purpose.

Upon completion of SONYMA's quality control audit, Seller will be notified in writing of any deficiencies in the Mortgage Loans reviewed. At its sole discretion, SONYMA may require Seller to repurchase any deficient Mortgage Loan.

(b) Seller's In-House Quality Control Program. Over the course of each calendar year, Seller must perform an in-house quality control review of at least 10 percent of the Mortgage Loans it has sold to SONYMA. In no case may the number of Mortgage Loans selected be less than one loan. The review must be performed by employees operating independently of Seller's originations, underwriting and closing departments. The selection process must be conducted in a manner so that each Mortgage Loan has an equal chance of being selected for review. Reviews of Mortgage Loan files must occur within 90 days of each selected Mortgage Loan's Closing Date.

Seller's quality control program procedures must be in writing and findings must be reported to Seller's senior management. At minimum, Seller shall verify or reverify the following:

(i) Employment and income. Seller must reverify all verifications of income obtained in the original underwriting process.

(ii) Source of downpayment and closing costs. Seller must reverify all verifications of sources of downpayment and closing costs (including prepaid) obtained in the original underwriting process.

(iii) Credit reports. New in-file credit reports must be ordered from at least one of the three national credit repositories.

(iv) Review appraisals. Seller must obtain a review appraisal on one out of every ten Mortgage Loans selected for review. The review appraisal should be done by a qualified appraiser, not affiliated with the original appraiser or the original appraiser's firm, and should attempt to establish market value as of the date of the original appraisal. The review appraiser must also attempt to establish if all Mortgagors are occupying the Eligible Property as their primary residence and whether or not the Eligible Property is being used for any commercial or business purposes. The results of the appraiser's findings must be incorporated into the review appraisal report.

(v) IRS tax returns. On the Closing Date, Seller must have each Mortgagor execute IRS Form 8821 or 4506 and must obtain IRS information for the three tax years immediately preceding the Closing Date, to verify (A) income information where federal tax returns were required as original income information, and (B) accuracy of other reported tax information (i.e. form type, deduction amount, nature of itemized deductions, etc).

Any oral reverifications must be documented in writing and, at minimum, must identify the Seller's employee who made the contact, the employer's or institution's name, the name and title of the person contacted at the employer or institution, date of contact, and confirmation of the accuracy of the original reported information.

Any information Seller obtains showing evidence that Mortgagor is not occupying the Eligible Property, is using the Eligible Property for commercial or business purposes, or that shows material differences in IRS tax information must be ***immediately*** reported to the Assistant Vice President, Single Family Programs at SONYMA.

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## **PART III - CREDIT AND PROPERTY UNDERWRITING REQUIREMENTS**

### **SECTION 3.1 - UNDERWRITING GUIDELINES**

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 appraisal value is sufficient to support the purchase price of the Eligible Property. **Note:** Portions of this Part III may not be applicable if Seller elects to underwrite Mortgage Loans using an Automated Underwriting System as described in Section 3.110 of this Seller's Guide.

3.101 **Downpayment and Closing Costs** The maximum loan-to-Value of the Property ratio on all Mortgage Loans is 97 percent (90 percent for Three- and Four-Family Dwellings and cooperatives).

(a) Minimum Equity Requirement. An amount not less than 3 percent (5 percent for Three- or Four-Family Dwellings and cooperatives) of the purchase price or appraised value of the Eligible Property, whichever is less, must be paid from Mortgagor's own verified funds, which must consist of Cash or Other Equity, as defined below.

For purposes of this requirement, "Cash" and "Other Equity" are defined as follows:

(i) "Cash" is considered to be (a) cash from Mortgagor's checking or savings account, or other time deposits, (b) verified cash on hand up to \$1,000, or (c) cash deposit toward purchase, the source of which is verifiable.

(ii) "Other Equity" is considered to be:

(A) the lesser of the current appraised value of the lot owned by the Mortgagor, free and clear of any liens, on which subject improvement was or will be constructed, or the purchase price of that lot if it was purchased during the past two years immediately preceding the Residential Loan Application Date;

(B) credit for material furnished by Mortgagor that does not exceed 5 percent of the sales price. (However, no credit will be given for material furnished by the Mortgagor unless there is at least a 3 percent downpayment in cash or one of the types of other equity exclusive of any gift in the transaction.)

(b) Acceptable Sources for Additional Downpayment and Closing Costs. Additional funds needed for closing costs and any additional downpayment, beyond the 3 percent minimum equity requirement stated above, may be paid from one or more of the following sources:

(i) Gifts. Gift letters must be from (A) immediate family members, a fiancée, or a domestic partner, (B) corporations established for humanitarian or welfare purposes, or (C) a state or local government agency, which do not evidence obligations subject to repayment. Gift funds must be verified in the Mortgagor's account and supported by a statement from the donor confirming the gift and stating that repayment is not expected. The property seller cannot be the donor of a gift except as described in (vii) below, and unless property seller is an immediate family member.

(ii) Secondary or Subsidy Financing. No secondary financing,

other than a subsidy from a federal, state or local governmental source or other source approved by SONYMA and the Pool Insurer, may be used for additional downpayment, closing costs, or purchase price reduction in the closing of the Mortgage Loan. In general, subsidy programs are acceptable to SONYMA provided the following conditions are satisfied:

(A) Any subsidy mortgage and/or note that requires payments during the loan term [including any mortgage and/or note provided to eligible Section 8 Homeownership voucher recipients as described in Section 3.102 (c)(ix)(C) below] must be considered a monthly debt obligation of the Mortgagor and included in the monthly housing expense-to-income ratio as described in Section 3.102(a).

(B) Mortgagor must have 3 percent of their own funds (5 percent for cooperative share loans and 3- or 4-Family Dwellings) in the transaction. If the subsidy program offers matching dollars, such funds can only be used after the 3 percent (or 5 percent) cash contribution requirement has been met.

(C) In cases where requirements of this Seller's Guide are more restrictive than the requirements of the subsidy program, this Seller's Guide governs. For example, SONYMA cannot alter the first-time homebuyer definition stated in Section 2.301 to make exceptions for displaced homemakers or single parents.

(D) The subsidy mortgage instruments, deed, and/or any laws or documents must be subordinate to the Mortgage Loan sold to SONYMA and must not contain any provisions that would restrict the first mortgage holder from reselling the Eligible Property after foreclosure or acceptance of a deed in lieu of foreclosure.

Seller must provide documentation to SONYMA in the pre-closing loan file as described in Section 2.706 to support the amount and use of subsidy funds to be used in the transaction. Seller will also be required to submit a copy of the executed subordinate mortgage instruments with the post-closing loan file as described in Section 2.710.

If the subsidy program meets all of the above criteria, Seller is authorized to utilize the program. If all of the above criteria are not met, SONYMA and the Pool Insurer must review and approve the program prior to the acceptance of any loan applications.

*Note: In cases where a subsidy is being utilized for downpayment or reduction of purchase price, all or a portion of the subsidy amount may be used in calculating loan-to-Value of the Property ratio and may eliminate the need for PMI coverage. A subsidy may be used as equity only to the extent that, when added to the Mortgage Loan amount and the Mortgagor's downpayment, the subsidy does not exceed the "true market value" of the Eligible Property. "True market value" is defined as the most probable price for which the Eligible Property will sell for without consideration of any subsidy provided toward development costs*

*or credited to Mortgagor as downpayment assistance, or other restrictions such as income limits. When determining the minimum of 3 percent of the Mortgagor's own funds, this amount will be based on the discounted sale price (Value of Property less the amount of the subsidy). However, SONYMA may finance up to 100 percent of the discounted sales price provided Mortgagor contributes at least 3 percent of their own funds into the transaction.*

*If any or all of the subsidy is being utilized to pay for closing costs, such amounts will not be considered as equity. However, in cases where a closing cost subsidy is being utilized, SONYMA permits the combined loan-to-Value of the Property to exceed 100 percent. If this occurs, SONYMA will require the Mortgagor to complete a homebuyer education course as described in (g) below.*

(iii) Sale of Assets. Sale of an asset where Mortgagor can prove prior ownership of such asset, can document the market value of the asset, and can provide verification that the funds were received from an arms-length source.

(iv) 401(k) and Pension Loans. 401(k) and pension loans, but repayment will be considered an ongoing monthly obligation of the Mortgagor.

(v) Joint Accounts. Joint accounts shared by Mortgagor with a non-Mortgagor, if account shows Mortgagor's social security number or if, interest income is reported on Mortgagor's tax returns, or if verification is provided that deposits into such account were made by Mortgagor, or if joint owner provides a letter stating that Mortgagor has 100 percent access to all funds in the joint account.

(vi) Seller Contributions. Closing costs paid by the property seller on behalf of the Mortgagor will be considered on a case-by-case basis. To be considered, this practice must be common for the area and noted as such in the appraisal report. For Mortgage Loans with loan-to-Value of the Property ratios of 90 percent or less, the property seller is limited to pay an amount not more than 6 percent of the sales price. For Mortgage Loans with loan-to-Value of the Property ratios of 90.1 to 97 percent, the property seller is limited to pay an amount not more than 3 percent of the sales price.

(vii) Gift of Equity. "Gifts of equity" from an immediate family member will be allowed on a case-by-case basis and the downpayment, maximum financing, and loan-to-Value of the Property ratio will be calculated in the same manner as Mortgage Loans with a subsidy as described above.

(viii) Non-traditional Shared Savings Arrangements. "Sou-sou", or other similar types of non-traditional shared savings arrangements will be considered on a case-by-case basis. At a minimum, Mortgagor must provide a letter from the plan's treasurer setting forth the details and terms of the arrangement. Further, SONYMA may consider ongoing payments to the plan as a monthly obligation of the Mortgagor.

(ix) Unsecured Installment Loan. SONYMA will allow the use of unsecured installment loans made by the Seller to the Mortgagor if the following conditions are met:

(A) The installment loan product must be made available to all prospective Mortgagors.

(B) Mortgagor must contribute 3 percent of their own funds (5 percent for cooperative share loans and Three and Four-Family Dwellings) to the transaction.

(C) The repayment of the installment loan will be considered an ongoing monthly obligation of the Mortgagor.

(D) Mortgagor may not receive any cash back from the transaction.

(E) All Mortgagors utilizing the unsecured loan must complete homebuyer education course from a source acceptable to SONYMA.

(F) Seller may not advertise or promote the unsecured installment loan as a SONYMA product nor as a joint Seller-SONYMA product. It may be advertised as Seller's own product.

(G) The installment loan interest rate must be lower than, equal to, or slightly higher than that of the Mortgage Loan.

(H) The installment loan term must not be more than 15 years.

(I) The installment loan must not have a prepayment penalty.

SONYMA will require that documentation to support the amount of the installment loan funds being used in the transaction be submitted in each pre-closing loan file.

(c) Seller will be required to obtain written verification on the Seller's conventional Verification of Deposit form (or other Alternative Documentation as described in Section 3.105 of this Guide) of all deposit monies being held for the property purchase. Such verification should be no more than three months old at time of submission of the application loan file to the Pool Insurer. Verification of Deposit must verify that funds have been deposited in account for a minimum of two months.

(d) All Escrows must be paid from Mortgagor's liquid assets. Gift funds will be considered as Mortgagor's liquid assets.

(e) Closing costs paid by the Seller on behalf of the Mortgagor will also be considered on a case-by-case basis. In all cases, however, the following must take place:

(i) The same concession standards as listed in (b)(vi) above must be followed.

(ii) The funds provided to the Mortgagor must not require repayment.

(iii) The property seller cannot be the Seller.

(f) Homebuyer Education. SONYMA requires all Mortgagors to successfully complete a homebuyer education course for Mortgage Loans if any of the following conditions exist:

(i) Mortgagor has contributed less than 5 percent of verified Cash or Other Equity, as defined above, regardless of the loan-to-Value of the Property, in the transaction;

(ii) the loan-to-Value of the Property exceeds 95 percent; or

(iii) a closing cost subsidy is being utilized and the combined loan-to-Value of the Property ratio exceeds 100 percent.

The source and format of the education must be approved by the PMI. To evidence that Mortgagor completed such education, Seller must submit with the credit package required by the PMI, as specified in Section 2.706 (b), a certificate showing that the homebuyer education course was successfully completed. Additionally, in accordance with Section 3.101(g) below, Mortgagor and Servicer must agree to participate, if necessary, in a post-closing early delinquency intervention program of which the source and format must be approved by SONYMA and the PMI.

(g) Post-Closing Early Delinquency Intervention Counseling. In order for Seller to originate Mortgage Loans where Mortgagor is subject to homebuyer education as stated in (f) above, the Servicer must be able to manage and administer the following post-closing early delinquency intervention counseling program:

(i) Servicer must be able to "flag" these Mortgage Loans on Servicer's computer system;

(ii) The counseling program must be managed in accordance with the requirements set forth by Fannie Mae/Freddie Mac and the PMI;

(iii) Counseling must be provided by Servicer to any Mortgagor who becomes delinquent during the seven years immediately following the Closing Date.

***If the Servicer is unable to comply with the above special delinquency monitoring requirements, Seller will be prohibited from originating Mortgage Loans with Mortgagor cash contribution of less than 5 percent, with loan-to-Value of the Property ratios in excess of 95 percent, or with closing cost subsidies where the combined loan-to-Value of the Property exceeds 100 percent.***

3.102 **Credit Underwriting Guidelines**

Evaluation by Seller of each Mortgagor's creditworthiness must be done for each Mortgage Loan. All standards for determining effective income must be applied to each Mortgagor in the same manner. The following are guidelines to indicate proper considerations in ascertaining the creditworthiness of the Mortgagor. These guidelines are not intended as requirements or rules which must apply in all cases. However, SONYMA considers them to be sound general principles in underwriting credit.

(a) Monthly Housing Expense-to-Income Ratio. SONYMA requires that the monthly housing expense (principal and interest payments on the Mortgage Loan plus Escrows) not exceed 33 percent of Mortgagor's "stable monthly income", as defined in clause (c) below. If Mortgagor is

purchasing a condominium, cooperative, or Planned Unit Development (PUD), the monthly condominium or PUD fee (homeowners' association dues) for common elements/property charges and maintenance, as well as the monthly maintenance fee for cooperatives (which shall include an owner's proportionate share of the cooperative's underlying mortgage), must be included in the monthly housing expense when calculating the above ratio. If the Eligible Property is a leasehold, the monthly ground rent should be included.

(b) Monthly Debt Payment-to-Income Ratio. SONYMA will require that the total monthly housing expense (referred to in clause (a) above), plus all other monthly obligations should not exceed 38 percent of Mortgagor's "stable monthly income." Other monthly obligations include, but are not limited to:

(i) installment loans with at least 10 monthly payments remaining,

(ii) automobile lease payments regardless of the remaining lease term, and

(iii) revolving charge account monthly obligations as verified on the credit report or 5 percent of the outstanding balance in absence of a stated payment).

For qualification purposes SONYMA and the Pool Insurer will not consider prepayment of revolving accounts. SONYMA and the Pool Insurer will permit prepayment of an installment loan to reduce the remaining term to less than the 10 month level, provided the funds for the prepayment are derived from an acceptable verified source.

SONYMA will permit the exclusion of deferred student loan payment obligations if the deferral does not require payment for least three years from the time the loan application file is submitted to the Pool Insurer.

Alimony, child support and maintenance payments will be deducted from gross monthly income and, therefore, will affect both the housing expense and debt payment ratios. Such payments will not be deducted from gross monthly income if Mortgagor can provide evidence that 10 or less months payments remain to be paid.

(c) Stable Monthly Income. Stable monthly income is Mortgagor's gross monthly income from primary employment base earnings verified for the previous two years plus recognizable other income. THESE GUIDELINES ARE FOR LOAN UNDERWRITING PURPOSES ONLY AND SHOULD NOT BE CONFUSED WITH SONYMA'S INCOME LIMIT REQUIREMENTS AS DESCRIBED IN SECTION 2.303 OF THIS GUIDE.

(i) Income from Alimony or Child Support. If a Mortgagor chooses to disclose income from alimony or child support, Seller agrees to consider such payments as income to the extent that they are likely to be consistently made and that payments will continue for three years following the date of the Mortgage Loan. Factors which Seller may consider in determining the likelihood of consistent payments include, but are not limited to, whether the payments are received pursuant to a written separation agreement or divorce decree; the length of time the payments have been received; the regularity of receipt; the availability of procedures to compel payment; whether full or partial payments have been made; and the creditworthiness of the payor, including the credit history

of the payor where available to the Seller under the Fair Credit Reporting Act or other applicable laws. Seller agrees to submit to SONYMA evidence adequate to support its determination. If no formal separation agreement or divorce decree has been filed, Mortgagor must provide sufficient documentation that he or she is no longer living with spouse and must also provide evidence that he or she is not paying alimony, child support or maintenance payments.

(ii) Self-Employed Mortgagors. In cases where Mortgagor is self-employed (Mortgagor has a 25 percent or great ownership interest in a business), the documentation to verify income is signed federal tax returns from the two previous years along with two years completed, signed business tax returns. If the Residential Loan Application Date is after the first quarter of the year, a year to date profit and loss statement is required (audited on a case-by-case basis). Income will be averaged for the time period verified. However, a continuing large decrease in gross income over a two or three year period must be carefully examined by Seller and such a situation may not be acceptable to SONYMA .

(iii) Mortgagors Employed in a Family Business. If Mortgagor is employed in a family business, income will be verified utilizing paystubs or verification of employment. In addition, the previous two years' signed federal income tax returns will be used as third party verification. Large increases in income must be satisfactorily explained.

(iv) Unreimbursed Business Expenses. If Mortgagor's tax returns disclose unreimbursed business expenses, the expenses must be deducted from Mortgagor's gross monthly income.

(v) Overtime, Commission, Bonus, and Part-time Income. Income for any Mortgagor, such as bonuses, commissions, overtime, or part-time employment, should only be recognized as "stable monthly income" if such items of income are typical for the occupation, substantiated by Mortgagor's previous two years' earnings and continuation is probable based on foreseeable economic circumstances. Unless Seller is utilizing Alternative Documentation as set forth in Section 3.105 below, such income will be determined by averaging the last two years' tax returns. However, if the earnings have declined in the most recent year, there must be strong offsetting factors for such income to be acceptable.

(vi) Job Tenure; Change of Residence. Three or more employment changes by Mortgagor within the previous five years, or four or more changes of residence within the previous six years, must be satisfactorily explained.

(vii) Non-Taxable Income. If Mortgagor income is verified to be non-taxable income, SONYMA will allow the income to be grossed up by 25 percent.

(viii) Trailing Secondary Wage Earner Income. In cases where a household's primary wage earner has transferred employment as a result of a corporate relocation, SONYMA will consider a portion

of the income a secondary wage earner expects to earn from a job obtained upon moving to the new location. In order for SONYMA to figure this income as stable monthly income, the following criteria must be met:

(A) The secondary wage earner must be a co-Mortgagor in the transaction;

(B) The income is not derived from self-employment;

(C) Seller has obtained documentation that the secondary wage earner was employed in the same profession for the last two years and has received a written statement from the secondary wage earner of his or her intention to obtain employment in the new location;

(D) Based upon a review of the job market in the new location, Seller has determined that employment opportunities and earning potential for the secondary wage earner are comparable to or better than that of the former location;

(E) Mortgagors must have cash reserves (from an acceptable source as described in Section 3.101 of this Seller's Guide and which can be easily liquidated and converted to cash) on the Closing Date of at least six months Mortgage Loan payments, including Escrows, and all other long-term debt obligations.

If all of the above criteria have been met, SONYMA will permit a maximum of 50 percent of the secondary wage earner's documented income from his or her previous employment to be considered as stable monthly income.

(ix) Income from Section 8 Homeownership Vouchers. Mortgagors receiving assistance from HUD-administered Section 8 homeownership vouchers (such assistance is also known as the Housing Assistance Payment or HAP), and who have completed counseling from an organization approved by HUD to provide such homeownership counseling, may utilize the assistance to obtain a Mortgage Loan. In order to document that Mortgagor will continue to receive this income, Seller must submit an award letter setting forth: the voucher amount; that the issued voucher applies to homeownership; and that the Mortgagor has completed the Section 8 homeownership counseling. The Section 8 assistance may be applied under one of the following options:

(A) Deduct HAP from Monthly Housing Expense (PITI). Under this option, Mortgagor's HAP is applied directly to the PITI, and the monthly housing expense-to-income ratio is calculated on the "net housing obligation" of Mortgagor. When this option is used, a direct deposit of the monthly HAP payment, by the entity administering the Section 8 program (the "HAP administrator"), into a dedicated account established by the Servicer is required. Seller must ensure that Servicer is prepared to receive Mortgage Loan payments from the Mortgagor and HAP administrator.

(B) Add HAP to Income Option. Under this option, the HAP may be grossed up by 25 percent as described in paragraph (vii) above and added to Mortgagor's gross monthly earned income.

(C) Two Mortgage Option (SONYMA Mortgage Loan and simultaneous subordinate second mortgage). Under this option, Mortgagor is qualified for Mortgage Loan using only earned income, and the HAP is used to pay the full P&I for a second mortgage. The second mortgage must be provided by a qualified not-for-profit organization and must meet the requirements for secondary financing as set forth in Section 3.101(b)(ii) above. This option is acceptable if the Mortgage Loan-to-Value of the Property ratio is 80% or less, and the term of the second mortgage is 15 years or less.

Assistance from Section 8 may also be in the form of a downpayment/closing cost assistance grant. If Mortgagor has received such assistance, the requirements for subsidy financing as set forth in Section 3.101(b)(ii) must be followed.

Items such as education, training, technical skills, occupation and past employment history should be taken into account on a case-by-case basis when determining "stable monthly income".

Income necessary to qualify a Mortgagor must be verified on the Seller's conventional Verification of Employment Form (or other Alternative Documentation as described in Section 3.105 of this Guide) and should be no more than three months old at the time the application loan file is submitted to the Pool Insurer. If there has been a change in employment within the past two years, a verification of Mortgagor's previous employment must be obtained.

(d) Mortgagor's Credit Reputation. In addition to the above guidelines, and those set forth in Section 3.103 of this Guide, Seller must determine that Mortgagor's housing payments plus other obligations do not constitute an undue strain on Mortgagor's ability to make all such payments promptly and that a credit reputation is evidenced which would be commonly acceptable to private institutional mortgage investors. SONYMA does not set standards for the use of credit scoring of potential Mortgagors. However, SONYMA urges Sellers to utilize credit scoring to establish that a Mortgagor has an acceptable credit reputation. The following additional guidelines should be considered:

(i) Bankruptcy. Mortgagors with a previous history of bankruptcy will be evaluated on a case-by-case basis. At minimum, Mortgagors must meet all of the following criteria to be considered for a Mortgage Loan:

(A) the bankruptcy must have been discharged at least three years prior to the Residential Loan Application Date;

(B) Mortgagor must have re-established good credit evidenced by: proving a minimum of four credit references including at least one traditional credit reference and one housing related reference. Three of the four credit references must have been active in the 24 month period immediately preceding the Residential Loan Application Date; and

(C) Mortgagor must have stable employment; and

(D) Mortgagor must also submit a letter explaining the circumstances surrounding the bankruptcy (the circumstances must have been beyond the Mortgagor's control) along with copies of bankruptcy petition, list of creditors and discharge documentation.

(ii) Mortgage Foreclosure or Deed in Lieu of Mortgage Foreclosure. If Mortgagor had a previous history of mortgage foreclosure or deed in lieu of mortgage foreclosure, assuming Mortgagor meets SONYMA's definition of first-time homebuyer as described in Section 2.301 or is purchasing in a Targeted Area, SONYMA will consider such applications on a case-by-case basis. At minimum, Mortgagor must comply with the following:

(A) the foreclosure sale (or transfer of title in a deed in lieu of foreclosure) must have occurred at least four years prior to the Residential Loan Application Date;

(B) the factors causing the foreclosure or deed in lieu of foreclosure must be attributable to events beyond the Mortgagor's control and a written explanation must be provided explaining these events in detail; and

(C) Mortgagor must have re-established good credit as described in (i) above.

(iii) Verification of Rental Payments. Mortgagor must demonstrate that housing rental payments were made in a timely manner. Acceptable documentation in this regard are as follows:

(A) copies of the front and back of cancelled checks for prior 12 months;

(B) copies of 12 months bank statements showing clearing of rental payments;

(C) Verification of Rent form (VOR) with payment amount and history;

(D) residential mortgage credit report when rental payments are verified;

(E) where landlord is an interested third party (i.e., property seller, family member), verification of rent form with payment amount and history **and** copies of the front and back of cancelled checks for the prior 12 months.

(e) Use of Guarantor. A Guarantor may be used to provide additional security in cases when Mortgagor lacks a credit reputation. GUARANTOR'S INCOME WILL **NOT** BE USED TO QUALIFY THE MORTGAGOR UNDER THE MONTHLY HOUSING EXPENSE-TO-INCOME OR DEBT-TO-INCOME RATIOS. Guarantor must meet acceptable credit standards, may not be a spouse and must be a blood relative. Other program requirements that apply to Mortgagor will not apply to a Guarantor. Seller must submit a full credit package on the Guarantor.

(f) Two-Family Dwellings and Three- or Four-Family Dwellings; Maximum

Loan-to-Value and Rental Income.

(i) For Three- or Four-Family Dwellings only, SONYMA will finance a maximum of 90 percent loan-to-Value of the Property.

(ii) SONYMA recognizes that rental income will be generated from tenant-occupied units. The benefit of the rental income will be calculated as follows:

(A) Rental income will be credited based on actual leases. Credit will be provided based on the lower of the stated rent or the economic rent, as determined by an appraisal.

(B) Rental income will be calculated using 75 percent of verifiable rents for all properties.

(g) Other Restrictions. Transactions must involve disinterested third parties. Non arms-length transactions are unacceptable. Examples of unacceptable transactions include:

(i) Employee buying from employer.

(ii) Realtors buying from their own listings.

(iii) Partner buying from own partnership.

NOTE: FAMILY MEMBER BUYING FROM A FAMILY MEMBER WILL BE REVIEWED ON A CASE-BY-CASE BASIS. HOWEVER, IN ALL CASES THE MORTGAGOR MUST HAVE AT LEAST 3 PERCENT IN CASH OR OTHER EQUITY AS DEFINED AND DESCRIBED IN SECTION 3.101 ABOVE. GIFTS OF EQUITY WILL ALSO BE HANDLED AS DESCRIBED IN SECTION 3.101 ABOVE.

(h) Non-Citizen Mortgages. A non-citizen Mortgage must be a legal resident of the United States, and at a minimum, must have:

(i) Two years job tenure in the United States with no income for qualification purposes derived from any foreign source;

(ii) Established asset base as confirmed by a Verification of Deposit, or equivalent documentation as described in Section 3.105 of this Seller's Guide, from a United States-based financial institution/depository; and

(iii) Two years established credit history in the United States as verified by a standard Residential Mortgage Credit Report.

(i) Inheritance Transactions. SONYMA will finance a property in which the Mortgagee has inherited a share of the ownership interest in the Eligible Property and wishes to buy out the remaining inheritors. To determine the maximum financing allowable, deduct the Mortgagee's proportionate share of ownership interest from the lower of the sales price or the appraised value of the property and multiply the remaining portion by 100 percent. Example: Purchase price and appraised value are \$100,000 and Mortgagee's share is one quarter or \$25,000. \$100,000 less \$25,000 is \$75,000 ("net selling price"). Assuming Mortgagee has contributed 3 percent of their own funds towards closing costs, the maximum allowable financing is \$75,000. The loan-to-Value of the Property ratio on this transaction will be 75 percent. The 3 percent Mortgagee contribution will be based on the net selling price (\$2,250).

The remaining members of the estate are not eligible as gift donors.

**Note: Provided the Mortgagor has at least 20 percent total equity in the transaction, PMI insurance will not be necessary.**

3.103 **Credit Report**

In connection with each Mortgage Loan, the Seller must obtain a written report meeting the following requirements:

(a) The credit report must be a Residential Mortgage Credit Report issued by an independent credit reporting agency acceptable to SONYMA. Such report must be no more than three months old at the time the Mortgage Loan application file is submitted, and must verify all debts listed on the credit application including terms, balances, opening dates of accounts and ratings. It must list all other debts discovered and all legal information including without limitation: suits, judgments, foreclosures, garnishments, bankruptcies, and divorce actions discovered by search of public records. In lieu of a Residential Mortgage Credit Report, SONYMA will accept an electronically merged credit report obtained from the three credit repositories.

(b) All judgments, bankruptcies, collections and adverse credit problems must be satisfactorily explained as part of the Mortgage Loan application file. Any debt disclosed on the credit report and not indicated on the loan application must be satisfactorily explained.

(c) In the event that SONYMA, in its sole discretion, determines that a credit report is inadequate, SONYMA reserves the right to declare the credit reporting source originating such report unacceptable. In such event, Seller must agree not to use such credit reporting source for future Mortgage Loans purchased by SONYMA.

(d) Non-Traditional Mortgage Credit Reports. SONYMA will accept a Non-traditional Mortgage Credit Report for Mortgagors who do not have the type of credit that would typically appear on a traditional credit report. This report may be used as an alternative to a traditional credit report (only if the Mortgagor has no traditional forms of credit) or to supplement a traditional credit report. It may not be used to enhance poor credit that has been reported on a traditional credit report. Prior to obtaining a Non-traditional Mortgage Credit Report, Seller must first attempt to verify the Mortgagor's credit history by requesting a merged credit report that combines the credit information from the three credit repositories. The Non-traditional Mortgage Credit Report should be pursued only if Seller cannot make an underwriting decision based on inadequate information from the tri-merged report and must conform to the requirements of Fannie Mae.

3.104 **Appraisals**

(a) Appraisal Forms. Sellers must supply an appraisal report and photographs of the Eligible Property. 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- to Four-Family . . . . .Fannie Mae Form 1025 (10-94)

Condominiums, All PUD's,

Homeowners Association  
with Project Approval. . . . . Fannie Mae Form 1073 (10-94)

Cooperatives . . . . . Fannie Mae Form 1075 (11-94)

For Existing Housing Mortgage Loans only, in lieu of Fannie Mae Form 1004 or Fannie Mae Form 1073, and 1004b, SONYMA will accept Fannie Mae Form 2055 (Quantitative Analysis Appraisal Report) provided a full interior inspection of the Eligible Property has been performed by the appraiser.

Appraisals must provide at least three comparable sales within one mile of the Eligible Property, and such comparables must not be more than six months old. For an Eligible Property that is considered “attached housing” under Section 3.108 or 3.109 of this Seller’s Guide, the appraisal report must contain at least one comparable sale outside of the project containing the Eligible Property.

(b) All appraisals must be accompanied by three photographs showing the front and back of the property and the street scene.

(c) The appraisal report should contain complete information in the appropriate section of the form identifying whether the Eligible Property is in a Special Flood Hazard Area as determined by the Director of the Federal Emergency Management Agency (FEMA) [see Section 2.219(e)]. Seller must attach to each appraisal report a completed FEMA Standard Flood Hazard Determination (FEMA Form 81-93, dated 6/95).

(d) Satisfactory Completion Certificate. With respect to appraisals made subject to repairs, alterations or conditions, or subject to completion per plans and specifications, and also in the case of certain rehabilitation loans as described in Section 2.404, Seller must submit to SONYMA with the Closing Documents package as described in Section 2.710(d), as appropriate, a Satisfactory Completion Certificate (Form 208; Exhibit T or equivalent Fannie Mae/Freddie Mac form). This report shall be made after completion of repairs, improvements, alterations, conditions or construction, and must clearly state substantial compliance with all conditions or requirements as set forth in the original appraisal of the mortgaged premises. SONYMA recognizes the fact that due to weather conditions, minor items not affecting livability, may be incomplete at the time of Mortgage Loan closing. This is acceptable to SONYMA provided that Seller assumes the responsibility for an escrow to guarantee timely completion as described in Section 2.211 and 2.402(n). This report, whenever possible, should be prepared by the original appraiser.

(e) Appraisers. SONYMA does not approve specific appraisers; however an appraiser must be experienced in the appraisal of 1 - 4 family properties and must be actively engaged in such appraisal work.

(i) Discontinuance of Use of Appraiser by Seller. Seller shall inform SONYMA immediately in the event Seller discontinues using the services of any appraiser who has made appraisals with respect to Mortgage Loans purchased by SONYMA from the Seller.

(ii) Discontinuance of Appraiser by SONYMA. SONYMA may, at any time, notify Seller that SONYMA will no longer accept appraisals made by a given appraiser, and Seller shall not

thereafter use such appraiser, with respect to Mortgage Loans purchased by SONYMA.

(iii) Representations to Third Parties by Appraiser. An appraiser must not make any representations to third parties that he or she has been, in any way, approved or qualified by SONYMA but may represent (where it is the case) that he or she has made appraisals for the Seller on Mortgage Loans accepted for purchase by SONYMA.

3.105 **Alternative  
Documentation  
Guidelines**

SONYMA will permit Sellers to submit documentation related to Mortgagor's income, employment and funds for closing in lieu of those set forth herein before in this Guide, in accordance with the following criteria:

(a) General Eligibility Requirements. All substitute documentation must be legible copies that do not have any erasures, "whiteouts" or alterations. Any copies submitted must be made from the original documents and not from photocopies.

Such documentation may be downloaded by Mortgagor from the internet (i.e., on-line bank and investment statements or employer's website). Further, employment, asset, and income information may be sent to Seller by e-mail or fax. In either case any documents downloaded by Mortgagor from the internet or e-mailed or faxed to Seller must clearly identify the source of such information (e.g., website address or fax banner). While these guidelines allow Sellers to save some valuable processing time, they may not meet SONYMA's needs in every situation. SONYMA reserves the right to require additional documentation, including standard VOE's or VOD's whenever the submitted documentation appears inadequate.

(b) Verification of Employment and Income. To substantiate income and employment for a salaried employee, Seller must obtain:

(i) Mortgagor's IRS W-2 forms for the past two years. Forms must be complete and legible and must be the "original" of any of the W-2 copies that did not have to be attached to a taxpayer's tax return;

(ii) Computer-generated paystubs or payroll earning statements for the most recent 30 day pay period. Statements must clearly identify the Mortgagor and indicate Mortgagor's gross earning both for the pay period and the year-to-date;

(iii) A telephone confirmation from the Mortgagor's employer. This confirmation should be directed to the employer's Human Resources or Personnel Department, but if the firm does not have such a department, it may be directed to the Mortgagor's supervisor. Seller must provide written documentation of contact with the Mortgagor's employer specifying the following:

(A) Method of independent confirmation of employer's telephone number (e.g. directory assistance, telephone book);

(B) Mortgagor's employer;

(C) Name and title of person confirming information;

(D) Date of contact;

(E) Name of Seller employee making call;

(F) Employer's response to questions about the Mortgagor's current employment; probability of continued employment; Mortgagor's income; and probability that bonus or overtime is likely to continue. At minimum, employer MUST CONFIRM that the Mortgagor is still employed at the firm.

Sellers using overtime, bonus or commission income to qualify a Mortgagor must:

(i) Utilize the methodology described in Section 3.102(c)(v) above;

(ii) Submit computer generated payroll statements for the 30 days immediately preceding the date the application file is submitted to the Pool Insurer; and

(iii) Confirm with the Mortgagor's employer that such income is likely to continue.

Self-employed Mortgagors must follow verification requirements outlined in Section 3.102(c) of this Seller's Guide.

(c) Verification of Funds Available for Deposit and Closing Costs. Acceptable documentation to substantiate availability of funds is as follows:

(i) For funds in deposit institutions, original bank statements or statements downloaded by Mortgagor from the internet are required for the most recent two months prior to the date the application file is submitted to the Pool Insurer identifying the following:

- (A) Name of depository institution;
- (B) Account holder's name and account number;
- (C) Time period covered by statement;
- (D) All deposit and withdrawal transactions; and
- (E) Ending account balance.

If statement predates Mortgagor application by more than 45 days, the Mortgagor must submit a supplemental statement such as a bank-generated deposit or withdrawal slip showing a machine-printed account number, balance and date.

(ii) For other sources of funds such as gift letters, stocks 401K or pension loans etc., lender must follow guidelines set forth in Section 3.101 of this Seller's Guide.

**3.106 Lease Provisions**

SONYMA will consider a Mortgage Loan on a leased premises on a case-by-case basis. In any event, (i) the remaining term of the lease must exceed the term of the Mortgage Loan by at least five years, (ii) the lease rent must be included in calculating the monthly housing expense-to-income ratio [Section 3.102(a)], and (iii) the lease must be assignable to Seller, its successors and/or assigns, in the event of foreclosure or deed in lieu of foreclosure, and to the new purchaser when SONYMA resells the property.

**3.107 Manufactured Housing**

All manufactured (and factory-built) housing must be permanently affixed to real property and must assume the characteristics of site-built housing.

Manufactured housing units are double-width units that are constructed off-

site and then transported to their permanent site where they are completed and/or attached to a foundation. Single-wide manufactured housing is **not eligible** for SONYMA financing.

Additional Underwriting Guidelines - Manufactured Housing. The following underwriting guidelines apply to manufactured housing:

(i) The structure must have sufficient living area, interior room size, and storage space as well as adequate roof pitch and overhangs.

(ii) For all manufactured housing, the value of the unit plus improvements must exceed 50 percent of the total property value.

(iii) All improvements must be permanently affixed to a foundation which is suitable for the soil conditions of the site. All foundations, both the perimeter and interior, must have footings below the frost line. When pier or post foundations are used, the unit must be placed where the unit manufacturer recommends. Units with piers and posts must also have acceptable perimeter skirting. The wheels, axles, and trailer hitches must be removed when the unit is placed on its permanent site.

(iv) The unit must be built with materials acceptable to the subject market area and must be in compliance with the Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976. Compliance with these standards must be evidenced by a "certification label" that is permanently affixed to each transportable section of the manufactured home.

(v) All manufactured housing units must be comparable to site built housing in the immediate area, comply with local zoning and land use requirements, and have a residential appearance.

(vi) A maximum of three applications or 50 percent of the total units in a project, whichever is less, can be accepted from a manufactured housing project before project approval from SONYMA and the Pool Insurer must be obtained.

(vii) The purchase price of the Eligible Property cannot include any personal property or any type of insurance.

(viii) The land and improvements must be real property. An attorney's opinion that the property is real property or evidence that a title insurance policy will be issued must be provided.

3.108 **Condominiums,  
Planned Unit  
Developments, or  
Homeowner's  
Associations**

(a) Presale Requirements. SONYMA requires that 40 percent of the total units in the project be sold or under contract of sale prior to purchasing any Mortgage Loan. For a Mortgage Loan over 90 percent loan-to-Value of the Property, 51 percent of total units in the project must be sold or under contract of sale prior to purchasing the Mortgage Loan. Multiple purchases of units by one person shall constitute a single purchase.

Seller should submit a written certification to SONYMA that the required percentage of the units in a Condominium, Planned Unit Development, or Homeowners' Association project are sold or under contract of sale to fulfill requirements of this section.

Seller should receive sufficient information to make such determination, but

evidence that the presale requirements have been met need not be forwarded to SONYMA. SONYMA will purchase Mortgage Loans for units within the Condominium, Planned Unit Development, or Homeowners' Association project upon receipt of certification by Seller.

(b) Minimum living area, including studio apartments, is 500 square feet.

(c) Investor concentration in a project, excluding sponsor held units, cannot exceed 30 percent of the units sold.

(d) All projects must consist of a minimum of ten units. Projects with less than ten units will be considered on a case-by-case basis.

(e) Units in developments, buildings, or projects with eviction plans are not eligible for SONYMA financing.

(f) A blanket Fire and Extended Coverage Policy must be in full force and effect, and evidence that the Seller is named as an additional insured must be provided prior to or at closing. See Section 2.219(f) for more details.

(g) Project Approval. SONYMA's Pool Insurer will allow (i) up to 10 units or 50 percent of the total units in the project, whichever is less, to be financed in Existing Housing projects without requiring project approval and (ii) up to three units to be financed in Newly Constructed Housing, rehabilitations, and conversion projects without project approval. After these amounts have been used, all additional units in the project will require project approval. Prior project approval will be required for all attached housing development projects in accordance with the requirements provided herein, and is the responsibility of the Seller. The project analysis will be conducted by SONYMA and its Pool Insurer. In addition, the Pool Insurer may, at its discretion, request submission for project approval before providing a mortgage insurance commitment for a Mortgage Loan and without regard to requirements described in this Seller's Guide.

(h) Single Unit Resales. As stated in (g) above, project approval by the Pool Insurer may be required for single unit resales. To determine if a unit in an existing housing project requires project approval, please contact the Pool Insurer.

(i) Project Approval by SONYMA's Pool Insurer in accordance with Section 3.108(g) may be required. Documentation requirements will include, but are not limited to, the following to be submitted in triplicate:

(i) Offering Plan (including approved operating budget with a replacement reserve)

(ii) Appraisals (unit appraisals not more than six months old)

(iii) Market/Feasibility Studies

(iv) Promotional Literature

(v) Engineer's Report (asbestos report)

(vi) Letter of Intent from Seller

(vii) Environmental Report

(viii) Grant Documentation

(ix) Professional management agreement or plans for management.

Specific requirements for New Construction and conversions:

(i) Financial statements, resume, contact person and phone number of builder/developer, if applicable.

(ii) Promotional literature, photographs and feasibility study or marketing plan.

(iii) Engineer's report (for conversion projects only) including asbestos reports.

(iv) Sales price listing.

3.109 **Cooperative Share Loans**

(a) SONYMA will accept applications for cooperative share loans. General guidelines for cooperative share loans are as follows:

(i) Financing will be provided for cooperative share loans up to a maximum of 90 percent loan-to-Value of the Property.

(ii) Minimum living area, including studio units, is 500 square feet.

(iii) All projects must consist of a minimum of 12 units. Projects with less than 12 units will be considered on a case-by-case basis.

(iv) Presale Requirement. Not less than 40 percent of the total units in a conversion project and 51 percent of the total units in an existing project must be sold or under contract of sale at loan closing; however, the Pool Insurer reserves the right to establish a different percentage for any project. Seller certification of the presale requirement must be provided to SONYMA in writing.

(v) Cooperative units must be in buildings with fully effective and approved cooperative plans. Units in cooperative developments, buildings or projects with eviction plans are not eligible for SONYMA financing.

(vi) Project approval by SONYMA's Pool Insurer in accordance with Section 3.108(g) above may be required. The documentation requirements for project approval of cooperatives include, but are not limited to, the following to be submitted in triplicate:

(A) Offering Plan (including approved operating budget with a replacement reserve)

(B) Appraisals (unit appraisals not more than six months old)

(C) Market/Feasibility Studies

(D) Promotional Literature

(E) Engineer's Report (asbestos report)

(F) Letter of Intent from participating lender

(G) Environmental Report

(H) Grant Documentation

(I) Professional management agreement or plans for management.

Specific requirements for New Construction and conversions only:

(A) Financial statements, resume, contact person and phone number of builder/developer, if applicable.

(B) Promotional literature, photographs and feasibility study or marketing plan.

(C) Engineer's report (for conversion projects only) and asbestos report.

(D) Sales and price listing.

(vii) The cooperative shares and proprietary lease must be assigned to SONYMA at loan closing.

(viii) All additional phasing, annexation, or construction with reference to the project must be completed prior to closing.

(ix) Investor concentration in a project, excluding sponsor held units, cannot exceed 25 percent of the units sold.

(x) The remaining term of the underlying mortgage must be at least five years from the date of loan application. Exception: SONYMA's Pool Insurer will consider cooperative share loans where the remaining term of the underlying mortgage has a minimum of three years remaining. To be considered under this exception, the cooperative must have, as of the Residential Loan Application Date: (A) 51 percent project presale; and (B) a cooperative plan that has been fully effective for at least four years.

(xi) The term of the proprietary lease must at least be equal to the term of the cooperative share loan.

(xii) There must be no greater impediment to transfer possession of the unit than a 30 day right of first refusal by the Cooperative Corporation.

(xiii) Loans in cooperatives with flip taxes will generally be handled by reducing the sales price of the cooperative unit by the amount of the flip tax. The loan amount will be based on 90 percent of the computed sales price. If the cooperative requires the flip tax to be paid ONLY when the shares are sold at a profit, reduction of the sales price by the amount of the flip tax is not required.

(xiv) The cooperative corporation must sign the Aztech Form of Recognition Agreement or the Blumberg Form Recognition Agreement.

(b) Additional Underwriting Guidelines - Cooperative Share Loans. In addition to the underwriting guidelines detailed in Section 3.1 of this Seller's Guide, the following guidelines also apply to cooperative share loans:

(i) To qualify for financing, the individual unit's proportionate or pro rata share of the cooperative's underlying mortgage must not exceed 35 percent of the sum of the unit's total Value of the Property plus the unit's proportionate share. For example, the Value of the Property of an individual unit is \$100,000 and the proportionate share of the underlying mortgage is \$45,000. The proportionate share of the underlying mortgage is 31 percent (\$45,000 divided by the sum of \$100,000 plus \$45,000). Therefore, in this example, the unit would qualify for financing.

(ii) Share loans with the proportionate share of the underlying mortgage exceeding 35 percent do not qualify for SONYMA financing.

(c) Cooperative Share Loan Documentary Requirements. For documentary requirements on cooperative share loans, see Section 2.710(e).

3.110 **Automated Underwriting System Requirements**

The provisions of this Section 3.110 shall supercede any other Sections of this Seller's Guide in connection with the Automated Underwriting System requirements.

SONYMA will accept decisions derived from the Automated Underwriting System to determine Mortgage Loan eligibility. ***Seller is advised that in no event should a loan application be denied solely on the basis of a decision rendered by the Automated Underwriting System. For example, if the Automated Underwriting System rates a loan application as Refer, Refer with Caution, Caution, or Out of Scope (depending on which system is used), Seller must perform a fully documented, manual underwriting of the loan application in conformance with Sections 3.101 through 3.109 of this Seller's Guide.***

(a) Seller Representations and Warranties to SONYMA. If Seller elects to use the Automated Underwriting System to underwrite Mortgage Loans for sale to SONYMA, by submitting a Mortgage Loan file for consideration to SONYMA or its Pool Insurer with the Automated Underwriting System Findings Report or Feedback Certificate (herein defined as the "Findings Report/Feedback Certificate") included in such file, Seller represents and warrants to SONYMA that with respect to each such Mortgage Loan:

(i) All data entered into the Automated Underwriting System is accurate, complete and up-to-date.

(ii) When selecting the product under which the Mortgage Loan will be submitted to the Automated Underwriting System, Seller has entered the Mortgage Loan as a conventional fixed-rate Fannie Mae or Freddie Mac product, and has not entered the Mortgage Loan under one of their affordable or subprime products.

(iii) Except as amended by this Section 3.110, Seller has complied with and met all requirements of, as applicable: (a) Fannie Mae's Desktop Underwriter® Seller/Service License and Subscription Agreement, Seller's Guide, user manuals, lender announcements, and any other agreements and manuals; and/or (b) Freddie Mac's Loan Prospector® User Agreement, Seller's Guide, user manuals,

lender bulletins, and any other agreements and manuals.

(iv) The Findings Report/Feedback Certificate submitted to the Pool Insurer for pool insurance consideration is the most recent version of such report, contains the most up-to-date information available to Seller about the Mortgage Loan application, and includes all reports and pages generated by the Automated Underwriting System relevant to the Mortgage Loan.

(v) Seller will perform post-purchase reviews of Automated Underwriting System Mortgage Loans and will comply with all quality control procedures and requirements for Automated Underwriting System Mortgage Loans in the same manner as mandated for mortgage loans sold to either Fannie Mae or Freddie Mac, depending on the system used. All files, findings, and reports are subject to review in accordance with Section 2.713 of this Seller's Guide.

(vi) Regardless of the decision rendered by the Automated Underwriting System, except as permitted by this Section 3.110, all terms, conditions, and requirements of this Seller's Guide and the Mortgage Purchase Agreement have been satisfied.

(b) Additional SONYMA Requirements for Automated Underwriting System Mortgage Loans. In order for SONYMA to accept a Mortgage Loan underwriting decision by the Automated Underwriting System, in addition to the conditions stated on the Findings Report/Feedback Certificate, the following additional requirements must be met:

(i) Maximum underwriting ratios. For Mortgage Loans with loan-to-Value of the Property ratios of 95 percent or less, the monthly housing expense-to-income ratio may not exceed 40 percent and the monthly debt payment-to-income ratio may not exceed 45 percent. For Mortgage Loans with loan-to-Value of the Property ratios of more than 95 percent, the monthly housing expense-to-income ratio and the debt payment-to-income ratio may not exceed 33 and 38 percent, respectively.

(ii) Minimum equity requirement. In all cases, Mortgagor must meet the same minimum equity requirement as stated in Section 3.101 above and Seller must be able to sufficiently document the source of such equity in the same manner as described in Section 3.101.

(iii) Submission of recent paystub. In all cases, a recent paystub must be obtained from each Mortgagor.

(iv) Project requirements. If Mortgagor is purchasing a unit in a condominium, planned unit development, homeowners association, or cooperative project, Seller must verify that the project meets SONYMA's requirements for these property types as described in Sections 3.108 and 3.109 above.

(v) Other requirements.

(A) 401(k) and pension loans, and unsecured installment loans, as described in Sections 3.101(b)(iv) and 3.101(b)(ix) above, respectively, must be included as debt obligations of the Mortgagor.

(B) Deferred student loans must be included as a debt obligation of the Mortgagor unless documentation is provided showing that the loan payments will be deferred for at least 3 years from the Residential Loan Application Date.

(C) Seller contributions may not exceed the maximum amounts set forth in Section 3.101(b)(vi) above.

(c) PMI Requirements for Automated Underwriting System Mortgage Loans. Since Fannie Mae and Freddie Mac have primary mortgage coverage level requirements different from SONYMA, Seller may not use the Automated Underwriting System to order mortgage insurance from a PMI. Seller must ensure that each Mortgage Loan meets the coverage requirements set forth in Section 2.221 above.

(d) Documentation Requirements for Automated Underwriting System Mortgage Loans. If Seller utilizes the Automated Underwriting System to underwrite Mortgage Loans for sale to SONYMA, Section 2.706(b) and (c) of this Seller's Guide shall be replaced by the following paragraphs.

(i) Pool Insurer Loan File. A copy of the documents listed below must be forwarded to the Pool Insurer for pool insurance consideration. **Unless otherwise notified by SONYMA, Pool Insurer approval is required before submitting the package to SONYMA**

(A) Pool Insurer's application for pool/primary insurance (indicate if coverage is for pool insurance only).

(B) Most recent version of the Findings Report/Feedback Certificate generated from the Automated Underwriting System as described in (a)(iv) above.

(C) All supporting documentation required by the Findings Report/Feedback Certificate.

(D) Uniform residential loan application (Fannie Mae1003).

(E) Residential appraisal report, as described in Section 3.104 above, with a full interior inspection and photographs of the Eligible Property and photographs of the comparable sales.

(F) Sales contract/offer to purchase.

(G) Recent paystub for each Mortgagor.

(H) Evidence that Mortgagor has contributed 3 percent (or 5 percent, as applicable for certain property types) of their own funds to the transaction as described in Section 3.101 above.

(I) If Mortgagor is subject to homebuyer education as described in Section 3.101(f) above, a completion certificate from a PMI approved homebuyer education course.

(J) Subsidy provider award letter, if applicable.

(ii) SONYMA Pre-Closing Application Loan File. The originals and, where noted, copies of the following documents for each prospective Mortgage Loan must be forwarded to the attention of SONYMA's Senior Loan Officer/Originations, 2nd Floor, at 641 Lexington Avenue, New York, New York 10022. The SONYMA Loan Number must appear on all documents for each Mortgage Loan.

- (A) Application Loan File Checklist (Form 225; Exhibit C).
- (B) Mortgage Loan Eligibility Form (Form 212; Exhibit D).
- (C) Loan Verification Form (Form 213; Exhibit E).
- (D) Property Seller's Affidavit (Form 210; Exhibit H).
- (E) Copy of Recapture Notification and Mortgagor's Affidavit (Form 211; Exhibit G).
- (F) Property Usage Affidavit (Form 242; Exhibit J).
- (G) Manufactured HomeOwner Eligibility Affidavit (Form 217; Exhibit K), if applicable, as described in Section 2.302 of this Seller's Guide.
- (H) Private mortgage insurance (PMI) certificate or endorsement, if applicable.
- (I) Pool insurance certificate.
- (J) Copy of executed Contract of Sale.
- (K) Copy of initial executed and dated Fannie Mae Form 1003 - Uniform Residential Loan Application with a copy of Fannie Mae Form 1008 - Underwriting and Transmittal Summary attached.
- (L) Copy of initial and executed Good Faith Estimate.
- (M) Copy of fully executed Lender Lock-in Agreement.
- (N) Copy of most recent version of the Findings Report/Feedback Certificate generated from the Automated Underwriting System as described in (a)(iv) above.
- (O) Copies of all supporting documentation required by the Findings Report/Feedback Certificate.
- (P) Recent paystub for each Mortgagor.
- (Q) Evidence that Mortgagor has contributed 3 percent (or 5 percent, as applicable for certain property types) of their own funds into the transaction as described in Section 3.101above.
- (R) As appropriate, a copy of the Fannie Mae Form 1004 (Single Family), Fannie Mae Form 1025 (Two- to Four-family), Fannie Mae Form 1073 (Condominium) appraisal form with Fannie Mae Form 1004B attached, or Fannie Mae Form 1075 (Cooperative) appraisal form. For Existing

Housing Mortgage Loans only, Fannie Mae Form 2055 (Quantitative Analysis Appraisal Report) may be submitted in lieu of Fannie Mae Form 1004 (Single Family) and Form 1073 (Condominium) provided a full interior inspection of the Eligible Property has been performed.

(S) Three clear, descriptive original or laser-produced photographs. One photograph should be a front view of the property showing the complete improvements, the second should be a rear view of the property, and the third should be a street scene showing neighboring improvements.

(T) Copies of Mortgagor's **signed** Federal income tax returns for the previous three years, or equivalent as defined in Section 2.301. If the Mortgagor's tax returns show itemization for real estate tax and/or home mortgage interest deductions, then a separate notarized affidavit explaining such deductions must also be submitted. Tax returns are not required if the Eligible Property is located in a Targeted Area. **Note:** Regardless of what may be required by the Findings Report/Feedback Certificate, SONYMA will require complete copies of **all** pages and schedules of Mortgagor's Federal income tax returns.

(U) Copy of FEMA Standard Flood Hazard Determination (FEMA Form 81-93, Oct 98).

(V) Copies of subsidy documentation, if applicable.

(W) Such other documents as SONYMA may reasonably request.

(e) Ineligible Transaction Types. SONYMA will not permit the types of transactions listed below to be underwritten using the Automated Underwriting System. Such transactions must be fully documented and manually underwritten in accordance with Sections 3.101 through 3.109 above. The ineligible transaction types are as follows:

(i) Applications for Mortgagors with a history of bankruptcy (where the bankruptcy was discharged less than 5 years from the Residential Loan Application Date) and/or foreclosure.

(ii) Applications requiring a Guarantor.

(iii) Applications where Mortgagor is utilizing a budget letter to accumulate the required funds for downpayment and closing costs.

(f) Ineligible Underwriting Decisions. SONYMA will not accept Automated Underwriting System approval decisions with "loan-level price adjustments". In order to be eligible for purchase by SONYMA, such Mortgage Loans must be fully documented and manually underwritten in accordance with Sections 3.101 through 3.109 above.

**Exhibit A**

**SONYMA Low Interest Rate Mortgage Program\***  
**Income and Purchase Price Limits**  
**Effective Date: April 19, 2007 and Continuing Until Further Notice**

SONYMA REGION		COUNTY		INCOME LIMITS				PURCHASE PRICE LIMITS							
				Household Size		1 Family		2 Family		3 Family Existing		4 Family Existing			
				1 & 2 Person**	3 + Person**	New & Existing	New*** & Existing	New*** & Existing	New*** & Existing	New*** & Existing	New*** & Existing				
		Non-Target	Target	Non-Target	Target	Non-Target	Target	Non-Target	Target	Non-Target	Target	Non-Target	Target		
<b>I</b> <b>BUFFALO</b>	Cattaraugus	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Chautauqua	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Erie	\$63,100	\$75,720	\$72,560	\$88,340	\$247,560	\$302,580	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Niagara	\$63,100	\$75,720	\$72,560	\$88,340	\$247,560	\$302,580	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
<b>II</b> <b>ROCHESTER</b>	Genesee	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Livingston	\$64,100	\$76,920	\$73,710	\$89,740	\$241,870	\$295,620	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Monroe	\$64,100	\$76,920	\$73,710	\$89,740	\$241,870	\$295,620	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Ontario	\$64,100	\$76,920	\$73,710	\$89,740	\$241,870	\$295,620	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Orleans	\$64,100	\$76,920	\$73,710	\$89,740	\$241,870	\$295,620	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Seneca	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Wayne	\$64,100	\$76,920	\$73,710	\$89,740	\$241,870	\$295,620	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Wyoming	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
Yates	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140			
<b>III</b> <b>SYRACUSE</b>	Cayuga	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Cortland	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Madison	\$63,100	\$75,720	\$72,560	\$88,340	\$240,750	\$294,250	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Onondaga	\$63,100	\$75,720	\$72,560	\$88,340	\$240,750	\$294,250	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Oswego	\$63,100	\$75,720	\$72,560	\$88,340	\$240,750	\$294,250	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
<b>IV</b> <b>BINGHAMTON</b>	Allegany	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Broome	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Chemung	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Chenango	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Delaware	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Otsego	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Schuyler	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Steuben	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Tioga	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Tompkins	\$65,400	\$78,480	\$75,210	\$91,560	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
<b>V</b> <b>MID-HUDSON</b>	Columbia	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Dutchess	\$81,830	\$91,680	\$94,100	\$106,960	\$399,370	\$488,120	\$449,820	\$549,780	\$546,510	\$667,960	\$630,590	\$770,720		
	Greene	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Orange	\$81,830	\$91,680	\$94,100	\$106,960	\$399,370	\$488,120	\$449,820	\$549,780	\$546,510	\$667,960	\$630,590	\$770,720		
	Putnam	\$85,080	\$85,080	\$99,260	\$99,260	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820		
	Sullivan	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140		
	Ulster	\$76,200	\$76,200	\$87,630	\$88,900	\$365,620	\$446,870	\$411,800	\$503,320	\$500,320	\$611,510	\$577,300	\$705,590		

**Exhibit A**

**SONYMA Low Interest Rate Mortgage Program\***  
**Income and Purchase Price Limits**  
**Effective Date: April 19, 2007 and Continuing Until Further Notice**

SONYMA REGION		INCOME LIMITS				PURCHASE PRICE LIMITS							
		Household Size				1 Family		2 Family		3 Family Existing		4 Family Existing	
		1 & 2 Person**		3 + Person**		New & Existing		New*** & Existing		3 Family Existing		4 Family Existing	
COUNTY	Non-Target	Target	Non-Target	Target	Non-Target	Target	Non-Target	Target	Non-Target	Target	Non-Target	Target	
VI CAPITAL	Albany	\$66,300	\$79,560	\$76,240	\$92,820	\$270,000	\$330,000	\$304,100	\$371,680	\$369,470	\$451,570	\$455,840	\$557,140
	Montgomery	\$63,500	\$76,200	\$73,020	\$88,900	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Rensselaer	\$66,300	\$79,560	\$76,240	\$92,820	\$270,000	\$330,000	\$304,100	\$371,680	\$369,470	\$451,570	\$455,840	\$557,140
	Saratoga	\$66,300	\$79,560	\$76,240	\$92,820	\$270,000	\$330,000	\$304,100	\$371,680	\$369,470	\$451,570	\$455,840	\$557,140
	Schenectady	\$66,300	\$79,560	\$76,240	\$92,820	\$270,000	\$330,000	\$304,100	\$371,680	\$369,470	\$451,570	\$455,840	\$557,140
	Schoharie	\$66,300	\$79,560	\$76,240	\$92,820	\$270,000	\$330,000	\$304,100	\$371,680	\$369,470	\$451,570	\$455,840	\$557,140
VII MOHAWK VALLEY	Clinton	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Essex	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Franklin	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Fulton	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Hamilton	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Herkimer	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Jefferson	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Lewis	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Oneida	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	St. Lawrence	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
	Warren	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140
Washington	\$63,100	\$75,720	\$72,560	\$88,340	\$237,030	\$289,700	\$303,450	\$370,880	\$366,800	\$448,310	\$455,840	\$557,140	
VIII DOWNSTATE	Rockland	\$95,100	\$114,120	\$109,360	\$133,140	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820
	Westchester	\$96,500	\$115,800	\$110,970	\$135,100	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820
IX LONG ISLAND	Nassau	\$93,800	\$112,560	\$107,870	\$131,320	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820
	Suffolk	\$93,800	\$112,560	\$107,870	\$131,320	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820
X NEW YORK CITY	Bronx	\$85,080	\$85,080	\$99,260	\$99,260	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820
	Kings	\$85,080	\$85,080	\$99,260	\$99,260	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820
	New York	\$85,080	\$85,080	\$99,260	\$99,260	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820
	Queens	\$85,080	\$85,080	\$99,260	\$99,260	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820
	Richmond	\$85,080	\$85,080	\$99,260	\$99,260	\$429,610	\$525,090	\$550,000	\$672,220	\$664,820	\$812,560	\$826,210	\$1,009,820

\* These limits also apply to the Construction Incentive and Remodel New York Programs, as applicable.

\*\* Household size is determined by the number of persons in the household including children, regardless of age. For example, a married couple with one two-year old child would use the 3+ person household limit.

\*\*\* For target areas only. New Two Families are not permitted in non-target areas.

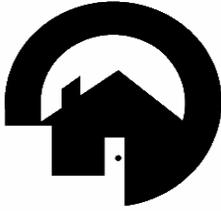
**EXHIBIT B**  
**LIST OF MORTGAGE POOL INSURERS\***

State of New York Mortgage Agency Mortgage Insurance Fund (MIF)  
c/o Genworth Mortgage Insurance Corp.  
6601 Six Forks Road  
Raleigh, NC 27615  
(800) 548-0884

State of New York Mortgage Agency Mortgage Insurance Fund (MIF)  
641 Lexington Avenue, 5<sup>th</sup> Floor  
New York, NY 10022  
(212) 688-4000

\*Please refer to the Availability of Funds and Notice of Terms Bulletin to determine the appropriate Pool Insurer for Mortgage Loan submission.

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## State of New York Mortgage Agency

### SONYMA Low Interest Rate Mortgage Program Application Loan File Checklist

SONYMA requires that this checklist be submitted with each loan application file sent for approval under the above 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 underwriting SONYMA loans. Information in brackets [ ] is for SONYMA use.

#### General Information

SONYMA Loan #: \_\_\_\_\_

Lender Name: \_\_\_\_\_

Borrower Name(s): \_\_\_\_\_

Program:  Low Interest Rate       Construction Incentive       Other: \_\_\_\_\_

Automated Underwritten Loan (Please check one):       Yes       No

Is this loan utilizing a SONYMA Closing Cost Assistance Loan? (Please check one)  Yes       No

#### 1) Mortgage Loan Eligibility Form (#212/4-99)

- \_\_\_\_\_ Fully completed and signed by an authorized officer of the lender?
- \_\_\_\_\_ Submitted documents as listed under the Low Interest Rate Mortgage Program?
- \_\_\_\_\_ White, yellow and pink copies to SONYMA?

#### 2) Loan Verification Form (#213/9-04) [A]

- \_\_\_\_\_ Original form submitted to SONYMA? [A01]
- \_\_\_\_\_ Boxes 1 through 49 neatly and fully completed (in accordance with the accompanying instructions) with items not applicable marked "N/A" and items to be determined marked "TBD"?
- \_\_\_\_\_ Is there documentation in the file to support the information contained in Boxes 26 or 27a through 27e (Section #, Subsection #, Block #, etc.)? [A02/A03-A10]
- \_\_\_\_\_ Is there documentation in the file to support the Taxing Municipality Type (Box #24) and Taxing Municipality Name (Box #25)? [A02/A11, A02/A12, A02/A11/A12]
- \_\_\_\_\_ If a Project Set-Aside loan is being submitted, has the number assigned by SONYMA been entered in Box #41, Construction Code?
- \_\_\_\_\_ If property is located in a Target Area, has the appropriate number been entered in Box #23, Target Area Number?

#### 3) Residential Loan Application (Fannie Mae Form 1003) and Uniform Underwriting Form Transmittal Summary (Fannie Mae Form 1008) [J]

- \_\_\_\_\_ Document completed in full? [J01/J02]
- \_\_\_\_\_ Includes all verified information? [J01/J02]
- \_\_\_\_\_ Signed and dated by all applicants? [J03]
- \_\_\_\_\_ Is the completed Fannie Mae Form 1008 attached? [J04/J05]
- \_\_\_\_\_ If applicant is requesting a CCAL, has it been added to the Details of Transaction section? [J06]

#### 4) Executed Contract of Sale [H]

- \_\_\_\_\_ Photocopy of document being submitted? [H01]
- \_\_\_\_\_ Is the contract dated 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? [H04/H05/H06]
- \_\_\_\_\_ Signed by all purchasers and 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 for appropriate forms) [N]**

\_\_\_\_\_ Copy of Appraisal Report and photographs of the front, back, and street scene being submitted? [N01/ N02/N03]

\_\_\_\_\_ 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?

\_\_\_\_\_ If the subject unit is from a cooperative project, does the appraiser indicate the unit's pro-rata share of the underlying mortgage or the total number of shares, shares for the unit, and mortgage balance? [N08/N09/N10/N11]

\_\_\_\_\_ If property contains any outbuildings, barns, sheds, or other structure, does appraiser adequately describe the current usage and interior of such structure? [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 Section 2.402 of the Seller's Guide? [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? [N15/N19]

6) **Recapture Notification and Mortgagor's Affidavit (#211/1-07) [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]

\_\_\_\_\_ Total persons expecting to occupy the residence (including children) completed? [S06]

**PART II - GENERAL INFORMATION**

\_\_\_\_\_ Applicant(s) name(s) appears in first paragraph? [S07]

\_\_\_\_\_ Item 2 is completed? [S08]

\_\_\_\_\_ If property is a three- or four-family dwelling, number of units is circled in item 2(D)? [S09/S10]

\_\_\_\_\_ If two-to-four family, item 5 completed? [S11]

\_\_\_\_\_ Item 9(A) or (B) completed? [S12]

\_\_\_\_\_ If non-target area loan, item 9(C) completed in full including section marked "Select all appropriate responses"? [S13/S14/S15]

\_\_\_\_\_ Is copy of documentation enclosed to verify income of all household members? [S42/S43]

**PART III - ACQUISITION COST OF THE RESIDENCE**

\_\_\_\_\_ For existing property, purchase price indicated on line 1? [S16]

\_\_\_\_\_ If a cooperative, the pro rata share of the underlying mortgage is correctly stated in 1(a)? [S17/S18]

\_\_\_\_\_ For newly constructed property, construction contract price indicated on line 1? [S19/S20]

\_\_\_\_\_ If land has been purchased within the last 2 years, the price of the land is indicated on line 3? [S21/S22/S23]

\_\_\_\_\_ If applicable, dollar amount of subsidy/grant applied towards acquisition of property indicated on line 2? [S24]

\_\_\_\_\_ If personal property is listed and given a value in the contract of sale, amount has been deducted on line 6? [S25/S26/S27]

\_\_\_\_\_ Total acquisition cost has been indicated on line 7? [S28]

\_\_\_\_\_ Acquisition Cost within appropriate SONYMA limit?

**PART IV - INCOME ELIGIBILITY**

\_\_\_\_\_ Part A completed in column entitled "At Loan Application" only? [S29/S30]

\_\_\_\_\_ Column entitled "At Title Closing" is not completed? [S31/S32]

\_\_\_\_\_ Line 14 completed on monthly basis using current income and includes income for all "Household Members" as defined by SONYMA? [S33/S34]

\_\_\_\_\_ Part B shows annualized current income? [S35]

\_\_\_\_\_ Household Member(s) Income within appropriate SONYMA limit?

**PART VI - CERTIFICATION**

\_\_\_\_\_ Signed by all borrowers in section entitled at "Execution at Time of Loan Application" only ? [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) **Property Seller's Affidavit (#210/1-07) [B]**

\_\_\_\_\_ Original document being submitted? [B01]

- Applicant(s)/Purchaser(s) name(s) appears in first paragraph? [B02]  
 Item 1 is completed? [B03]  
 If property is a three- or four-family dwelling, number of units is circled in item 1(D)? [B04/B05]  
 Items 5 and 10 completed? [B06]  
 Item 7 completed for existing properties? [B07]  
 Items 8 and 9 completed for newly constructed properties? [B08/B09]  
 Signed by all property sellers? [B10]  
 Not signed by a Power of Attorney? [B11]  
 Notary section fully completed? [B16]  
 Notary stamp and/or seal affixed and notary commission not expired? [B17]
- 8) **Military Veteran's Eligibility Affidavit (#243/1-07)** (if applicable) [Q]
- Original completed document being submitted? [Q01]  
 Top of form fully completed? [Q02]  
 All borrower's names and the property address being financed completed in the first paragraph? [Q03/Q04]  
 Document signed by all borrowers? [Q05]  
 Form is duly notarized and notary commission has not expired? [Q06/Q07]  
 Copy of DD Form 214, Certificate of Release or Discharge from Active Duty attached? [Q08/Q09]
- 9) **Manufactured HomeOwner Eligibility Affidavit (#217/12-00)** (if applicable) [V]
- If any borrower owned a mobile home during previous three years, original document submitted? [V01]  
 Top of form and questions 1 to 4 are fully completed? [V02/V03]  
 Form is signed by all applicants? [V04]  
 Form is duly notarized on page 2 for all applicants and notary commission has not expired? [V05/V06]  
 Section entitled "Lender to Complete" fully completed by lender? [V07]
- 10) **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 names and property address accurate? [F06]  
 Coverage amount (percent) accurate as required in the Seller's Guide? [F07/F08/F09]  
 If borrower receives a \$500 credit from property seller as a result of the Property Condition Disclosure Act, is the loan amount based on the net sales price? [F10]
- 11) **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 names and property address accurate? [E06]  
 If borrower receives a \$500 credit from property seller as a result of the Property Condition Disclosure Act, is the loan amount based on the net sales price? [E10]
- 12) **Initial Good Faith Estimate** [M1]
- Photocopy of signed initial document submitted? [M11]  
 Points and fees in compliance with SONYMA guidelines? [M12/M13]
- 13) **Lender Lock-in Agreement** [M2]
- Photocopy of fully executed document submitted? [M21]  
 Interest rate locked agrees with SONYMA's records? [M22]  
 Lock-in deposit of 1% reflected? [M23]
- 14) **Signed Federal Income Tax Returns (Non-Target area loans only)** [O]
- Last three (3) years' Federal returns with all schedules submitted? [O01/O02/O03]  
 Are all returns signed by all borrowers? [O04]  
 If Form 1040 is submitted and borrower 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 borrower(s) filed their federal tax return(s) via Telefile, in addition to the form itself, did the applicant

complete the appropriate response in Section 9(c) of Part II of the Recapture Notification and Mortgagor's Affidavit (Form 211)?

\_\_\_\_\_ If applicant filed Schedule C – Profit or Loss from Business and used his/her primary residence as 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. Applicant is eligible if no amount is entered on Line 30 of Schedule C or if Line 3 of Form 8829 does not exceed 10%. *Notwithstanding this, SONYMA, at its sole discretion, may deny a loan application if it has reason to believe that more than 10% of the property will be used for a commercial or business use.*

15) **Computer-Generated Paystubs for Most Recent 30 Days or equivalent [L]**

\_\_\_\_\_ Photocopy of documents for all Household Members submitted? [L01/L02]

\_\_\_\_\_ If computerized paystubs are not applicable, is Verification of Employment(s) or equivalent documentation as described in Item 5d. of Seller's Guide Appendix III submitted? [L03/L04]

16) **Verification of Deposit(s) (Fannie Mae/Freddie Mac Form) or equivalent [M]**

\_\_\_\_\_ Photocopy of document submitted? [M01]

17) **Residential Mortgage Credit Report(s) or Equivalent [K]**

\_\_\_\_\_ Photocopy of document submitted? [K01]

18) **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]

19) **FEMA Standard Flood Hazard Determination (FEMA Form 81-93, dated 6/95) [W]**

\_\_\_\_\_ Copy of completed form submitted? [W01]

20) **Closing Cost Assistance Loan ("CCAL") Recapture Notification (#C4/10-05) (if applicable) [T1]**

\_\_\_\_\_ Original document being submitted? [T11]

\_\_\_\_\_ Lender and Mortgagor(s) names completed at top of loan document? [T12]

\_\_\_\_\_ Document executed by all mortgagors? [T13]

21) **Subsidy (other than CCAL) Documentation (if applicable) [I]**

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

22) **Condominium or Cooperative Project Questionnaire (if applicable) [X05]**

\_\_\_\_\_ If property is a condominium or a cooperative, is the applicable condominium or cooperative 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]

23) \_\_\_\_\_ **All the above documents submitted are on the proper forms as listed above?** [Current versions of all SONYMA documents may be downloaded from our website ([www.nyhomes.org/home/index.asp?page=110](http://www.nyhomes.org/home/index.asp?page=110)).

Certification

I, the undersigned authorized signatory, hereby certify that the above items, when checked at the appropriate places, are accurate and complete in form and substance and constitute the application loan file for the above referenced loan.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
E-mail Address

Exhibit D  
**STATE OF NEW YORK MORTGAGE AGENCY**  
**MORTGAGE LOAN ELIGIBILITY FORM**

\_\_\_\_\_  
(Lender Name)

Date: \_\_\_\_\_  
SONYMA Loan No.: \_\_\_\_\_

\_\_\_\_\_  
(Mailing Address)

\_\_\_\_\_  
Borrower: \_\_\_\_\_

Lender  
Contact: \_\_\_\_\_

Property  
Address: \_\_\_\_\_

Phone #: \_\_\_\_\_

\_\_\_\_\_

Fax #: \_\_\_\_\_

Loan Amount \$ \_\_\_\_\_

We, the above listed lender, hereby request SONYMA to review the enclosed file submitted under the below listed Program (please check appropriate box). We certify that the loan has been processed, underwritten and submitted in conformance with the Seller's Guide and/or all other documentation distributed by SONYMA and related to the applicable checked Program.

SAMPLE  
DOCUMENT  
FORM MUST BE  
ORDERED BY  
CONTACTING  
SONYMA

- Low Interest Rate Mortgage Program
- Mortgage Assistance Program
- Achieving the Dream Mortgage Program
- Construction Incentive Program
- Other (Please identify: \_\_\_\_\_)

By: \_\_\_\_\_  
Lender Authorized Signature

\_\_\_\_\_  
Title

(TO BE COMPLETED BY SONYMA)

After our preliminary review, we find that this loan:

( ) does meet SONYMA's eligibility requirements.

- You may now approve the Mortgage Loan for closing.
- Mortgage Loan may be closed only after the conditions below are met.

( ) does NOT meet SONYMA's eligibility requirements due to the reasons listed below.

Subject to satisfactory completion and/or the conditions cited in the appraisal report.

\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
SONYMA

**STATE OF NEW YORK MORTGAGE AGENCY  
LOAN VERIFICATION FORM**

To be completed by lending institution. See instruction page for definitions of words and phrases and for instructions on the transmittal of forms to SONYMA.

<b>1</b> Name of Lending Institution	<b>2</b> Originator ID #	<b>3</b> SONYMA Loan #	<b>4</b> Lender Loan #
--------------------------------------	--------------------------	------------------------	------------------------

**PROPERTY AND LOAN INFORMATION**

<b>5</b> Application Date Mo. Day Yr.			<b>6</b> Reservation Date Mo. Day Yr.			<b>7</b> Est. Completion Date Mo. Day Yr.			<b>8</b> Points %	<b>9</b> Loan Amount \$	<b>10</b> Interest Rate %																														
<b>11</b> Term Mths.		<b>12</b> P&I Constant \$		<b>13</b> Servicer ID #		<b>14</b> Name of Servicing Institution				<b>15</b> Servicer Loan #																															
<b>16</b> Subsidy Source(s) and Amount(s) (check and complete all that apply)  <table style="width:100%; border-collapse: collapse;"> <tr> <th style="width:20%; text-align:left;">Type</th> <th style="width:20%; text-align:right;">Amount Used for Acquisition/Rehab</th> <th style="width:20%; text-align:right;">Amount Used for Closing Costs</th> </tr> <tr> <td><input type="checkbox"/> NYS Affordable Housing Corp.</td> <td style="text-align:right;">\$ _____</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td><input type="checkbox"/> CDBG</td> <td style="text-align:right;">\$ _____</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td><input type="checkbox"/> City or Municipal Assistance</td> <td style="text-align:right;">\$ _____</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td><input type="checkbox"/> UDAG</td> <td style="text-align:right;">\$ _____</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td><input type="checkbox"/> HOME</td> <td style="text-align:right;">\$ _____</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td><input type="checkbox"/> FHLB</td> <td style="text-align:right;">\$ _____</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td><input type="checkbox"/> SONYMA CCAL</td> <td style="text-align:right;">\$ _____</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td><input type="checkbox"/> Other _____</td> <td style="text-align:right;">\$ _____</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td><input type="checkbox"/> Not Applicable</td> <td></td> <td></td> </tr> </table>						Type	Amount Used for Acquisition/Rehab	Amount Used for Closing Costs	<input type="checkbox"/> NYS Affordable Housing Corp.	\$ _____	\$ _____	<input type="checkbox"/> CDBG	\$ _____	\$ _____	<input type="checkbox"/> City or Municipal Assistance	\$ _____	\$ _____	<input type="checkbox"/> UDAG	\$ _____	\$ _____	<input type="checkbox"/> HOME	\$ _____	\$ _____	<input type="checkbox"/> FHLB	\$ _____	\$ _____	<input type="checkbox"/> SONYMA CCAL	\$ _____	\$ _____	<input type="checkbox"/> Other _____	\$ _____	\$ _____	<input type="checkbox"/> Not Applicable			<b>17</b> Property Street Address Street # _____ Street Name _____ Street Suffix _____ Apt. # _____					
Type	Amount Used for Acquisition/Rehab	Amount Used for Closing Costs																																							
<input type="checkbox"/> NYS Affordable Housing Corp.	\$ _____	\$ _____																																							
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<input type="checkbox"/> FHLB	\$ _____	\$ _____																																							
<input type="checkbox"/> SONYMA CCAL	\$ _____	\$ _____																																							
<input type="checkbox"/> Other _____	\$ _____	\$ _____																																							
<input type="checkbox"/> Not Applicable																																									
						<b>18</b> City		<b>19</b> Zip Code																																	
						<b>20</b> County		<b>21</b> County Code																																	
						<b>22</b> Census Tract Block Group _____		<b>23</b> Target Area #																																	
						<b>24</b> Taxing Municipality Type 0 = County      2 = Town 1 = City         3 = Village		<input type="checkbox"/>																																	
						<b>25</b> Taxing Municipality Name																																			
<b>26</b> Tax Map Parcel #			<b>27a</b> Section		<b>27b</b> Subsection		<b>27c</b> Block		<b>27d</b> Lot		<b>27e</b> Sublot		<b>28</b> Square Footage																												
<b>29a</b> Property Type 1 = Detached    4 = Co-op 2 = Attached    5 = PUD 3 = Condo        6 = Manufactured Home			<b>29b</b> # of Units			<b>30</b> # of Bedrooms			<b>31</b> # of Bathrooms																																
			<b>32</b> Purchase Price \$			<b>33</b> Appraised Value \$			<b>34</b> Loan-to-Value Ratio %																																
<b>35</b> Acquisition Cost \$			<b>36</b> Acquisition Cost Limit \$			<b>37</b> Year Built			<b>38</b> Annual Property Taxes \$																																
<b>39</b> Type of Housing 1 = Existing 2 = New Construction 3 = Rehabilitation			<b>40</b> Project Pre-sale Y = Yes N = No			<b>41</b> Construction Code <input type="checkbox"/> Existing = 9999 <input type="checkbox"/> Spot New Construction = 8888 <input type="checkbox"/> Project Set-Aside No. _____																																			

**MORTGAGOR INFORMATION**

<b>42</b> Last Name		First Name		MI
a. Social Security #		b. 1 = Male 2 = Female		<input type="checkbox"/>
c. Age Yrs.		d. Marital Status 1 = Married    3 = Unmarried 2 = Separated    4 = Single Parent		<input type="checkbox"/>
e. Ethnic Code 1 = Non-Hispanic 2 = Hispanic 3 = Did not respond		f. Race Code 1 = White 2 = Black/African American 3 = Asian 4 = American Indian/Alaskan 5 = Hawaiian/Pacific Islander 6 = Did not respond		<input type="checkbox"/>
g. Present Residence 1 = Own 2 = Rent 3 = Mobile Home 4 = Live with Parents 5 = Other		h. Gross Monthly Income \$		

**CO-MORTGAGOR INFORMATION**

<b>43</b> Last Name		First Name		MI
a. Social Security #		b. 1 = Male 2 = Female		<input type="checkbox"/>
c. Age Yrs.		d. Marital Status 1 = Married    3 = Unmarried 2 = Separated    4 = Single Parent		<input type="checkbox"/>
e. Ethnic Code 1 = Non-Hispanic 2 = Hispanic 3 = Did not respond		f. Race Code 1 = White 2 = Black/African American 3 = Asian 4 = American Indian/Alaskan 5 = Hawaiian/Pacific Islander 6 = Did not respond		<input type="checkbox"/>
g. Present Residence 1 = Own 2 = Rent 3 = Mobile Home 4 = Live with Parents 5 = Other		h. Gross Monthly Income \$		

**HOUSEHOLD INFORMATION**

<b>44</b> # of Persons in Household	<b>45</b> Total # of Income Recipients	<b>46</b> # of Dependents	<b>47</b> Guarantor Y = Yes N = No	<input type="checkbox"/>	<b>48</b> Total Gross Annual Income (all sources) \$	<b>49</b> Income Limit \$
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**FOR SONYMA USE ONLY**

<b>50</b> PMI Insurance Co. 06 = MGIC      09 = UGIC      13 = RMIC 07 = Radian    10 = PMI Mortgage    99 = Uninsured 08 = GEMICO    11 = SONYMA MIF			<input type="checkbox"/>	<b>51</b> PMI Certificate #		
				<b>52</b> Pool Insurance Co. Code (use PMI codes)		
<b>53</b> Pool Servicer Co. Code		<b>54</b> Pool Certificate #			<b>55</b> Pool Approval Date	
On Initial Review Date: Reviewer's Initials _____ Date _____ Loan Status _____		At Time of Approval/Rejection (circle one): Reviewer's Initials _____ Date _____			Conditions: ____ Subject to completion ____ Subject to conditions as per appraisal ____ Other: _____	



**Exhibit F**

**State of New York Mortgage Agency**

**Seller/Servicer Annual Certification**

**Audited Fiscal Year ends as of** \_\_\_\_\_  
Month/Year

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

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

- Radian Guaranty       UGIC       PMI       Other \_\_\_\_\_  
 Genworth Mortgage       MGIC       RMIC

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

- Yes       No

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

- Yes       No

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

- Yes       No

**If Yes, please attach executed certification.**

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

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

**II. Contact Information**

**1. Chief Executive Officer**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**2. Chief Financial Officer**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**3. Mortgage Originations Officer**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**4. Mortgage Servicing Officer (if applicable)**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

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

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

**1. Primary Servicing Contact for SONYMA**

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

**2. Escrow/Insurance Contact**

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

**3. Payoff Contact**

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

**4. Investor Accounting Contact**

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

**5. Delinquency/Collections Contact**

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

**6. Bankruptcy Contact**

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

<b>7. Foreclosure Contact</b>		
Name:	Title:	
Address:		
Phone:	Fax:	Email:
<b>8. Owned Real Estate Contact</b>		
Name:	Title:	
Address:		
Phone:	Fax:	Email:

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

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

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

## VI. Certification

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

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

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

\_\_\_\_\_  
Signature of Officer of Seller/Servicer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
E-mail Address

### **Attachments, as applicable**

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

Exhibit G

**STATE OF NEW YORK MORTGAGE AGENCY**  
(A MUNICIPAL CORPORATION AND POLITICAL SUBDIVISION OF NEW YORK STATE)  
**RECAPTURE NOTIFICATION AND MORTGAGOR'S AFFIDAVIT**  
(TO BE COMPLETED AND EXECUTED BY ALL PURCHASERS AND  
GUARANTORS AT LOAN APPLICATION AND AGAIN AT TITLE CLOSING)

IT MAY BE A FEDERAL OFFENSE PUNISHABLE BY A MAXIMUM OF A \$5,000 FINE, TWO YEARS IMPRISONMENT, OR BOTH, TO KNOWINGLY MAKE A FALSE STATEMENT IN THIS AFFIDAVIT (TITLE 18 UNITED STATES CODE, SECTION 1014). READ THIS AFFIDAVIT CAREFULLY TO BE SURE THE INFORMATION IN IT IS TRUE AND COMPLETE BEFORE SIGNING THIS FORM. PLEASE BE ADVISED THAT THE STATE OF NEW YORK MORTGAGE AGENCY HAS A POLICY OF INDEPENDENTLY VERIFYING THE INFORMATION YOU PROVIDE.

SONYMA # \_\_\_\_\_

Mortgage Lender Name: \_\_\_\_\_

Mortgagor(s): \_\_\_\_\_

Property Seller(s): \_\_\_\_\_

Total persons expecting to occupy the Residence (including children): \_\_\_\_\_

**PART I - RECAPTURE NOTIFICATION**

A home purchase financed with a mortgage loan (the "Mortgage Loan") made available with the assistance of the State of New York Mortgage Agency (the "Agency" or "SONYMA") is generally made at an interest rate below what is usually charged in the marketplace. If the Mortgage Loan closes after December 31, 1990, the Internal Revenue Code of 1986, as amended (the "Code") requires a payment to the Federal government of certain gain you realize on the sale or transfer of your home. This gain which must be paid, called the "recapture amount," is due in connection with your Federal income tax return for the year the house is sold. This provision applies to any disposition of your home within nine (9) years of the date you acquire it with certain limited exceptions. The recapture amount will (i) increase during the first five years of ownership with full "recapture" occurring if you sell your house at the end of the fifth year following the date of the Mortgage Loan and (ii) decrease ratably to zero with respect to a sale occurring in years six through nine. The recapture amount may not exceed the LESSER of (i) 50 percent of the gain you realize by the sale of your home or (ii) 6.25 percent of your original loan amount. You will not have to pay part or all of the recapture if your income, at the time of the sale of your home is less than a prescribed amount. NEVERTHELESS, THE CODE REQUIRES THAT YOU FILE FORM 8828 (OR A SUCCESSOR) TITLED "RECAPTURE OF FEDERAL MORTGAGE SUBSIDY" WHEN YOU SELL OR TRANSFER TITLE EVEN IF YOU REALIZED NO GAIN ON THE SALE OR TRANSFER OR IF YOUR INCOME IS LESS THAN THE PRESCRIBED AMOUNT. The information you will need to compute the recapture amount will be provided to you at the time your Mortgage Loan is made.

For additional information, please consult the following attachments to this Recapture Notification and Mortgagor's Affidavit. YOU SHOULD MAINTAIN THIS INFORMATION FOR YOUR RECORDS.

Attachment 1 - Determining Your Recapture Tax

Attachment 2 - Example of How to Compute the Recapture Amount

Attachment 3 - Sample Table

Attachment 4 - Recapture Worksheet

(SONYMA Form 211/3-07)



**PART II - GENERAL INFORMATION**

I, \_\_\_\_\_ and \_\_\_\_\_ as Purchaser(s) or Mortgagor(s) of a residence (the "Residence"), the Mortgage Loan for which will be provided by the Agency, do hereby represent and warrant as follows:

1. The information in the Mortgage Loan application is true, accurate and complete.
2. The Residence is located within the State of New York and is a **(Check One)**:

\_\_\_\_(A) Existing one dwelling unit residence (including condominium or cooperative units, and manufactured homes permanently affixed to real property).

\_\_\_\_(B) Newly constructed one dwelling unit residence (including new condominium or cooperative units, and manufactured homes permanently affixed to real property) completed as of the Mortgage Loan closing date to the extent that occupancy is permitted under local law.

\_\_\_\_(C) 1) Newly constructed or existing two dwelling unit residence (i) located in a target area, (ii) completed as of the Mortgage Loan closing date to the extent occupancy is permitted under local law, and (iii) one unit of which will be used by (me/us) as (my/our) principal residence.

**OR**

2) 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.

\_\_\_\_(D) Existing (3, 4) **(Circle number of units)** dwelling unit residence 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, and the term "newly constructed residence" means units or dwellings which have not been previously occupied or used as a residence.

2a. If (C) or (D) is checked, (I/we) have no present intention of increasing the number of units in the Residence beyond four dwelling units.

3. (I/We) intend to occupy the Residence as (my/our) principal and permanent place of residence within 60 days after the closing of the Mortgage Loan, and thereafter, and will not use the Residence as a recreational or seasonal residence. (I/We) understand that if for a continuous period of one year or more, the Residence is not the principal residence of at least *one* of us, no mortgagor (including a mortgagor for whom the Residence is (his/her) principal residence) will be permitted to take a deduction for his/her interest expense with respect to the Mortgage Loan in determining his Federal income tax liability. Under the terms of the Technical and Miscellaneous Revenue Act of 1988 (I/we) may be permitted to take a deduction for interest expense with respect to the Mortgage Loan in determining (my/our) Federal income tax liability which accrues on and after the date such Residence is again the principal residence of at least one of us. (I/We) understand that the United States Treasury Department (the "Treasury") is authorized to waive such penalty in certain instances where the application of the penalty would result in undue hardship and the failure to meet the principal residence requirement resulted from circumstances beyond the Mortgagor's control. (I/We) understand that seeking such a waiver from the Treasury is (my/our) sole responsibility, that the Agency will not provide any assistance to (me/us) in seeking such a waiver, and that (I/we) should consider consulting (my/our) own attorneys when considering seeking such a waiver.

4. Other than as described in this Recapture Notification and Mortgagor's Affidavit, (I/we) have no present intent, understanding or agreement (i.e. other than a mere expectation or possibility) to lease, sell, assign or transfer any interest in the Residence to another party and have not entered into any agreement, understanding or other arrangement to lease, sell, assign or transfer the Residence.

5. (I/We), for the entire term of the Mortgage Loan securing the Residence, (i) will not use, nor will any other person use, other than in connection with the rental of ( 1, 2 or 3) unit (or units) (**circle number of rental units**), more than 10 percent of the Residence for business or income producing purposes [as determined on Line 3 of IRS Form 8829 (or a successor form) of my Federal tax return(s), or other documents as requested by SONYMA] or permit the Residence to be occupied by more families than is allowed under the applicable certificate of occupancy or its equivalent, (ii) will not subdivide or attempt to subdivide the land containing the Residence and encumbered by the Mortgage Loan, and (iii) will not construct another dwelling on the land containing the Residence that could be used as another residence.

6. (I/We) will not, nor will anyone else, use the Residence as investment property and will not receive any income from the Residence or the land with the exception of rental income incidental to a two-to-four unit residence.

7. All of the land being purchased with the Residence reasonably maintains the basic livability of the Residence and will not have more land appurtenant to it than as follows:

(A) If the Residence is located in an area where local zoning exists, the maximum amount of land is 5 acres. If the property contains more than 5 acres, (I/we) will provide SONYMA with a letter from the appropriate local municipal authority stating that the Residence is not subdividable and/or any additional lots are not buildable. If the property is more than 5 acres, is subdividable, and/or any of the additional lots are buildable, I/we understand that prior to my/our mortgage loan closing, the additional lot(s) or land must be subdivided and that SONYMA will not finance any portion of the additional lot(s) or land not containing the dwelling.

(B) If the Residence is located in a rural area where local zoning does not exist, the maximum amount of land is 5 acres. If the Residence contains more than 5 acres, but not more than 10 acres, (I/we) will provide SONYMA with a letter from the local municipal authority stating that the Residence can only be used for residential purposes and not for business, commercial or agricultural uses. If the municipality cannot or will not provide such a letter, I/we understand that prior to my/our mortgage loan closing, the Residence must be subdivided or parceled so that SONYMA's mortgage will only encumber the parcel containing the dwelling and no more than 5 acres of land.

No map which subdivides such land has been recorded and (I/we) have no intention of seeking any variance from applicable zoning, minimum lot size or set-back requirements for such purposes.

8. (I/We) will not use any part of the loan proceeds to acquire or replace an existing loan, except a construction loan, bridge loan, or similar temporary initial financing with an initial term not exceeding 24 months.

**9. Please check either (A) or (B) below:**

\_\_\_\_\_ (A) (I/We) have not had a present ownership interest in a principal residence, including a manufactured home permanently affixed to the land, at any time during the three-year period immediately prior to the closing of the Mortgage Loan.

**OR**

\_\_\_\_\_ (B1) (I/We) have had a present ownership interest in a principal residence, including a manufactured home permanently affixed to the land, at any time during the three-year period immediately prior to the closing of the Mortgage Loan, however the Residence which (I/we) (am/are) attempting to purchase is located in a target area.

**OR**

\_\_\_\_\_ (B2) At least one of the undersigned is a United States military veteran providing an executed Military Veteran's Eligibility Affidavit (SONYMA Form 243).

(I/we) understand that "present ownership interest" includes the following types of interest: a fee simple interest; a joint tenancy; a tenancy in common or tenancy by the entirety; the interest of a tenant-stockholder in a cooperative; a life estate; a land contract; or an interest in a trust established by myself or some other person.

(I/We) further understand that a "present ownership interest" is not created by: a remainder interest; an ordinary lease, with or without an option to purchase; or a mere expectancy to inherit an interest in a principal residence; or the interest that a purchaser of a residence acquires on the execution of a purchase contract; or an interest in other than a principal residence during the previous three years, such as a vacation home, vacant land, commercial or industrial property; or prior ownership in the Residence.

**The following Section 9(C) is to be completed only if the Mortgagor(s) is purchasing a Residence in a Non Target Area:**

(C) Following is a list of all the residences in which (I/we) have lived during the **three-year period immediately prior to the closing of the Mortgage Loan** and the names and addresses of the owners thereof:

M/C*	Address of Residence	Dates Purchasers Resided There	Names and Addresses of Owners of Residence
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

\*M = Mortgagor C= Co-Mortgagor

**[Select all appropriate responses.]**

\_\_\_\_\_ Attached hereto are true, correct, and complete copies of (my/our) signed Federal income tax returns Form 1040 and all Schedules for one or more of the last three years as filed by mail or electronically with the Internal Revenue Service ("IRS"); or

\_\_\_\_\_ (I/We) filed Form 1040A or 1040 EZ for one or more of the last three years and have either attached hereto a copy of such form that was filed with the IRS or a statement by the IRS that such form was filed; or

\_\_\_\_\_ (I/We) filed Federal income tax returns via Telefile. The returns were filed on \_\_\_\_\_ [enter date(s) filed] in the IRS located at \_\_\_\_\_ [enter IRS office location(s)]. (My/our) Federal income tax returns that were filed via Telefile did not contain any deductions for home mortgage interest and/or real estate taxes.

\_\_\_\_\_ (I/We) hereby affirm that (I/we) did not file Federal income tax returns for the below years because such filing was not required under Federal law (**fill in appropriate names and years**):

<u>M/C*</u>	<u>Name(s)</u>	<u>Year(s)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

\*M = Mortgagor C= Co-Mortgagor

10. (I/We) understand that as matter of Federal tax law this Mortgage Loan cannot be assumed unless all of the relevant restrictions of the Code are met. In addition, the Mortgage Loan cannot be assumed without the prior written consent of the Agency.

11. (I/We) understand that (my/our) Mortgage Loan application is subject to the approval of the Agency and its pool insurer(s).

**PART III - ACQUISITION COST OF THE RESIDENCE**

The acquisition cost of the land and dwelling to be acquired by the Purchaser(s) from the property seller(s) is computed as follows:

1. Amount paid, in cash or in kind, by the Purchaser(s) to or for the benefit of the property seller(s) or a related party to the property seller for the land and dwelling, (excluding usual and reasonable settlement and financing costs) and for completing unfinished portions of the dwelling (See Note below) . . . . .	\$ _____
(a) For loans to finance cooperative share loans, the pro rata portion of the underlying mortgage allocable to the cooperative unit must be added to the cost of the shares of stock . . . . .	+\$ _____
2. Amount paid, in cash or in kind, by any other person to or for the benefit of the property seller(s) for the land and dwelling, and for completing unfinished portions of the dwelling . . . . .	+\$ _____
3. Amount paid, in cash or in kind, by the Purchaser(s) to persons other than the property seller for completing the dwelling including any amount paid for the land not owned for at least two years and not included in 1 or 2 above . . .	+\$ _____
4. Amount paid for fixtures such as light fixtures, curtain rods and wall to wall carpeting unless the amount paid for fixtures is part of the cost of the land and dwelling included in 1 or 2 above . . . . .	+\$ _____
5. Amount paid not included in 1, 2, or 3 above for any purpose by the Purchaser(s) on behalf of the property seller(s) including property taxes in excess of the Purchaser(s) pro rata share and settlement and financing costs in excess of the usual and reasonable costs (See Note below) . . . . .	+\$ _____
6. The Fair Market Value of amounts, if any, included in 1 or 2 for items which are not fixtures including refrigerator, washer or dryer, etc. . . . .	-\$[ _____ ]
7. Total Acquisition Cost . . . . .	\$ _____

*Note: The acquisition cost of a Residence **does not** include:*

*(1) usual and reasonable settlement and financing costs: "settlement costs" include titling and transfer costs, title insurance, survey fees and other similar costs, and "financing costs" include credit reference fees, legal fees, appraisal expenses, points which are paid by the Purchaser(s), or other costs of financing the residence. Such amounts must not exceed the usual and reasonable costs which otherwise would be paid.*

*(2) the imputed value of services performed by the Purchaser or members of his/her family (which include only the Purchaser's brothers and sisters (whether by whole or half blood), spouse, ancestors and lineal descendants) in constructing or completing the Residence, or*

*(3) the cost of land which has been owned by the Purchaser(s) for at least two years before the date on which the construction of the structure comprising the Residence begins.*

(A) The Acquisition Cost of the Residence is set forth in line 7 above. (I/We) hereby certify that a true and correct copy of the purchase contract representing the entire transaction for the purchase of the Residence from the property seller, and all other contracts, agreements and understandings between (me/us) or anyone acting on (my/our) behalf, directly or indirectly, and the property seller or anyone acting on behalf of the property seller, directly or indirectly, or any other person, relating to the purchase of the Residence and any related real or personal property or fixtures, the furnishings of any services or the completion, addition or re-equipping of the Residence has been provided to the mortgage lender.

(B) Neither (I/we) nor anyone on (my/our) behalf has made any payment other than the amount indicated in line 7 above, except as stated in line 6 above, to the property seller or to any person on behalf of the property seller, nor have (I/we) canceled any debt of the property seller or any related person to the property seller.

(C) (I/We) have not entered into any agreement with the property seller, the developer, the contractor, or any other person to leave any portion of the Residence unfinished or omit or remove any fixtures or other architectural appointments from the Residence in order to reduce the Acquisition Cost.

(D) (I/We) certify that the information contained in this Part III is true and accurate and complete.

(E) (I/We) understand that if the Acquisition Cost of the Residence exceeds the Agency's current acquisition cost limits, the Agency shall not provide permanent financing for the Mortgage Loan.

#### **PART IV - INCOME ELIGIBILITY**

(I/We) certify that the information contained in this Part IV is true and accurate and complete. The financial information requested in this Part IV must be provided by the Mortgagor(s) on behalf of all Household Members who expect to occupy the Residence and whose incomes at the time of title closing derives from sources described in A below. For purposes of compliance under the Agency's Program income limits, "Household Members" include the borrower, borrower's spouse, any person(s) signing the mortgage or note, and any other person who is 21 years or older at time of title closing who is expecting to occupy the Residence.

The information requested below must be provided in order to determine your eligibility under the income limits established for your region of the State. These limits have been established principally in response to requirements of the Code. The limits are used solely to determine your eligibility under the Code's income limit provisions and will not be used for mortgage loan underwriting purposes.

**Determination of the current Gross Income for All Household Members (as defined above). At application, Mortgagor must only complete the column entitled “At Loan Application”. The column entitled “At Loan Closing” must be completed on the closing date.**

<u><b>A. Sources of Current Monthly Income</b></u>	<u><b>At Loan Application</b></u>	<u><b>At Loan Closing</b></u>
1. Gross Pay	\$ _____	\$ _____
2. Overtime, Part-time Pay and Temporary Employment	\$ _____	\$ _____
3. Bonuses, Commissions, and Tips	\$ _____	\$ _____
4. Dividends, Interest, Royalties & Trusts	\$ _____	\$ _____
5. Business Activities or Investments	\$ _____	\$ _____
6. Net Rental Income	\$ _____	\$ _____
7. Pension/Social Security Benefits	\$ _____	\$ _____
8. Veterans Administration Benefits	\$ _____	\$ _____
9. Unemployment Compensation	\$ _____	\$ _____
10. Sick Pay	\$ _____	\$ _____
11. Public Assistance	\$ _____	\$ _____
12. Alimony, Child Support or Separate Maintenance Income	\$ _____	\$ _____
13. Any Other Income	\$ _____	\$ _____
14. <b>Total Monthly Gross Income</b>	\$ _____	\$ _____
Multiply by 12	_____ x12	_____ x12
<u><b>B. Total Annualized Gross Income</b></u>	<u>\$ _____</u>	<u>\$ _____</u>

**Note to Mortgagors: If Total Annualized Gross Income for all Household Members is above the applicable limit at EITHER time of loan application or at title closing, the Mortgagor(s) will not be eligible for a SONYMA Mortgage Loan.**

**PART V - DISCLOSURE STATEMENT**

SONYMA requires information concerning personal finances, credit history and employment records from all mortgage loan applicants and co-applicants (collectively, the “Mortgagor”). In addition, SONYMA requires income and asset information regarding all members of the Mortgagor’s household(s). This information is subject to outside verification, and may be reviewed by SONYMA, the participating lending institutions, SONYMA’s mortgage pool insurance company and the IRS.

In compliance with section 94(1) (d) of the New York State Public Officers Law, all personal information solicited and maintained by SONYMA is used to evaluate the individual’s mortgage loan application or to provide information required by the IRS. Failure by the Mortgagor to submit requested information may result in rejection of the mortgage loan application.

SONYMA maintains records of the information submitted by all Mortgagors. In addition, SONYMA must report certain personal information regarding Mortgagors and their household(s) to the IRS. While SONYMA includes certain personal data in compiling general statistics of its mortgage loan portfolio for its own purposes, no name, number, symbol, mark or other identification is used to identify individual applicants unless personal information is required by law.

Each individual has the right to review personal information maintained by SONYMA, unless exempted by law. The official responsible for maintaining personal information at SONYMA is the Personal Privacy Compliance Officer, who is located in the Agency’s offices at 641 Lexington Avenue, New York, NY 10022 and whose telephone number is (212) 688-4000. All requests to review personal information records should be addressed to the Personal Privacy Compliance Officer.

**PART VI - CERTIFICATION**

(I/We) have read the Recapture Notification as set forth in Part I hereof, and understand that (I/we) may be required to pay a recapture tax to the United States Treasury as a result of financing (my/our) home purchase with a Mortgage Loan from the Agency.

(I/We) understand that if (I/we) have made any material misstatements in the foregoing representations or have omitted to state any of the information requested this will be considered an event of default under the Mortgage Loan and the outstanding principal balance of the Mortgage Loan together with accrued interest, upon direction of the Agency, will become immediately due and payable.

**EXECUTION AT TIME OF LOAN APPLICATION**

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Guarantor

**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:

**REAFFIRMATION AT TITLE CLOSING**  
(To be completed at Title Closing Only)

(I/We) as Purchaser(s) of the Residence indicated herein reviewed all of the foregoing representations and warranties made by (me/us) as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the title closing date).

(I/We) do hereby reaffirm all of the foregoing representations and warranties previously made.

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Guarantor

**DETERMINING YOUR RECAPTURE TAX**

**(Note: The following is intended only to familiarize you with this requirement. You should obtain the applicable IRS forms and instructions or consult your tax advisor to actually compute your recapture tax.)**

1. To determine the recapture tax, first multiply your original loan amount which is \$ \_\_\_\_\_ by 6.25%. This is \$ \_\_\_\_\_ and is the "maximum recapture tax."
2. Next, determine if you are entitled to a "holding period adjustment." Multiply the appropriate percentage shown in Column 1 (holding period percentage) of Sample Table in Attachment 3, reflecting the year in which you sold your home times the dollar amount calculated in (1.) above.

This amount, \$ \_\_\_\_\_, is your "adjusted recapture tax."

3. Now determine if you are entitled to a "low-income reduction" or are excluded from paying any recapture tax. Look under column 2 of the Sample Table in Attachment 3 to determine the Adjusted Qualifying Income reflecting your family size at the time of sale. If your modified adjusted gross income (adjusted gross income from IRS Form 1040 plus tax-exempt income less the gain realized by the sale of this house) is less than the Adjusted Qualifying Income, you are excluded from paying any recapture tax. If your modified adjusted gross income exceeds the Adjusted Qualifying Income by more than \$5,000, you are not entitled to a "low-income reduction". If your income is within \$5,000 of the chart amount, the difference between your income and the chart amount is divided by \$5,000, and the resulting percentage is multiplied by the amount calculated in (2.) above. You now have computed the recapture tax. You are liable to pay the lesser of this amount or one-half of the gain on the sale of your home.

Note: The Income Limits in Attachment 3 are hypothetical amounts for illustration purposes only. At or subsequent to closing, you will be given the actual limits applicable to you.

**EXAMPLE OF HOW TO COMPUTE THE RECAPTURE AMOUNT**

J, a single individual, purchases a home with a \$55,000 State of New York Mortgage Agency loan. At the time of purchase, the applicable income limit for a single person is \$20,000. J marries S, and they have two children, E and M. They sell their home 6 years and 2 months later and realize a gain of \$12,000 on the sale of the home. In the year of sale, J and S's household income (adjusted gross income plus tax-exempt interest but not including any gain on the sale of this house) is \$32,000. Before adjustments, the maximum recapture amount would be \$3,438 ( $0.0625 \times \$55,000$ ).

However, because the home was held more than 5 years, the holding period adjustment reduces the recapture amount to \$2,063 (sale on or after the sixth anniversary of closing, but before the seventh anniversary of closing = 60% holding period percentage). The recapture amount is further reduced because J and S's household income (\$32,000) is \$3,822 less than the income eligibility limit of (\$30,822 plus \$5,000) or \$35,822.

The recapture amount is reduced by the income percentage which is the difference between J and S's household income (\$32,000) and the eligibility limit (\$30,822) divided by \$5,000. (\$32,000 is \$1,178 more than \$30,822 and \$1,178 divided by \$5,000 = 23%.  $\$2,063 \times 23\% = \$486$ ).

Since J and S realized a \$12,000 gain on the sale of their home, the 50% gain-on-sale limitation did not further reduce the \$486 recapture amount due. If the gain on sale had been \$200 instead of \$12,000, then the recapture amount would have been \$100, which is the lesser of the computed amount of \$486 or 50% of the gain on sale ( $\$200 \times 50\% = \$100$ ).

This example is modified from the Draft Report prepared by the United States General Accounting Office entitled "Home Ownership, Limiting Mortgage Assistance Provided to Owners with Rapid Income Growth" to reflect changes enacted by the Budget Reconciliation Act of 1990.

If \$20,000 was the applicable income limit for one-person household, \$23,000 would be the applicable 3-or-more person household limit ( $\$20,000 \times 115\%$ ). The \$23,000 amount is increased by 1.05 to the "nth" power, where "n" is the number of full years the home was owned, to \$30,822. ( $\$23,000 \times 1.05$  to the 6th power equals  $1.34 \times \$23,000 = \$30,822$ .)

**SAMPLE TABLE**

[Note: The incomes provided in Column 2 of this table are merely examples to assist you in understanding the recapture calculation described in Attachment 2. Actual Income Calculations will be provided at or subsequent to Closing].

Date that you <u>sell your home</u>	(Column 1) <b>Holding Period</b> <b>Percentage</b>	(Column 2) <b><u>Adjusted Qualifying Income</u></b> Number of Family Members Living in Your Home <u>At The Time of Sale</u>	
		<u>2 or less</u>	<u>3 or more</u>
Before the first anniversary of closing (See note above)	20%	\$20,000	\$23,000
On or after the first anniversary of closing, but before the second anniversary of closing	40%	\$21,000	\$24,150
On or after the second anniversary of closing, but before the third anniversary of closing	60%	\$22,050	\$25,357
On or after the third anniversary of closing, but before the fourth anniversary of closing	80%	\$23,152	\$26,625
On or after the fourth anniversary of closing, but before the fifth anniversary of closing	100%	\$24,310	\$27,957
On or after the fifth anniversary of closing, but before the sixth anniversary of closing	80%	\$25,526	\$29,354
On or after the sixth anniversary of closing, but before the seventh anniversary of closing	60%	\$26,802	\$30,822
On or after the seventh anniversary of closing, but before the eighth anniversary of closing	40%	\$28,142	\$32,363
On or after the eighth anniversary of closing, but before the ninth anniversary of closing	20%	\$29,549	\$33,981

**RECAPTURE WORKSHEET**

- A. Calculate 50% of the gain on sale of the home.  
[Gain \$ \_\_\_\_\_ x 50%] = \$ \_\_\_\_\_.
- B. Home was sold or transferred during what year? \_\_\_\_\_ year  
Applicable % (See Attachment 3 Column 1) \_\_\_\_\_%.
- C. Original mortgage loan amount \$ \_\_\_\_\_.
- D. Amount in C. x 6.25% (.0625) = \$ \_\_\_\_\_ (Maximum Recapture Tax possible).
- E. [% shown in B.] x D. = \$ \_\_\_\_\_.
- F. Maximum Federal income limit for your area, the year sold, and current family size (See Attachment 3, Column 2) = \$ \_\_\_\_\_.
- G. Mortgagor(s)' modified adjusted gross income for year in which house is sold.
- |  |          |
|--|----------|
| (adjusted gross income on Form 1040, 1040A, or 1040EZ) | \$ _____ |
| (tax-exempt income) +                                  | \$ _____ |
| (100% of gain on sale on home) -                       | \$ _____ |
| (modified adjusted gross income) =                     | \$ _____ |
- H. If F. is greater than or equal to the result in G., no recapture; stop here.
- I. If G. is greater than or equal to (F. + \$5,000), go to M.
- J. If G. is less than (F. + \$5,000), compute the difference between G. and F. here: \$ \_\_\_\_\_.
- K. The amount in J. divided by \$5,000 = \_\_\_\_\_%.
- L. K. times E. = \$ \_\_\_\_\_ (adjusted recapture tax). (Go to N.)
- M. The LESSER of (A.) or (E.) is the recapture amount owed  
\$ \_\_\_\_\_.
- N. The LESSER of (A.) or (L.) is the recapture amount owed.  
\$ \_\_\_\_\_.



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

IT MAY BE A FEDERAL OFFENSE PUNISHABLE BY A MAXIMUM OF A \$5,000 FINE, TWO YEARS IMPRISONMENT, OR BOTH, TO KNOWINGLY MAKE A FALSE STATEMENT IN THIS AFFIDAVIT (TITLE 18 UNITED STATES CODE, SECTION 1014). READ THIS AFFIDAVIT CAREFULLY TO BE SURE THE INFORMATION IN IT IS TRUE AND COMPLETE BEFORE SIGNING THIS FORM. PLEASE BE ADVISED THAT THE STATE OF NEW YORK MORTGAGE AGENCY HAS A POLICY OF INDEPENDENTLY VERIFYING THE INFORMATION YOU PROVIDE.

Purchaser(s): \_\_\_\_\_

Residence: \_\_\_\_\_

I(We) have entered into a contract of sale with above Purchaser(s) to sell the above Residence. In order to finance the purchase from the undersigned of the Residence, which includes real estate and fixtures under New York law, the Purchaser(s) has applied for a mortgage loan (the "Mortgage Loan"), being provided by the State of New York Mortgage Agency ("SONYMA"). I(We) hereby understand that:

1. Purchaser(s) are applying for a Mortgage Loan subject to Section 143 of the Internal Revenue Code.
2. Section 143 of the Internal Revenue Code defines Acquisition Cost as the cost of acquiring a residence (which does not include property such as an appliance, a piece of furniture, a television, etc., which under applicable law is not a fixture), from the property seller as a completed residential unit and includes: (i) all amounts paid, either in cash or in kind, by the purchaser (or a related party for the benefit of the purchaser) to the property seller (or a related party for the benefit of the property seller) as consideration for the residence; (ii) if a residence is incomplete, the reasonable cost of completing the residence whether or not the cost of completing construction is to be financed by a Mortgage Loan; (iii) if subject to a ground lease, the capitalized ground rent computed at a discount rate established by SONYMA; (iv) cost of land owned by Mortgagor for less than two years; and (v) for Mortgage Loans financing units in a cooperative project, the pro rata portion of the underlying mortgage allocable to the cooperative unit must be added to the cost of the shares of stock.

Based on the above understandings, (I/we) hereby certify that the Acquisition Cost of the Residence, completed in accordance with 2. above is \$\_\_\_\_\_.

Signed, Sealed and Delivered on this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

In the Presence of:

\_\_\_\_\_  
Notary Public

L.S. \_\_\_\_\_  
Property Seller

\_\_\_\_\_  
Notary Public

L.S. \_\_\_\_\_  
Property Seller

**NOTE:** If this document is executed by a Power-of-Authority on behalf of the Property Seller(s), this document shall be considered a certification, and not an affidavit.



Exhibit I

### Military Veteran's Eligibility Affidavit

STATE OF NEW YORK

Lender Name \_\_\_\_\_

COUNTY OF \_\_\_\_\_

SONYMA Loan # \_\_\_\_\_

I, \_\_\_\_\_, the undersigned, as a Military Veteran Purchaser have applied for State of New York Mortgage Agency ("SONYMA") financing with the above named Lender to purchase the property located at \_\_\_\_\_ (the "Property") who having been first duly sworn depose and say:

- 1) I understand that the Internal Revenue Code provides that borrowers who are veterans (and their spouses, or co-borrowers) and who have not previously received a Mortgage Revenue Bond ("MRB") loan under the special veteran's exception, need not meet the first-time homebuyer requirement.
- 2) I understand that the United States Code definition of "veteran" is a person who has served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.
- 3) I understand that an MRB loan is a mortgage or cooperative share loan financed through the sale of tax-exempt bonds issued by a state or local housing agency.

I hereby represent and warrant that: (1) I do meet the United States Code definition of "veteran" and to evidence this, I have attached DD Form 214, Certificate of Release or Discharge from Active Duty; and (2) I have not received or been the beneficiary of an MRB loan (from any state or local government) for my principal residence pursuant to a special exception for veterans enacted December 20, 2006.

I further understand that if I made any material misstatements in the foregoing representations, such misstatements will be considered an event of default under the mortgage loan and the outstanding principal balance of the mortgage loan together with accrued interest and any reasonable expenses, including legal fees, at SONYMA's option, will become immediately due and payable.

Signed, Sealed and Delivered on this

\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

L.S. \_\_\_\_\_

Military Veteran Purchaser

In the Presence of

\_\_\_\_\_  
Notary Public

Exhibit J

~~-THIS EXHIBIT IS DELETED-~~

Exhibit K

~~-THIS EXHIBIT IS DELETED-~~

Exhibit L  
SONYMA LOAN RESERVATION WORKSHEET AND RATE CERTIFICATION  
FAX # 1-212-872-0406

LENDER'S NAME: \_\_\_\_\_ ORIGINATOR CODE# \_\_\_\_\_

BORROWER: \_\_\_\_\_ BRANCH CODE \_\_\_\_\_

LAST NAME \_\_\_\_\_ FIRST NAME \_\_\_\_\_

LAST NAME \_\_\_\_\_ FIRST NAME \_\_\_\_\_

LAST NAME \_\_\_\_\_ FIRST NAME \_\_\_\_\_

PROGRAM:  Low Interest Rate  Achieving the Dream (attach Form ATD1)  Construction Incentive (CIP)  
 \_\_\_\_\_

Is this loan utilizing a Closing Cost Assistance Loan (CCAL)? (Please check):  Yes (attach Form C5)  No

1. PROPERTY ADDRESS \_\_\_\_\_  
\_\_\_\_\_ APT # \_\_\_\_\_

2. PROPERTY CITY/TOWN \_\_\_\_\_

3. PROPERTY ZIP CODE \_\_\_\_\_

4. PROPERTY COUNTY \_\_\_\_\_ CODE \_\_\_\_\_

5.  NEW CONST. (N)  EXIST. (E)  REHAB (R)

6.  TARGET AREA (T)  NON-TARGET AREA (N)

7. BORROWER SS# \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

8. CO-BORROWER SS# \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

9. 3RD BORROWER SS# \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

10. PROJECT SET-ASIDE # (IF APPLICABLE) \_\_\_\_\_

11. PURCHASE PRICE \$ \_\_\_\_\_

12. LOAN AMOUNT \$ \_\_\_\_\_

13. ACQUISITION COST \$ \_\_\_\_\_

14. APPLICATION DATE \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

15. SALES CONTRACT DATE \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

16. ESTIMATED DATE OF COMPLETION (NEW CONST/REHAB ONLY)  
\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
MONTH DAY YEAR

17. LOCK-IN TYPE

SHORT-TERM (S)\*  LONG-TERM (L)\*

18. INTEREST RATE \_\_\_\_\_%

19. NO. OF FAMILY UNITS:

(1) 1-FAM  (2) 2-FAM  (3) 3-FAM

(4) 4-FAM  (8) CONDO  (9) CO-OP

20. TOTAL PERSONS IN HOUSEHOLD (INCLUDING CHILDREN) \_\_\_\_\_

21. BORROWER'S GROSS MONTHLY INCOME \$ \_\_\_\_\_

22. CO-BORROWER'S GROSS MONTHLY INCOME \$ \_\_\_\_\_

23. ALL OTHER HOUSEHOLD MEMBER INCOME \$ \_\_\_\_\_

24. BORROWER'S SEX:  (1) MALE  (2) FEMALE

25. BORROWER'S ETHNIC CODE:  
 (1) NON-HISPANIC  (2) HISPANIC  (3) DID NOT RESPOND

25a. BORROWER'S RACE CODE:  
 (1) WHITE  (2) BLACK  (3) ASIAN  
 (4) AMERICAN INDIAN  (5) HAWAIIAN  (6) DID NOT RESPOND

26. BORROWER'S AGE \_\_\_\_\_ YEARS

27. BORROWER'S MARITAL STATUS:  
 (1) MARRIED  (2) SEPARATED  (3) UNMARRIED  
 (4) SINGLE PARENT

28. LOAN-TO-VALUE RATIO (LTV) \_\_\_\_\_%

29. TERM OF LOAN \_\_\_\_\_ MONTHS

30. LENDER LOAN # \_\_\_\_\_

BORROWER'S CURRENT CONTACT INFORMATION

31. ADDRESS \_\_\_\_\_  
\_\_\_\_\_ APT # \_\_\_\_\_

32. CITY \_\_\_\_\_

33. STATE \_\_\_\_\_ 34. ZIP CODE \_\_\_\_\_

LENDER INFORMATION:

\_\_\_\_\_  
LOAN CONTACT (PLEASE PRINT)

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
FAX NUMBER

\*Short-Term Locks: Existing and New Construction loans expected to close within 100 days of the Application Date.

\*Long-Term Locks: New construction or rehabilitation loans expected to close within 220 days of the Application Date.

RATE CERTIFICATION

We, the above lender, hereby submit a request for the above-referenced mortgage application for SONYMA to assign the above referenced Interest Rate (line 18) in accordance with the terms of the applicable Availability of Funds and Notice of Terms Bulletin in effect on the Application Date indicated above. **Attached is a copy of the executed and dated signature page of the residential loan application. In addition, if the property is new construction and we want to lock the loan as a short-term lock-in, attached is a copy of the contract of sale to support anticipated closing date.** We further understand that SONYMA's acceptance of this form is subject to the requirements specified in the Seller's Guide. **Loans improperly locked may result in a penalty to the Lender.**

We hereby certify that we are liable to SONYMA, as of the date hereof, for payment of a Lock-in Fee in the amount of one percent (1.0%) of the Loan Amount stated on line 12 above. SONYMA will collect the Lock-in Fee in accordance with the terms set forth in SONYMA's Seller's Guide.

Certified by: \_\_\_\_\_ (Officer)

FOR SONYMA USE ONLY

DATE OF RESERVATION : \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
MONTH DATE YEAR SONYMA # \_\_\_\_\_ OPERATOR INITIALS: \_\_\_\_\_



State of New York Mortgage Agency

**RESERVATION CANCELLATION FORM**  
(Fax completed form to 212-872-0406)

Participating Lender: \_\_\_\_\_ Date: \_\_\_\_\_

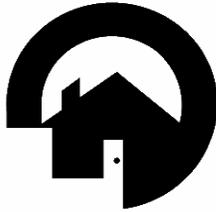
Contact Name: \_\_\_\_\_ Tel. #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Please fill in Borrower's Name, SONYMA Loan Number and Cancellation Code(s). (See below for code. Please fill in as many codes as are applicable to each cancellation.)

<u>Borrower's Name</u>	<u>SONYMA Loan No.</u>	<u>Cancellation Code(s)</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

<u>Explanation</u>	<u>Code</u>	<u>Explanation</u>	<u>Code</u>
<b>IRS COMPLIANCE REQUIREMENTS</b>		<b>D. <u>EMPLOYMENT STATUS</u></b>	
A. Does not meet first-time homebuyer requirement.....	A1	Unable to verify employment.....	J1
Exceeds income limit.....	A2	Length of employment.....	J2
Exceeds purchase price limit.....	A3	Temporary or irregular employment..	J3
Property type not eligible for financing	A4	<b>E. <u>INCOME</u></b>	
Property not located in a target area	A5	Insufficient income.....	K1
Other _____	A6	Unable to verify income.....	K2
<b>UNDERWRITING REQUIREMENTS</b>		<b>F. <u>RESIDENCY</u></b>	
<b>B. <u>PROJECTS</u></b>		Temporary residence.....	L1
Project presale requirement not met...	B1	Too short a period of residence.....	L2
Investor concentration requirement not met	B2	Unable to verify residence.....	L3
Other _____	B3	<b>G. <u>DOWNPAYMENT</u></b>	
<b>C. <u>CREDIT</u></b>		Unable to verify source of downpayment	M1
No credit reference.....	I1	Insufficient downpayment or funds for closing.....	M2
Insufficient credit.....	I2	Gift from unacceptable donor.....	M3
Unable to verify credit.....	I3	Other _____	M4
Garnishment, attachment for foreclosure, repossession or suit...	I4	<b>H. <u>OTHER UNDERWRITING REASONS</u></b>	
Excessive obligations.....	I5	Credit application incomplete.....	N1
Delinquent credit obligations.....	I6	Insufficient collateral/structural issues...	N2
Bankruptcy.....	I7	Other _____	N3
		Seller withdrew.....	N4

\_\_\_\_\_  
Authorized Signature



# State of New York Mortgage Agency

## SONYMA Low Interest Rate Mortgage Program Closed Loan Document 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 Loan #: \_\_\_\_\_

Lender Name: \_\_\_\_\_

Borrower Name(s): \_\_\_\_\_

Program:  Low Interest Rate     Construction Incentive     Other: \_\_\_\_\_

Did this loan utilize a SONYMA Closing Cost Assistance Loan? (Please check one)  Yes     No

#### I. 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]

#### II. 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]
- \_\_\_ f1. 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 & interest payment? [45K]
- \_\_\_ g. Item 6(A) is completed? [45L]
- \_\_\_ h. Document is signed by all mortgagors and guarantors (if applicable)? [45P]
- \_\_\_ i. Endorsement without recourse to SONYMA is reflected and executed by an authorized officer of the lender? [45N/45O]
- \_\_\_ j. SONYMA Rider to Fannie Mae/Freddie Mac Note (for Construction Incentive Program Loans) [Form 236/12-00], if applicable. [450]
- \_\_\_ j1. Item A correctly reflects the initial interest rate and the final interest rate based on the terms approved by SONYMA and the Monthly Availability of Funds and Notice of Terms Bulletin? [451]
- \_\_\_ j2. Item B correctly specifies monthly principal & interest payments based on the approved initial interest rate? [452]
- \_\_\_ j3. The interest rate for the remaining term of the mortgage is correctly stated? [453]
- \_\_\_ j4. All borrowers executed document? [45P]
- \_\_\_ k. SONYMA CCAL Rider to New York FNMA/FHLMC Fixed Rate Note (Form C2/10-05), if applicable [61]

- \_\_\_ k1. Signed original and a photocopy of this document submitted? [61A]
- \_\_\_ k2. Borrower(s) name(s) is correctly stated? [61B]
- \_\_\_ k3. Property address is correctly stated? [61D]
- \_\_\_ k4. The mortgage closing date is correctly specified? [61F]
- \_\_\_ k5. Lender's name is correctly specified? [61G]
- \_\_\_ k6. Item 3 correctly reflects the recapture obligation (CCAL loan amount) approved by SONYMA immediately prior to loan closing and agrees with Item 4 of the CCAL Rider to the FNMA/FHLMC Mortgage (Form C1)? [61I/61J]
- \_\_\_ k7. All borrower(s) executed the document? [61K]

III. **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]

- \_\_\_ a1. Signed duplicate original of unrecorded Mortgage submitted, if recorded instrument is not available? [46I, 46C]
- \_\_\_ a2. Original recorded document and a photocopy submitted? [46A]
- \_\_\_ b. Item A corresponds with the date of the Mortgage Note? [46D]
- \_\_\_ c. Item B shows all borrowers? [46E]
- \_\_\_ d. Item C shows Lender's full name and other required information? [46F]
- \_\_\_ 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]
- \_\_\_ h. Property legal description (Schedule "A") matches that of the Title Policy? [46M/46N/46O]
- \_\_\_ i. All mortgagor(s) duly executed document? [46P]
- \_\_\_ j. Notary Public's proper execution and stamp of 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]
- \_\_\_ 11. Signed duplicate original document submitted? [46W/46X]
- \_\_\_ 12. Borrower(s) name(s) accurately specified? [46E]
- \_\_\_ 13. Mortgage date and name of lender specified? [46D, 46F]
- \_\_\_ 14. 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 mortgagors 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 mortgagors 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-to-four 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 mortgagors executed document? [47G]
    - \_\_\_ p. SONYMA CCAL Rider to New York Single Family FNMA/FHLMC Mortgage (Form C1/10-05), if applicable [460]
      - \_\_\_ p1. Signed duplicate original document submitted? [46C]
      - \_\_\_ p2. Borrower(s) name accurately specified? [46E]
      - \_\_\_ p3. Property address is correctly stated? [46K]
      - \_\_\_ p4. Mortgage closing date and Lender's name specified? [46D, 46F]
      - \_\_\_ p5. Item 4 - The dollar amount specified reflects recapture obligation (CCAL loan amount) in the amount approved by SONYMA immediately prior to loan closing and agrees with Item 3 of the CCAL Rider to the FNMA/FHLMC Note (Form C2)? [463, 464]
      - \_\_\_ p6. All mortgagors executed the document? [46P]

**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.

IV. **Recorded Consolidation, Extension and Modification Agreement [Fannie Mae/Freddie Mac New York Single Family 3172 - 1/01 (rev. 5-01)], if applicable** [06]

- a1. Signed duplicate original of unrecorded Extension and Modification Agreement submitted, if recorded instrument is not available? [07, 07C]
- a2. Original recorded document and a photocopy submitted? [07A/07B]
- a3. All appropriate riders, as stated above and where applicable, are attached to recorded original and duplicate original? [08R/08S]
- a4. SONYMA CCAL Rider(s) to FNMA/FHLMC Note and/or Mortgage completed and attached to the recorded and duplicate original CEMA, if applicable? [076/077/ 078]
- b. Item (A) - Date specified agrees with closing date? [07E]
- c. Item (B) - Borrower's name and previous address accurately stated? [07F, 07G]
- d. Item (C) - Lender's name, laws it exists under and address accurately stated? [07H]
- e. Item (G) - Property address and location accurately stated? [07G]
- f. Item #I - Total unpaid principal balance of Notes specified and amount advanced on the closing date is accurately stated? [070/07P]
- g. Item #X - The second box is checked off? [081]
- h. All borrowers have executed the document? [07X]
- i. Lender's authorized officer has executed the document? [07Y/07Z]
- j. Borrower's signature properly notarized with Notary Public execution and stamp and/or seal appropriately affixed? [08F, 08G]
- k. Lender's authorized bank's officer signature properly notarized with Notary Public execution and stamp and/or seal appropriately affixed? [08F, 08G]
- l. Exhibit “A” accurately reflects the mortgage information and recording information of the construction note and mortgage and if applicable, the gap mortgage and note? [082/083/084]
- m. Exhibit “B” shows the property description (Schedule A)? [085]
- n. Exhibit “C” completed and executed in the manner described on the form's instructions? [086]
- o. Exhibit “D” completed and executed in the manner described on the form's instructions? [087]

**Note:** If Lender is an approved MERS Member (see Seller's Guide Appendix IV) and has named MERS as the nominee on the Mortgage, the applicable MERS as Original Mortgagee (“MOM”) language must be incorporated into the CEMA. Please see Appendix IV for more details.

V. **Original Building Note, if applicable** [02]

- a. Original document and a photocopy submitted? [02A/02B]

VI. **Recorded Building Mortgage, if applicable** [05]

- a. Original document and a photocopy submitted? [05D/05E]

VII. **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? [10, 10C]
- a2. Original recorded document and a photocopy submitted? [10A/10B]
- b. Lender's name as Assignor and address specified? [10E]
- 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]
- i. Date and recording information of Consolidation/Extension/Modification Agreement cited (if applicable)? [10X/10Y]

**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 still 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.

VIII. **Copies of executed second lienholder's Mortgage and Note from government subsidized program (if applicable)** [12/13]

- a. Copies of executed documents submitted? [13A/13B]
- b. Total amount of subsidy corresponds to amount stated on the HUD-1? [13H/13I]

IX. **Mortgage Title Insurance Policy (ALTA Policy)** [14]

- a1. Original preliminary Title Report or Binder submitted? [15, 15C/15D]
- a2. Title recertified in borrower's name? [150]

- a3. Original Mortgage Title Insurance Policy and a photocopy submitted? [15A/15B]
- b. Insured amount matches amount on Mortgage and Note? [15H]
- b1. CCAL amount included in policy coverage amount? [15H]
- c. Date of issue (closing date or recording date) accurately stated? [15V/15W]
- d. "State of New York Mortgage Agency" specified as insured? [15I/15J]
- e. Does Schedule A of the policy show the following?
  - e1. I. Mortgagor(s) reflected as having fee simple title to land?
  - e2. II. Mortgage amount and/or data accurately stated? [15Y]
- f. Description of property (Schedule "A") matches that of the Mortgage document? [15L/15M]
- g. Document shows marketable title with no liens, encumbrances, encroachments etc. that may adversely affect SONYMA's security?
- h. Survey inspection with corresponding survey reading on property is dated within six(6) months of the mortgage (if applicable)? [153/154]
- i. If the final title policy is being submitted, is document validated by an authorized officer and/or agent of the title company? [15K]
- j. If the final title policy is being submitted, is survey coverage endorsement attached to policy in lieu of Item XII below? [15X]
- k. If the preliminary title report is being submitted, does it contain an itemized schedule of all endorsements to be included in the final title policy? [15E/15F]
- l. Is the New York Standard endorsement [15P], Environmental Protection endorsement [15T/15U], and Survey Coverage endorsement (if applicable) [15X] incorporated into the document?
- m. If the property is manufactured housing as described in Section 3.107 of the Seller's Guide, is ALTA Form 7, Manufactured Housing Unit Endorsement, attached? [15Y]

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

**X. Copy of SONYMA Executed CCAL Loan Request for Disbursement Form (Form C6/10-05) [78]**

- a. Photocopy of final SONYMA executed form submitted with file? [781]
- b. Approved CCAL Loan amount agrees with the amount reflected in Item 3 of the CCAL Rider to FNMA/FHLMC Note (Form C2), Item 4 of the CCAL Rider to FNMA/FHLMC Mortgage (Form C1), and the HUD-1? [782/783/784]
- c. SONYMA approval signature on document? [785]

**XI. Reaffirmed Recapture Notification and Mortgagor's Affidavit (Form 211/4-99 or 1-07, as applicable) [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 Title Closing?" [51F/51G]
- b2. Income is within appropriate SONYMA limits? [51D/51E]
- c. Reaffirmation at title closing section is complete and executed by all mortgagors and guarantors? [51B/51C]
- d. Document is not reaffirmed by a power of attorney? [51L/51M]

**XII. Survey/Property Plat (Not applicable for Condominiums or PUD's) [18]**

**(Note: Not required if item IX (j) above is incorporated within the Title Policy)**

- a. Document submitted in file? [18A]
- b1. Survey/Property Plat dated within six(6) months of the mortgage and certified to SONYMA? [18B/18C/18D/18E] **OR**
- b2. An older Survey/Property Plat submitted with physical survey inspection done within six (6) months of the mortgage, read into the title insurance policy and revealing no material changes that would adversely affect SONYMA's security?

**XIII. Hazard and Flood Insurance Certificate (Form 216/1-05) [20]**

- a. Original completed document submitted in file? [20A/20B]
- b. SONYMA Loan Number correctly stated?
- c. Title 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]

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

- a. 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. Secondary financing grant/subsidies stated and equal to the amount on the secondary mortgage/note? [19M/19N]
- h. Appropriate escrows for taxes, insurance, etc. have been collected? [19Q/19R]
- i. If applicable, is the Closing Cost Assistance Loan amount approved by SONYMA immediately prior to closing reflected? [19T]
- j. Document executed by borrower(s) and seller(s)? [19S]

**XV. Satisfactory Completion Certificate (Form 208/12-00), if applicable**

- a. SONYMA Loan Number, borrower(s) name, and lender's name accurately stated?
- b. Document fully completed?
- c. Original photographs of completed dwelling submitted?
- d. Form signed and dated by qualified property inspector/appraiser?

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

- a. Original document submitted with file? [41K/41L]
- b. Lender's name, SONYMA loan number, borrower, 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? (**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.) [41G/41H/41I/41J]
- f. Is the document executed by an authorized officer of your institution and if 3 is checked, also executed by an officer of the warehousing bank? [41M/41N/41O]

**XVII. Copy of Mortgage Loan Eligibility Form (Form 212) executed by SONYMA and documentation to satisfy conditions of approval (64/65)**

- a. Photocopy of Form 212 executed by SONYMA at time of application approval submitted? [65A/65B]
- b. If any conditions were listed on Form 212, is documentation evidencing conditions were satisfied attached to Form 212 and included in file? [65C/65D/65E]

[Current versions of all SONYMA documents may be downloaded from our website ([www.nyhomes.org/home/index.asp?page=110](http://www.nyhomes.org/home/index.asp?page=110)).]

**Certification**

I, the undersigned authorized signatory, hereby certify that the above items, when checked at the appropriate places, are accurate and complete in form and substance and constitute the closed document loan file for the above referenced loan.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
E-mail Address

**COMPUTER-PRODUCED AND/OR THIRD PARTY PRINTED DOCUMENTS  
INDEMNIFICATION FORM**

\_\_\_\_\_ (“Lender”) certifies to the State of New York Mortgage Agency (“SONYMA”) that any or all of the documents listed in the Seller’s Guide Table of Exhibits, Section 2.706(c), 2.710(d), and/or 2.710(e), have been computer-produced or reprinted either by Lender and/or a third party (hereinafter referred to as the “Documents”). The Documents, as computer-produced or reprinted, will contain the exact wording as the camera-ready versions published by, as applicable, SONYMA, Fannie Mae, Freddie Mac, or HUD, except for such changes that have been approved in writing by SONYMA. The Documents are or will be substantially similar in look and format to the camera-ready forms published by SONYMA, Fannie Mae, Freddie Mac, or HUD, as applicable. Lender also certifies that it will make any future changes or revisions to the Documents by the implementation date that SONYMA may require.

Lender agrees for each Mortgage Loan sold to SONYMA to indemnify and hold SONYMA harmless from and against any loss or damage, direct and consequential, suffered by SONYMA, its agents or representatives including, but not limited to, reasonable attorney's fees, arising directly or indirectly as a result of any error or omission caused by computer-producing or reprinting the Documents.

Agreed to and executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

Sworn to and subscribed before me this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Exhibit P

~~-THIS EXHIBIT IS DELETED-~~

Exhibit Q  
**ASSIGNMENT OF MORTGAGE**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, \_\_\_\_\_  
(Assignor), having its principal place of business at \_\_\_\_\_  
\_\_\_\_\_, hereby transfers and assigns to **STATE OF NEW YORK MORTGAGE AGENCY**, having its principal place of business at 641 Lexington Avenue, New York, New York 10022 and its successors and assigns, that certain Mortgage from \_\_\_\_\_ to \_\_\_\_\_ dated the \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_, and recorded in the Office of the County Clerk of \_\_\_\_\_ County, State of New York on / / in Book/Liber \_\_\_\_\_ at Page \_\_\_\_\_, and given to secure a note and indebtedness in the original principal amount of \$\_\_\_\_\_.

Property Address: \_\_\_\_\_

TOGETHER with the bond or note or obligation described in said Mortgage, and the moneys due to grow thereon with interest.

IN WITNESS WHEREOF, the Assignor has caused its corporate seal to be hereunto affixed, and these presents to be signed by its duly authorized officer this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

This assignment is not subject to the requirements of Section 275 of the Real Property Law because it is an assignment within the Secondary Mortgage Market.

ATTEST: \_\_\_\_\_  
Lender Name

By: \_\_\_\_\_  
Witness  
By: \_\_\_\_\_  
Name:  
Title:

(Corporate Seal)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.:

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 whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public  
Commission expires:

(Notary Seal)

Record and Return to:

Exhibit R

~~-THIS EXHIBIT IS DELETED-~~

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Exhibit S  
**HAZARD AND FLOOD INSURANCE CERTIFICATE**

\_\_\_\_\_  
SONYMA Loan No.

Closing Date \_\_\_\_\_, \_\_\_\_\_

Re: \_\_\_\_\_  
Owner of Record

\_\_\_\_\_  
Location of Insured Premises

TO: State of New York Mortgage Agency

**Section I Hazard Insurance**

The undersigned Seller hereby certifies that it has in its possession, to cover the above property, a fire insurance policy, or a binder if, under State Law, Seller is authorized to accept a binder issued by an insurer as evidence that insurance loans have been procured, with standard extended coverage, in force and written in accordance with your requirements as set forth in the Seller's Guide.

The undersigned also certifies that this insurance is in the name of the owner of record and contains (or we have ordered and will obtain) a noncontributory standard mortgagee clause in your favor covering all buildings on the premises.

If the property is a condominium unit, the undersigned Seller certifies that the owner's association has purchased a blanket "all risk" policy. The undersigned also certifies that the policy is in the name of the board of directors of the owner's association, as trustee for all unit owners and mortgagees according to the loss or damage to their respective units and appurtenant common interests. Seller certifies that such policy also lists SONYMA, its successors or assigns as the certificate holder (as mortgagee) or in the event SONYMA is not listed as a certificate holder, Seller has purchased insurance to cover against any losses as a result of not being named on the condominium's policy as a mortgagee. If we are also acting as Servicer on behalf of SONYMA, we further certify that such policy also lists SONYMA, its successors or assigns as the certificate holder (as mortgagee) or in the event SONYMA is not listed as a certificate holder, Servicer will purchase insurance to cover against any losses as a result of not being named on the condominium's policy as a mortgagee.

If the property is located in a Planned Unit Development (PUD) and if the project's constituent documents permit for a blanket insurance policy to cover both the individual units and the common elements, the undersigned Seller certifies the blanket policy was purchased. Otherwise, the insurance policy was obtained by the mortgagor.

If the property is a cooperative unit, the undersigned Seller certifies that the cooperative corporation has purchased a blanket "all risk" policy. The undersigned also certifies that the policy is in the name of the cooperative corporation (as the insured). Seller certifies that such policy also lists SONYMA, its successors or assigns as the certificate holder (as mortgagee). If we are also acting as Servicer on behalf of SONYMA, we further certify that such policy also lists SONYMA, its successors or assigns as the certificate holder (as mortgagee).

If the property is a manufactured housing unit, the undersigned Seller certifies that the hazard insurance policy provides for guaranteed replacement value coverage.

## Section II Flood Insurance

The Flood Disaster Protection Act of 1973, Public Law 93-234, and the National Flood Insurance Reform Act of 1994, Public Law 103-325, requires that properties located in certain areas must be insured for flood damage in an amount not less than as stated in the Seller's Guide. We understand that it is our responsibility to determine whether the above property is located in a Special Flood Hazard Area (SFHA) as identified by the Director of the Federal Emergency Management Agency (FEMA).

This is to certify that we have made the aforementioned determination, and if required, the flood insurance policy has been obtained and is presently in our possession. If flood insurance is not required, we certify that the captioned property is not located within a SFHA as of the closing date. If we are acting as Servicer on behalf of SONYMA, we further understand that we must monitor FEMA remappings for the entire term of the mortgage loan and upon finding that the above property has been remapped into a SFHA, we will immediately secure flood insurance coverage in the required amount.

If the property is a condominium unit, planned unit development (PUD) unit or cooperative unit, the undersigned Seller certifies that a blanket flood insurance policy is maintained if the building(s) containing the unit is located in a SFHA. Such policy covers the common elements of the project, including machinery and equipment that are a part of the building(s).

---

Seller

By: \_\_\_\_\_

Title \_\_\_\_\_

# STATE OF NEW YORK MORTGAGE AGENCY

## SATISFACTORY COMPLETION CERTIFICATE

SONYMA Loan #: \_\_\_\_\_

Borrower(s) Name: \_\_\_\_\_

Originating Lender: \_\_\_\_\_

On \_\_\_\_\_, \_\_\_\_\_, the property situated at

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

was appraised by me or \_\_\_\_\_

The appraisal report was subject to: \_\_\_\_ satisfactory completion, \_\_\_\_ repairs, or \_\_\_\_\_

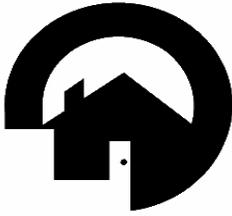
\_\_\_\_\_

I certify that I have reinspected subject property, the requirements or conditions set forth in the appraisal report have been met, and any required repairs or completion items have been done in a workmanlike manner. (Attach photographs of completed subject Property)

Itemized below are substantial changes from the data in the appraisal report, and these changes do not adversely affect any property ratings or final estimate of value in the report:

\_\_\_\_\_, \_\_\_\_\_  
Date

\_\_\_\_\_  
Inspector



State of New York Mortgage Agency

**SONYMA Low Interest Rate Mortgage Program**  
**Closed Cooperative Share Loan Checklist**

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

**General Information**

**SONYMA Loan #** \_\_\_\_\_

**Lender Name:** \_\_\_\_\_

**Borrower(s) Name(s):** \_\_\_\_\_

**Program:**     Low Interest Rate             Construction Incentive             Other: \_\_\_\_\_

**Did this loan utilize a SONYMA Closing Cost Assistance Loan?** (Please check one)  Yes     No

**I.     Property Data** [39, 39A/39B]

The following 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. For cooperative share loans please provide this information for the building. If there are multiple responses for a category, please indicate all of them. If the information for a category is not available, mark it "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]

**II.    Cooperative Loan Note (SONYMA Coop Exhibit 2/4-99)** [21]

- \_\_\_\_\_ a.     Original document and a photocopy submitted with file? [21A/21B]
- \_\_\_\_\_ b.     SONYMA Loan number accurate?
- \_\_\_\_\_ c.     Top left hand corner - loan amount accurate? [21D]
- \_\_\_\_\_ d.     Closing date correct? [21E]
- \_\_\_\_\_ e.     Property Address correct? [21F]
- \_\_\_\_\_ f.     Item (1) - Principal, Interest Rate and Lender's name accurate? [21D, 21G, 21J]
- \_\_\_\_\_ g.     Item (2) - Initial payment date, P&I constant (P&I), maturity date and location of where payments are to be made correct? [21K]
- \_\_\_\_\_ h.     Document executed by borrower(s)? [21L]
- \_\_\_\_\_ i.     Notary Public's execution and stamp affixed? [21M, 21N]
- \_\_\_\_\_ j.     Endorsement without recourse to SONYMA affixed and executed by an authorized officer of the lender? [21O, 21P/21Q]
- \_\_\_\_\_ k.     Rider to SONYMA Cooperative Note (for Construction Incentive Program loans) (SONYMA Coop Exhibit 12/7-94), if applicable. [210]
- \_\_\_\_\_ k1.    Original document and a photocopy submitted? [21A/21B]
- \_\_\_\_\_ k2.    Item A(1) - Principal amount, initial interest rate, the final interest rate and lender's name accurate? [21D, 21G, 21J, 21V]
- \_\_\_\_\_ k3.    Item B(2) - P&I constant, final interest rate, maturity date and location as to where payments are to be made correctly specified? [21K, 21V]
- \_\_\_\_\_ k4.    All borrowers executed document? [21L]

- \_\_\_\_\_ 1. SONYMA CCAL Rider to Cooperative Loan Note (Form C8/10-05), if applicable [211]
- \_\_\_\_\_ 11. Original document and a photocopy submitted? [212]
- \_\_\_\_\_ 12. Borrower(s) name(s) is correctly stated? [213]
- \_\_\_\_\_ 13. Property address is correctly stated? [214]
- \_\_\_\_\_ 14. The loan closing date is correctly specified? [215]
- \_\_\_\_\_ 15. Lender's name is correctly specified? [216]
- \_\_\_\_\_ 16. Item 3 correctly reflects the recapture obligation (CCAL loan amount) approved by SONYMA immediately prior to loan closing and agrees with Item 4 of the SONYMA CCAL Rider to Security Agreement (Form C7) [217/218]
- \_\_\_\_\_ 17. All borrower(s) executed the document? [219]

III. **Security Agreement - Cooperative (SONYMA Coop Exhibit 8/4-99)** [22]

- \_\_\_\_\_ a. Original document and a photocopy submitted with file? [22A/22B]
- \_\_\_\_\_ b. SONYMA loan number accurate?
- \_\_\_\_\_ c. Right Hand corner - Loan number, Apartment No. and location accurate?
- \_\_\_\_\_ d. Closing date, borrower(s) name(s) and property location accurate? [22D, 22E, 22F]
- \_\_\_\_\_ e. Lender's name and location specified? [22G]
- \_\_\_\_\_ f. Item 1 Loan amount accurate? [22H]
- \_\_\_\_\_ g. Item 3 number of shares, Cooperative corporation name, Apartment number and location specified? [22I, 22J/22K]
- \_\_\_\_\_ h. Document executed by all borrower(s)? [22L]
- \_\_\_\_\_ i. Notary Public's execution and stamp appropriately affixed? [22M, 22N]
- \_\_\_\_\_ j. SONYMA CCAL Rider to Security Agreement (Form C7/10-05), if applicable [22Q]
- \_\_\_\_\_ j1. Original document and a photocopy submitted? [22R]
- \_\_\_\_\_ j2. Borrower(s) name(s) is correctly stated? [22S]
- \_\_\_\_\_ j3. Property address is correctly stated? [22T]
- \_\_\_\_\_ j4. The loan closing date is correctly specified? [22U]
- \_\_\_\_\_ j5. Lender's name is correctly specified? [22V]
- \_\_\_\_\_ j6. Item 4 correctly reflects the recapture obligation (CCAL loan amount) approved by SONYMA immediately prior to loan closing and agrees with Item 3 of the SONYMA CCAL Rider to Cooperative Loan Note (Form C8) [22W/22X]
- \_\_\_\_\_ j7. All borrower(s) executed the document? [22Y]

IV. **Copy of SONYMA Executed CCAL Loan Request for Disbursement Form (Form C6/10-05)** [78]

- \_\_\_\_\_ a. Photocopy of SONYMA executed form submitted with file? {781}
- \_\_\_\_\_ b. Approved CCAL Loan amount agrees with the amount reflected in Item 3 of the CCAL Rider to the Cooperative Loan Note (Form C8), Item 4 of the CCAL Rider to Security Agreement (Form C7), and the HUD-1? [786/787/784]
- \_\_\_\_\_ c. SONYMA approval signature on document? [785]

V. **Consent [provided and executed by Cooperative approving transfer/resale of shares between seller and buyer (if applicable)]** [23]

- \_\_\_\_\_ a. Original document and a photocopy submitted with file? [23A/23B]
- \_\_\_\_\_ b. Seller's (Assignor's) name accurate?
- \_\_\_\_\_ c. Proprietary Lease date accurate? [23F/23G]
- \_\_\_\_\_ d. Correct number of shares stated? [23H]
- \_\_\_\_\_ e. Borrower(s) name(s) accurate? [23I]
- \_\_\_\_\_ f. Proprietary rent and surcharges paid to date specified?
- \_\_\_\_\_ g. Document executed by an authorized agent and/or party of the Cooperative Corporation? [23J/23K]

VI. **Acceptance of Assignment and Assumption of Lease (if applicable) upon transfer of shares between seller and buyer (SONYMA Coop Exhibit 3/4-99)** [24/25]

- \_\_\_\_\_ a. Original document and a photocopy submitted with file? [25A/25B]
- \_\_\_\_\_ b. SONYMA Loan number accurate?
- \_\_\_\_\_ c. Borrower(s) name(s) accurate? [25D]
- \_\_\_\_\_ d. Proprietary Lease date accurate? [25E/25F]
- \_\_\_\_\_ e. Cooperative corporation name accurate? [25G/25H]
- \_\_\_\_\_ f. Apartment number and location referenced?
- \_\_\_\_\_ g. Effective date of assignment in accordance with closing date? [25I]
- \_\_\_\_\_ h. Notary Public's proper execution and stamp affixed? [25J, 25K]
- \_\_\_\_\_ i. Executed by buyer? [25L]

- VII. **Proprietary Lease (provided by Cooperative Corporation)** [26]
- \_\_\_\_\_ a. Original document and a photocopy submitted? [26A/26B]
  - \_\_\_\_\_ b. Document appropriately reflects, Lease date, Lessee(s) name and correct number of shares? [26D, 26E, 26F]
  - \_\_\_\_\_ c. Term of lease correctly reflects (lease term is equal to or greater than) share loan term approved by SONYMA? [26N/26O]
  - \_\_\_\_\_ d. Cooperative Corporation(Lessor) and Lessee(s) executed document? [26I/26J, 26K]
  - \_\_\_\_\_ e. Notary Public's proper execution and stamp affixed? [26L, 26M]
  - \_\_\_\_\_ f. If an Occupancy Agreement is submitted in lieu of this document, is an affidavit executed by the mortgagor(s) attached affirming that the borrower will not interfere, terminate or refuse to extend the lease prior to the term of the loan? [26P/26Q/26R/26S]
- VIII. **Assignment of Lease to Lender (SONYMA Coop Exhibit 4/4-99)** [27]
- \_\_\_\_\_ a. Original document and a photocopy submitted? [27A/27B]
  - \_\_\_\_\_ b. SONYMA Loan number accurate?
  - \_\_\_\_\_ c. Loan amount correct? [27D]
  - \_\_\_\_\_ d. Cooperative Apartment number and location accurate?
  - \_\_\_\_\_ e. Borrower(s) dated and executed document as of the closing date? [27E]
  - \_\_\_\_\_ f. Notary Public's proper execution and stamp affixed? [27F, 27G]
- IX. **Assignment of Loan (SONYMA Coop Exhibit 5/4-99)** [28]
- \_\_\_\_\_ a. Original document and a photocopy submitted? [28A/28B]
  - \_\_\_\_\_ b. Lender's name and address correct? [28D, 28K]
  - \_\_\_\_\_ c. Consideration amount specified? [28E]
  - \_\_\_\_\_ d. Date of Note accurate? [28F]
  - \_\_\_\_\_ e. Borrower(s) name accurate? [28G]
  - \_\_\_\_\_ f. Principal Loan amount accurate? [28H]
  - \_\_\_\_\_ g. Date of Lease, Apartment number and address specified? [28I/28J, 28K]
  - \_\_\_\_\_ h. Number of shares and name of Cooperative Corporation accurate? [28L]
  - \_\_\_\_\_ i. Stock Certificate number accurate? [28M]
  - \_\_\_\_\_ j. Security Agreement in accordance with date specified on Cooperative Note? [28F]
  - \_\_\_\_\_ k. Document dated and executed by an authorized officer of the Lender? [28N/28O]
- X. **Stock Certificate (Provided and executed by Cooperative Corporation)** [29]
- \_\_\_\_\_ a. Original document and a photocopy submitted? [29A/29B]
  - \_\_\_\_\_ b. Cooperative Corporation specified? [29D/29E]
  - \_\_\_\_\_ c. Borrower(s) name(s) accurate? [29F]
  - \_\_\_\_\_ d. Shares and Certificate number accurate? [29G, 29H/29I]
  - \_\_\_\_\_ e. Closing date specified? [29J]
  - \_\_\_\_\_ f. Document properly executed by Cooperative Corporation? [29K/29L]
- XI. **Stock Power (SONYMA Coop Exhibit 9/4-99)** [30]
- \_\_\_\_\_ a. Original document and a photocopy submitted? [30A/30B]
  - \_\_\_\_\_ b. Top right hand corner - SONYMA Loan number accurate?
  - \_\_\_\_\_ c. Lender's name accurate? [30D]
  - \_\_\_\_\_ d. Cooperative Corporation and number of shares accurate? [30E/30F, 30G]
  - \_\_\_\_\_ e. Document dated and executed by borrower as of the closing date? [30H]
  - \_\_\_\_\_ f. Document signed by witness at time of closing? [30J]
- XII. **Filed National UCC Financing Statement (Form UCC1)(Rev. 7/28/98)** [74]
- \_\_\_\_\_ a. Original filed acknowledgment copy and a photocopy submitted? [74I, 74J/74K/74L]
  - \_\_\_\_\_ b. Boxes # 1b and 1c - Borrower/Debtor exact full legal name and property address specified? [742/743]
  - \_\_\_\_\_ c. Boxes # 2b and 2c - Co-borrower/Co-debtor exact full legal name and property address specified? [744/745]
  - \_\_\_\_\_ d. Box # 3 - Lender and lender's address or State of New York Mortgage Agency and SONYMA's address specified as the secured party? [746/747]
  - \_\_\_\_\_ e. Box # 4 - Property address, apartment #, real property tax number, and number of shares of capital stock held with Cooperative Corporation specified? [748/749]
  - \_\_\_\_\_ f. Box # 6 checked? [74T]
  - \_\_\_\_\_ g. If more than two Borrowers/Debtors, is Box 11b of the UCC Financing Statement Addendum (Form UCC1Ad) (Rev. 7/29/98) completed and submitted for filing? [74C/74D/74E]
  - \_\_\_\_\_ h. If SONYMA is named as secured party in Box 3a, is Box 12 of the UCC Financing Statement Addendum (Form UCC1Ad) (Rev. 7/29/98) completed with Lender's name

- and address completed in Boxes 12a and 12c, respectively? [74M/74N/74O]
- \_\_\_\_\_ i. In Item 12, is the box "ASSIGNOR S/P's NAME" checked? [74Q/74R/74S]
- \_\_\_\_\_ j. If Borrower is utilizing a SONYMA CCAL loan:
- \_\_\_\_\_ j1. Has a separate acknowledgment copy securing the CCAL loan been submitted? [80/801/802]
- \_\_\_\_\_ j2. Does Box #4 on Form UCC1 with respect only to the UCC filing of the Mortgage Loan additionally include the following:  
Pursuant to the terms of a certain agreement between the Debtor and Secured Party entitled "Security Agreement - Co-op", the security interest described herein is a coequal, first lien with another security interest of the Secured Party filed or to be filed in connection with the collateral described hereinabove.  
[74W/74X/74Y and/or 803/804/805]
- \_\_\_\_\_ j3. Does Box #4 of Form UCC1 with respect only to the UCC filing of the Closing Cost Assistance Loan additionally include the following:  
Pursuant to the terms of a certain agreement between the Debtor and Secured Party entitled "SONYMA Closing Cost Assistance Loan Rider to Security Agreement - Co-op", the security interest described herein is a coequal, first lien with another security interest of the Secured Party filed or to be filed in connection with the collateral described hereinabove.  
[74W/74X/74Y and/or 803/804/805]

**XIII. Filed New York UCC Financing Statement Cooperative Addendum (Form UCC1CA) (Rev. 6/14/01) [75/750]**

- \_\_\_\_\_ a. Original filed acknowledgment copy and a photocopy submitted? [751/752/753]
- \_\_\_\_\_ b. Box # 19a or 19b checked? [754]
- \_\_\_\_\_ c. Box # 20b completed exactly as stated in Box # 1b of the UCC1? [755/756]
- \_\_\_\_\_ d. Box # 21a accurately reflects Lender's name and exactly as stated in Box #3a of the UCC1? [757/758]
- \_\_\_\_\_ e. Box # 22 appropriately checked? [759]
- \_\_\_\_\_ f. Box # 23 checked as Residential? [760]
- \_\_\_\_\_ g. Boxes # 24a through # 24h accurately completed? [761/762]
- \_\_\_\_\_ h. Box # 25 shows complete name of the cooperative corporation as reflected on the stock certificate? [763/764/765]
- \_\_\_\_\_ i. If Borrower is utilizing a SONYMA CCAL loan, has a separate original filed acknowledgment copy and a photocopy securing the CCAL loan been submitted? [81/810/811]

**XIV. Filed National UCC Financing Statement Addendum (Form UCC3) (Rev. 7/28/98), applicable only if at time of closing SONYMA was not named as assignee [77/770]**

- \_\_\_\_\_ a. Duplicate original and a photocopy submitted? [771/772/773]
- \_\_\_\_\_ b. Box # 1a - Document reflects filing information of Form UCC1? [774/775]
- \_\_\_\_\_ c. Box # 4 - Information appropriately checked? [776]
- \_\_\_\_\_ d. Boxes # 7a and # 7c reflect the State of New York Mortgage Agency and SONYMA's address? [777/778,779]
- \_\_\_\_\_ e. Box # 9- Lender's name specified? [77A/77B/77C]
- \_\_\_\_\_ f. If Borrower is utilizing a SONYMA CCAL loan, has a separate original filed acknowledgment copy and a photocopy for the CCAL loan been submitted? [82/820/821]
- \_\_\_\_\_ f1. Does Box #8 on the UCC3 with respect to only the Mortgage Loan recite the same language as Box #4 of the UCC1? [See X1 (j2.) above] [77J/77K]
- \_\_\_\_\_ f2. Does Box #8 on the UCC3 with respect to only the Closing Cost Assistance Loan recite the same language as Box #4 of the UCC1? [See X1 (j3) above] [822/823]

**XV. Recognition Agreement Aztech Form [331]**

- \_\_\_\_\_ a1. Original document and a photocopy submitted? [33A/33B, 33W]
- \_\_\_\_\_ a2. Property address and apartment number accurately stated on top of the form? [33T/33U]
- \_\_\_\_\_ a3. Item #2 - Borrower(s)/ Lessee(s) names accurately stated? [33E]
- \_\_\_\_\_ a4. Loan amount accurate? [33F]
- \_\_\_\_\_ a5. Document executed by authorized officer of the Cooperative Corporation? [33P/33Q]
- \_\_\_\_\_ a6. Document executed by authorized officer of the Lender? [33K/33L]
- \_\_\_\_\_ a7. Document executed by all Shareholder(s)/Borrower(s)? [33M]

**Blumberg Standard Form Recognition Agreement [332]**

- \_\_\_\_\_ b1. Original document and a photocopy submitted? [33A/33B, 33W]
- \_\_\_\_\_ b2. Item #1 - Cooperative Corporation's name and address specified? [33I/33J]
- \_\_\_\_\_ b3. Item #2 - Borrower(s)/Shareholder(s) names accurately stated? [33E]
- \_\_\_\_\_ b4. Item #4 - Lender's name and address specified? [33C]

- \_\_\_\_\_ b5. Item #5 - Managing Agent's name and address specified? [33G/33H]
- \_\_\_\_\_ b6. Item #6 - Number of shares completed and accurate? [33S]
- \_\_\_\_\_ b7. Item #7 - Apartment number and address of building specified? [33T/33U]
- \_\_\_\_\_ b8. Item #8 - Loan amount accurate? [33F]
- \_\_\_\_\_ b9. Item #10 - Date of agreement is same as the closing date? [33D]
- \_\_\_\_\_ b10. Document executed by authorized officer of the Cooperative Corporation? [33P/33Q]
- \_\_\_\_\_ b11. Document executed by authorized officer of the Lender? [33K/33L]
- \_\_\_\_\_ b12. Document executed by all Shareholder(s)/Borrower(s)? [33M]

**XVI. Reaffirmed Recapture Notification and Mortgagor's Affidavit (Form 211/4-99 or 1-07, as applicable) [50/51]**

- \_\_\_\_\_ a. Original completed document and a photocopy submitted in file? [51A]
- \_\_\_\_\_ b. Part IV - Income Eligibility
- \_\_\_\_\_ b1. Total monthly and annualized gross income earned is specified in section entitled "At Title Closing?" [51F/51G]
- \_\_\_\_\_ b2. Income is within appropriate SONYMA limits? [51D/51E]
- \_\_\_\_\_ c. Reaffirmation at title closing section is complete and executed by all mortgagors and guarantors? [51B/51C]
- \_\_\_\_\_ d. Document is not reaffirmed by a power of attorney? [51L/51M]

**XVII. Lien Search of the Apartment (pertinent to Section 2.710(e) of Seller's Guide) [36]**

- \_\_\_\_\_ a. Document and a photocopy submitted with file? [36A]
- \_\_\_\_\_ b. Search runs to Cooperative Corp., Seller(s) and Borrower(s)? [36C/36D/36E]
- \_\_\_\_\_ c. Search done within sixty (60) days prior to the closing of loan? [36F/36G]

**XVIII. Original No Lien Affidavit (SONYMA Coop Exhibit 7/4-99) [37]**

- \_\_\_\_\_ a. Original document and a photocopy submitted? [37A/37B]
- \_\_\_\_\_ b. Borrower(s) name(s) accurate? [37D]
- \_\_\_\_\_ c. Lender's name specified? [37E]
- \_\_\_\_\_ d. Loan amount accurate? [37F]
- \_\_\_\_\_ e. Document executed by borrower(s)? [37G]
- \_\_\_\_\_ f. Notary Public's proper execution and stamp affixed? [37H, 37I]

**XIX. Hazard and Flood Insurance Certificate (Form 216/1-05) [20]**

- \_\_\_\_\_ a. Original completed document submitted in file? [20A/20B]
- \_\_\_\_\_ b. SONYMA Loan Number correctly stated?
- \_\_\_\_\_ c. Title 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]

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

- \_\_\_\_\_ a. 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. Secondary financing grant/subsidies stated and equal to the amount on the secondary mortgage/note? [19M/19N]
- \_\_\_\_\_ h. Appropriate escrows for taxes, insurance, etc. have been collected? [19Q/19R]
- \_\_\_\_\_ i. Document executed by borrower(s) and seller(s)? [19S]
- \_\_\_\_\_ j. If applicable, is Closing Cost Assistance Loan amount approved by SONYMA immediately prior to loan closing reflected? [19T]

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

- \_\_\_\_\_ a. Original document and a photocopy submitted with file? [41K/41L]
- \_\_\_\_\_ b. Lender's name, SONYMA loan number, borrower, property address and loan closing date accurately stated? [41A/41B]
- \_\_\_\_\_ c. Is either 1, 2, or 3 checked off 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 accurately stated? (**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 of the change in writing by the Lender.) [41G/41H/41I/41J]

- \_\_\_\_\_ f. Is the document executed by an authorized officer of your institution and if 3 is checked by an officer of the warehousing bank? [41M/41N/41O]

**XXII. Copy of Mortgage Loan Eligibility Form (Form 212) executed by SONYMA and documentation to satisfy conditions of approval [64/65]**

- \_\_\_\_\_ a. Photocopy of Form 212 executed by SONYMA at time of application approval submitted? [65A/65B]
- \_\_\_\_\_ b. If any conditions were listed on Form 212, is documentation evidencing conditions were satisfied attached to Form 212 and included in file? [65C/65D/65E]

Current versions of all SONYMA documents may be downloaded from our website ([www.nyhomes.org/home/index.asp?page=110](http://www.nyhomes.org/home/index.asp?page=110)).

Certification

I, the undersigned authorized signatory, hereby certify that the above items, when checked at the appropriate places, are accurate and complete in form and substance and constitute the closed document loan file for the above referenced loan.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
E-mail Address

\_\_\_\_\_  
Title

Exhibit V

~~-THIS EXHIBIT IS DELETED-~~

**COOPERATIVE LOAN NOTE**

\$ \_\_\_\_\_

Date \_\_\_\_\_

Property Address \_\_\_\_\_

1. **Borrower's Promise To Pay** In return for a loan that I have received, I promise to pay U.S. \$\_\_\_\_\_ (called "principal"), plus interest at the yearly rate of \_\_\_\_\_% to the order of the Lender. The Lender is \_\_\_\_\_. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. **Time and Place of Payments** I will pay principal and interest by making payments on the first day of each month beginning on \_\_\_\_\_, \_\_\_\_\_. My monthly payment will be in the amount of U.S.\$\_\_\_\_\_. I will make these payments every month until I have paid all the principal and interest and any other charges described below that I may owe under this Note. If I still owe amounts under this Note on \_\_\_\_\_, \_\_\_\_\_ (the "Maturity Date"), I will pay those amounts in full on that date. I will make my monthly payments at \_\_\_\_\_ or at a different place if required by the Note Holder.

3. **My Right to Prepay** A payment of principal before it is due is known as a ("prepayment"). I have the right to make a full or partial prepayment at any time without having to pay any prepayment charge or penalty.

When I make a prepayment, I will tell the Note Holder in a letter that I am doing so. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no delays in the due dates of my monthly payments unless the Note Holder agrees in writing to those delays.

4. **Usury** If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial payment.

5. **My Failure to Make Payments as Required** (A) Late Charge for Overdue Payments  
 If the Note Holder has not received the full amount of any of my monthly payments or other charges within fifteen (15) calendar days after the date is due, I will pay a late charge to the Note Holder. The amount of the late charge will be two percent (2%) of my overdue payment. I will pay this late charge only once on any late payment.

(B) Default  
 If I do not pay the full amount of each monthly payment within thirty (30) days of its due date, if I die, if I become insolvent, or am placed into bankruptcy (voluntary or involuntary), or I fail to keep any of my promises in the security agreement (the "Security Agreement") dated today between me and the Note Holder, I will be in default. If I am in default, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. The rate of interest set forth in Section 1 is the rate I will owe both before and after any such default.

(C) Payment of Note Holder's Costs and Expenses  
 If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back for all of its costs and expenses in enforcing this Note

to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

- 6. Giving of Notices**

Unless applicable law requires a different method of giving notice, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail addressed to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 2 above or at a different address if I am given a notice of that different address.
- 7. Obligations of Persons Who Sign Note**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Note is also obligated to do these things. Any person who takes over the obligation under this Note or any person who takes over the obligations of a guarantor, surety, or endorser of this Note is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.
- 8. Waivers**

The Note Holder may, without losing any of its rights under this Note (i) accept late payments, (ii) accept partial payments marked "paid in full" and (iii) delay in enforcing any of its rights under this Note. I and any other person who has obligations under this Note waive the rights of presentment, notice of dishonor and protest. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice that amounts due have not been paid. "Protest" means the right to require the Note Holder to obtain an official certification of nonpayment. No change or cancellation of this Note shall be effective unless the change or cancellation is in writing and has been signed by the Note Holder and me.
- 9. Security for This Note**

In addition to the protection given to the Note Holder under this Note, I have given the Note Holder a security interest in the shares of stock and proprietary lease described in the Security Agreement. If I default under this Note or the Security Agreement, the Note Holder can sell the shares of stock and assign the proprietary lease and apply the proceeds to what I owe, as more fully provided in the Security Agreement. Any default by me under the Security Agreement shall be deemed a default under this Note.
- 10. Application of Payments**

All payments received by the Note Holder shall be applied, first, to payments made by the Note Holder to protect its security interest under the Security Agreement, second, to pay unpaid late charges, third, on account of interest, and then, on account of principal.
- 11. New York Law**

This Note shall be governed by the laws of the State of New York and any applicable federal law. In the event of a conflict between any provision of this Note and any federal or New York State statute, law or regulation in effect as of the date of this Note, the statute, law or regulation shall control to the extent of such conflict and the provision contained in this Note shall be without effect. All other provisions of this Note will remain fully effective and enforceable.
- 12. Assumptions**

Any person who takes over my rights or obligations under this Note will have all of my rights and must keep all of my promises made in this Note. Any person who takes over the rights or obligations of a guarantor, surety, or endorser of this Note is also obligated to keep all the promises in this Note. My obligations hereunder may not be assumed by any person other than myself without the prior written consent of the State of New York Mortgage Agency.

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Borrower)

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Borrower)

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Borrower)

**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:

**ENDORSEMENT**

PAY TO THE ORDER OF THE STATE OF NEW YORK MORTGAGE AGENCY WITHOUT RECOURSE

\_\_\_\_\_  
SELLER/LENDER

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
NAME AND TITLE OF SIGNATORY

**-THIS PAGE IS INTENTIONALLY LEFT BLANK-**

SONYMA Exhibit 8/4-99

SONYMA Loan Number \_\_\_\_\_

**SECURITY AGREEMENT - CO-OP**

Loan No: \_\_\_\_\_

Apartment No: \_\_\_\_\_

Street Address: \_\_\_\_\_

This Security Agreement (the "Agreement") dated the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ between \_\_\_\_\_ residing at \_\_\_\_\_ (collectively, the "Borrower") and \_\_\_\_\_ (the "Lender") organized and existing under the laws of the United States of America, having an office at \_\_\_\_\_.

- 1. **Definitions** I, Mine, Me, My, Myself - refer to the Borrower.  
Note - refers to the instrument which the Borrower signed this day and which evidences the loan (the "Loan") in the amount of up to \$ \_\_\_\_\_ made this day to the Borrower by Lender.
- 2. **Loan** I agree to repay the Loan as required by the terms of the Note.
- 3. **Ownership** I own \_\_\_\_\_ shares (the "Shares") of capital stock of \_\_\_\_\_ (the "Corporation") and am the tenant under proprietary lease (the "Lease") for Apartment \_\_\_\_\_ (the "Apartment") in the building located at \_\_\_\_\_, State of New York. I represent to Lender that the Shares are all the cooperative shares allocated to the Apartment and that I have made no prior assignment of my interest in the shares or of my interest under the Lease.
- 4. **Security** To secure my repayment to Lender of the Loan, I pledge to Lender all of my right, title and interest in the Shares and assign to Lender all of my right, title and interest in the Lease and in the proceeds of any sale of the Shares, transfer of the Apartment or subsequent assignment of the Lease. The Shares, Lease, sale proceeds, any replacement and additional Shares and any amendments to and extensions or replacements of the Lease, are referred to as the "Security"; the interest of Lender in the Security is referred to as the "Security Interest".
- 5. **Delivery of Shares and the Lease** I have delivered to Lender the certificate for the Shares and the duplicate original Lease. I shall immediately deliver to Lender any and all replacement and/or additional Shares that may be allocated to the Apartment, any new and/or replacement Lease and any amendments or extensions to the Lease, without waiting for Lender to request the delivery of the foregoing items.
- 6. **End of Security Interest** The Security Interest shall end and Lender shall return the Shares and the Lease to me when I have repaid the Loan in full and have made all other payments required under the Note and this Agreement.
- 7. **Lender Right of Set-Off** If I am in default under this Note or this Agreement, in addition to any other rights that Lender has under the Note and this Agreement, Lender shall have such rights of set-off as may be permitted by applicable law.
- 8. **Additional Documents** Upon Lender's request, I agree to sign any financing statements and renewals in addition to any other documents that Lender may require to establish and/or protect its rights in the

Security. I also authorize Lender to sign these documents in my name and then file and/or record them as is appropriate.

9. **Written Statement of Amount Due** If Lender requests, in writing, a confirmation of the amount owed by me under the Note and this Agreement, within eight (8) days after such request I will give Lender a signed statement confirming the amount owed.
10. **Rights in the Security** No one other than the Corporation, myself and, by virtue of this Agreement, the Lender, has any interest in or claim against the Security. I agree to defend my ownership of, and Lender rights to, the Security as specified in this Agreement against any and all claims, and I shall keep the Security free of any other liens.
11. **Reimbursement** If Lender has to defend its rights under the Note or this Agreement, then any money which Lender has to pay (including reasonable attorney's fees) shall be added to the amount I owe Lender and paid by me promptly at Lender request with interest at the then applicable rate provided in the Note.
12. **Default** The happening of any of the following events means that I will be in default, Lender will then have the right to require that all amounts that I owe to Lender under the Note and this Agreement be paid in full to Lender with interest at the then applicable rate provided in the Note up to the day Lender receives payment. I will be in default:
- (A) If any payment required by the Note is not made within thirty (30) days after it is due; or
  - (B) If any payment required by the Lease is not made on time or if any items conditions or provisions of the Lease have been violated; or
  - (C) If either I or the Corporation cancels the Lease; or
  - (D) If I fail to pay or bond any judgement and or any tax deficiency; or
  - (E) If I sublet the Apartment or assign the Shares without first paying all amounts that I owe under the Note and this Agreement; or
  - (F) If I fail to deliver to Lender the certificate for Shares, or any and all replacement and/or additional Shares that may be allocated to me; or
  - (G) If I fail to deliver to Lender the duplicate original Lease and any new and/or replacement Lease and any amendments or extensions to the Lease; or
  - (H) If I have made any conflicting security interest; or
  - (I) If I shall die, become insolvent or be placed into bankruptcy, whether or not such declaration shall be voluntary; or
  - (J) If I do not comply with any term condition or provision of this Agreement; or
  - (K) If any statement or representation made by me under this Agreement is not true or correct.
13. **Lender's Rights if I Am in Default** (A) In the event that I am in default and Lender elects to demand payment of the entire amount I owe under the Note and this Agreement, Lender will so notify me. If I fail to pay what I owe within fifteen (15) business days of the notification, Lender may, in addition to all its other legal rights, sell the Security at public or private sale, with or without advertisement of the time, place or terms of sale, except that if it is a private sale, it shall occur no less than five (5) days after written notice to me. In the event of any such sale,

Lender may deduct from the proceeds of the sale all expenses of collection, sale and delivery of the Security and any other expenses including, but not limited to, reasonable attorneys fees and disbursements, costs, broker's commissions, and transfer fees and taxes. Lender may then apply the balance of the sale proceeds to any liability of mine under the Note or this Agreement, and Lender shall return any surplus to me. Lender shall determine the terms of any such sale in its sole discretion. A sale conducted according to the usual practice of banks selling similar security will be considered reasonably conducted. Lender may sell the Security for immediate cash payment or on credit. If the sale is on credit, Lender shall retain the Security until the sale price is paid in full. Lender will not be liable if the buyer fails to pay, and Lender may then resell the Security.

(B) Lender may elect to continue to hold the Shares and the Lease if it determines that a better price can be obtained at a later date and, absent gross negligence, Lender will not be to me for any loss in value in the Security. If Lender has the right to sell the liable Security, and has not begun to do so within ninety (90) days, I may demand that Lender proceed to sell the Security or I may make the sale myself, at my own expense. However, Lender will not be required to sell the Security if the net proceeds would not be enough to repay in full my debt under the Note and this Agreement. Similarly, Lender may not prevent me from making the sale if the net proceeds would be enough to repay my debt in full.

(C) If Lender elects to retain the Security, it shall give me notice of its election. If I object to its election within thirty (30) days after its notice, Lender shall offer the Security for sale and must sell if the net proceeds would be large enough to pay all that I owe Lender under the Note and this Agreement.

(D) Lender shall have the right, in connection with a sale, to complete a stock power and assignment of lease in order to transfer the Shares and the Lease. I hereby give Lender the right, in connection with such sale, to request that the Corporation terminate the Lease and take all lawful steps necessary to obtain possession of the Apartment for and on behalf of Lender. I will promptly vacate my Apartment upon the sale of the Security. Lender may start legal proceedings to get possession of the Apartment if I refuse to so vacate.

(E) Lender, or anyone designated by Lender may purchase the Security as stated above free of my right to redeem the Security, which right of redemption I now waive.

(F) Lender may seek the appointment of a receiver, without notice to me and without regard to the adequacy of the Security.

(G) Lender may seek to foreclose on the Security and sell the Security.

**14. Disposition of Sale Proceeds**

If Lender sells the Security, the proceeds shall be applied as follows:

(A) First, to the expenses of collecting, selling and delivering the Security, including (but not limited to) attorneys' fees, brokerage commissions, transfer fees and taxes;

(B) Second, to the payment of any charges due under the Lease;

(C) Third, to the payment of my debt in full; and

(D) Finally, the surplus, if any, to me unless there are other valid claims to the surplus.

**15. Non - Liability of Corporation**

The Corporation will not be liable to me if it transfers my Shares and Lease as required by this Agreement or if it refuses to transfer my Shares and Lease to another person without Lender consent.

16. **Lender's Payments On My Behalf** In the event that Lender makes any of the payments or performs any acts required under the Lease on my behalf, agree to promptly repay Lender for such payments and for the cost of such acts including but not limited to reasonable attorneys fees, with interest at the then applicable rate provided in the Note. I further agree that any such sums shall be added to the amount owed to Lender and secured by the Security. I agree that Lender shall have no obligation to make any payments or perform any acts required under the Lease on my behalf.
17. **No Sale of the Security** My obligations hereunder may not be assumed by any other person other than myself without the prior written consent of the State of New York Mortgage Agency.
18. **Usury** No matter what else is set forth in this Agreement, the Note or any other instrument executed by me in connection with the Loan, if any payment by me or act by me would result in the payment of interest in excess of the maximum rate of interest legally permissible, then my obligation to make such payment or do such an act shall be deemed automatically reduced to such maximum rate so that in no event will I be obligated to make any payment, perform any act, or promise to do (or not do) any act which would result in the payment of interest in excess of such maximum rate. Any such excess payments shall be applied as partial prepayments of my debt.
19. **Use of Premises** All sums due under this Agreement and the Note will become immediately due and payable if:
- (A) I fail to reside in the Apartment for a least six months of every calendar year:  
or
  - (B) The Apartment is used for any purpose that increases the risk of fire or other hazard;  
or
  - (C) The Apartment is used for any unlawful purpose; or
  - (D) The Apartment is no longer my principal residence or is used in trade or business.
- I will maintain the Apartment in a good state of repair, free from waste, and I will promptly obey all federal, state and municipal requirements affecting the Apartment.
- Lender enforcement of this section is optional with respect to only (A), (B) and (C) above. Lender must declare all sums due and payable as described above if (D) occurs.
20. **Successors and Assigns** All of my rights and obligations under this Agreement, and all of Lender rights and obligations under this Agreement, shall bind and benefit our respective distributees, legal representatives, successors, heirs and assigns. Lender retains any rights it may otherwise have that are not set forth in this Agreement. The Paragraph shall not be read to give me the right to sublet the Apartment, assign the Lease or transfer the Shares. However, Lender may assign this Agreement and its rights to the Security without my consent.
21. **Legal Expenses** If any legal proceeding is commenced in which Lender is made a party and which relates to this Agreement or the Note, or if an attorney, on Lender's behalf, seeks to assert or defend Lender rights under this Loan or the lien created by this Loan, I will repay on Lender demand all of its legal fees, costs, expenses, disbursements and allowances. Any amounts payable to Lender under this Paragraph shall be payable with interest from the date Lender requires payment, at the then applicable rate set forth in the Note.
22. **Use of Captions** Captions are used in this Agreement only as a matter of convenience and do not define or describe the intent of any provision.

23. **New York Law** This Agreement shall be governed by the laws of the State of New York and any applicable federal law. In the event of a conflict between any provision of this Agreement and any federal or New York State statute, law or regulation in effect as of the date of this Agreement, the statute, law or regulation shall control to the extent of such conflict and the provision contained in this Agreement shall be without effect. All other provisions of this Agreement will remain fully effective and enforceable.
24. **Modification of Agreement** This Agreement may not be modified without the mutual agreement in writing of Lender and myself.
25. **Notice** All notices and demands are to be sent by certified or registered mail, return receipt requested (i) to me at the Apartment address set forth above, and (ii) to Lender at the address set forth above. All notices shall be deemed to have been received two (2) business days after mailing.
26. **My Rights Before Default** Until there is a default under this Agreement and Lender has demanded payment in full, I will have all the rights, responsibilities and privileges of a shareholder and lessee not otherwise affected by this Agreement. I have the sole responsibility for making all payments required by the Lease and for complying with all of the terms and conditions of the Lease.
- Except as otherwise set forth in this Agreement my responsibilities under the Lease shall continue after any default by me under the Note of this Agreement.
27. **Distribution of Capital** Lender will have the right to receive any distributions of capital from the Corporation and shall apply such distributions to reduce the amount that I owe to Lender.
28. **Responsible Parties** If more than one person signs this Agreement each will be fully responsible for complying with its terms.
29. **Owner Occupancy Requirement** I covenant and agree that I shall within 60 days from the date hereof and thereafter occupy the Apartment as my primary residence.
- In the event I shall fail to occupy the Apartment as aforesaid, then the entire principal balance together with accrued interest under the Note shall, at the option of Lender, become immediately due and payable.
30. **Lender's Reliance on Borrower's Representations** I hereby warrant and represent that all affirmations made in the Recapture Notification and Mortgagor's Affidavit, executed by me and affirmed as of the date hereof which have been relied upon by the Lender and the State of New York Mortgage Agency in the granting of the Loan, are true and correct. In the event during the term of this Loan it is discovered that I have made any false statements on the aforementioned affidavit, then the entire principal balance together with accrued interest under the Note shall, at the option of Lender or the State of New York Mortgage Agency, become immediately due and payable.
31. **Lender's Reliance on Borrower's Submission of Appropriate Documentation** I hereby warrant and represent that all documents required to be delivered by me in connection with the granting of the Loan, including any and all documentation necessary for the verification of affirmations made in the Recapture Notification and Mortgagor's Affidavit executed by me and reaffirmed as of the date hereof, have been delivered by me and are in complete and correct forms as to matters set forth therein.
- In the event the Lender determines this documentation was not delivered in the required manner as set forth above, I agree to execute and complete these documents as requested by the Lender. If during the term of the Loan that I promise to pay under the Note I do

not provide the above required documentation as requested, then the entire principal balance together with accrued interest under the Note shall, at the option of the Lender, become immediately due and payable.

- 32. **Borrower's to Pay Obligation Mortgage Insurance Premiums** If Lender required mortgage insurance as a condition of making the Loan that I promise to pay under the Note, I will pay the premiums for that mortgage insurance. I will pay the premiums until the requirement for mortgage insurance ends according to my written agreement with Lender according to law. No consideration will be given to my request for cancellation of mortgage insurance based on appreciation of the value-of-the-property.
- 33. **Surrender** If Lender sells the Security, I shall immediately, without any further notice or action on the part of the Lender, vacate and surrender the Premises to Lender.
- 34. **Legislation** If any enactment of a statute has the effect of rendering any provision of the Note or this Agreement unenforceable to its terms, Lender may require immediate payment of all sums secured and owing under this Agreement.

I have signed this Agreement on the date set down at the beginning of this document.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Borrower

**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:

**ACCEPTANCE OF ASSIGNMENT AND ASSUMPTION OF LEASE**

Know that \_\_\_\_\_,  
[Borrower(s)]

collectively the Assignee, named in a certain instrument of assignment from seller(s) as Assignor, hereby accepts the assignment of a certain lease (the "Lease"), dated \_\_\_\_\_, \_\_\_\_\_, between \_\_\_\_\_ ("Cooperative Corporation") as Lessor, and Assignor, or its predecessor in interest, as Lessee, for Apartment \_\_\_\_\_ in premises \_\_\_\_\_, New York, which assignment is effective as of \_\_\_\_\_, \_\_\_\_\_. Assignee hereby agrees with Assignor and the Lessor to pay all the installments of rent and perform the covenants and conditions on the Lessee's part to be paid and performed under the Lease, from and after the effective date of the assignment.

In Witness Whereof, Assignee has executed this Acceptance and Assumption on \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Borrower)

\_\_\_\_\_  
(Borrower)

**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:

Exhibit Z

SONYMA Loan Number \_\_\_\_\_

**ASSIGNMENT OF LEASE TO LENDER**

The undersigned Borrower(s) received this day from \_\_\_\_\_  
\_\_\_\_\_ ("Lender"), a loan in the amount of \$ \_\_\_\_\_ in  
connection with cooperative apartment # \_\_\_\_\_ in the building located at \_\_\_\_\_  
\_\_\_\_\_, New York. To  
guarantee repayment of the loan, we hereby assign to the Lender and any subsequent holder of the Note  
evidencing the loan, all of my/our rights under the Proprietary Lease for the above apartment. This  
assignment shall remain in effect for as long as any part of the loan remains unpaid, and is subjected to all  
of the terms and conditions of the lease.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Borrower)

\_\_\_\_\_  
(Borrower)

**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:

**ASSIGNMENT OF LOAN**

KNOW THAT, \_\_\_\_\_  
(Lender), with an office at \_\_\_\_\_,  
New York, (hereinafter called the "Assignor") in consideration of \_\_\_\_\_  
\_\_\_\_\_ (\$ \_\_\_\_\_) paid by the State of New York Mortgage Agency ("SONYMA")  
(hereinafter called the "Assignee") and for other good and valuable consideration, does hereby sell, grant,  
convey and assign to the Assignee, all of its right, title and interest in and to (i) a Note dated  
\_\_\_\_\_, \_\_\_\_\_, made by \_\_\_\_\_  
\_\_\_\_\_ (hereinafter called the "Borrower", to Assignor, in the principal sum  
of \$ \_\_\_\_\_ ; (ii) a Proprietary Lease made by \_\_\_\_\_  
\_\_\_\_\_ (Cooperative Corporation) with Borrower, dated  
the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, covering Apartment \_\_\_\_\_ in Premises  
\_\_\_\_\_, New York; (iii) a Stock Power covering  
\_\_\_\_\_ ( \_\_\_\_\_) shares of the capital stock  
of \_\_\_\_\_ (Cooperative  
Corporation) represented by Certificate No. \_\_\_\_\_; and (iv) a Security Agreement between  
Assignor and Borrower dated \_\_\_\_\_, \_\_\_\_\_.

TO HAVE AND TO HOLD the same unto the Assignee, its successors, legal representatives and assigns.

IN WITNESS WHEREOF, the Assignor has duly executed this Assignment this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Lender: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit BB

SONYMA Loan Number \_\_\_\_\_

**STOCK POWER**

For Value Received, the undersigned hereby sells, assigns, and transfers unto \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ ("Lender"), its successors and assigns,  
\_\_\_\_\_ shares of capital stock of \_\_\_\_\_  
("Corporation") standing in the name of the undersigned on the books of said Corporation represented by  
the stock certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_ as attorney to transfer the said stock on the books of the Corporation,  
with full power of substitution in the premises. This Power of Attorney shall not be affected by the  
subsequent disability or incompetence of the principal.

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Borrower)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
(Borrower)

Exhibit CC

~~-THIS EXHIBIT IS DELETED-~~

**NO LIEN AFFIDAVIT**

STATE OF NEW YORK )  
COUNTY OF \_\_\_\_\_) ss:

\_\_\_\_\_(the "Borrowers") being  
duly sworn, deposes and says:

That (i) there are no judgments, liens or encumbrances against me, (ii) as of the date hereof I know of no default of mine as lessee under the Proprietary Lease nor of any event which with notice or the passage of time or both would constitute a default of the lessee thereunder, (iii) I know of no default of the lessor under the Proprietary Lease nor of any event which with notice or the passage of time or both would constitute a default thereunder, (iv) I have not made a prior assignment of my interest under the Proprietary Lease or my interest in the certificate of Shares, and (v) I make this affidavit knowing full well that \_\_\_\_\_  
\_\_\_\_\_(Lender) is relying upon same in making its loan of  
\$\_\_\_\_\_ (Loan Amount) to me.

\_\_\_\_\_  
(Borrower)

\_\_\_\_\_  
(Borrower)

**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:

## LOAN FUNDING CERTIFICATION

**PARTICIPATING LENDER/SELLER:** \_\_\_\_\_

**SONYMA LOAN #** \_\_\_\_\_

**MORTGAGOR:** \_\_\_\_\_

**PROPERTY ADDRESS:** \_\_\_\_\_

**LOAN CLOSING DATE:** \_\_\_\_\_

The Seller, in accordance with the terms and conditions set forth in a Mortgage Purchase Agreement (the "Agreement") between the Seller and SONYMA, proposes to sell to SONYMA the above-captioned Mortgage Loan (the "Mortgage Loan"). The Mortgage Loan is evidenced by a promissory note and is secured, as applicable, by a Mortgage, Deed of Trust, Shares of Cooperative Corporation Stock, and Proprietary Lease, or certain other documents (collectively, the "Collateral").

**Please designate which of the following statements applies to the Mortgage Loan by placing a (check) next to the relevant sentence:**

1. Seller has used its own funds to fund the Mortgage Loan prior to purchase by SONYMA. Seller has not entered into any warehousing or unsecured credit arrangements in connection with the Mortgage Loan.

*[If this item (1) is checked, proceed to the end of this Certification and execute it in the name of Seller.]*

2. Seller has obtained monies to fund the Mortgage Loan prior to purchase by SONYMA through an unsecured credit agreement. Seller has not provided a security interest of any kind in the Mortgage Loan. The Mortgage Loan is not subject to any pledge.

*[If this item (2) is checked, proceed to the end of this Certification and execute it in the name of Seller.]*

3. The Seller has obtained monies to fund the Mortgage Loan prior to purchase thereof by SONYMA under the Agreement, from \_\_\_\_\_ (the "Warehousing Bank") and has transferred a security interest in the Collateral to the Bank.

Seller and Warehousing Bank hereby jointly represent that Warehousing Bank's security interest in the Collateral and that all right, title and interest Bank may have in the Mortgage Loan are and shall be released effective as of the date SONYMA makes payment in full to Warehousing Bank, upon the order of Seller in an amount equal to \$\_\_\_\_\_ (the "Purchase Price"). The Purchase Price shall be deemed paid in full when Warehousing Bank receives a federal wire transfer in the amount of the Purchase Price sent to the Warehousing Bank on the purchase date (the "Purchase Date") with the following instructions:

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With respect to the Mortgage Loan, SONYMA shall only wire payments to the Warehousing Bank, as specified above. No change in the above wire transfer instructions shall be honored by SONYMA unless provided in writing to SONYMA and signed by Seller and Warehousing Bank. SONYMA shall not be liable to Warehousing Bank or Seller for payments lost or delayed due to incorrect wiring instructions provided by Warehousing Bank.

As of the Purchase Date:

(i) Warehousing Bank represents and warrants to SONYMA that Warehousing Bank has not assigned, hypothecated, transferred, pledged, or otherwise conveyed the Collateral to any other party, or recorded its security interest in the Collateral; and

(ii) Warehousing Bank represents and warrants that upon receipt of the Purchase Price (a) it will have fully relinquished all right, title, and interest it may have in and to such Mortgage Loan; and (b) as applicable, all notes, mortgages, shares of cooperative corporation stock, and proprietary lease, and other original documents, instruments and materials have been released to SONYMA; and (c) any unrecorded assignments in its possession relating to such Mortgage Loan are at such time null and void.

Seller hereby agrees that no document evidencing or property securing a Mortgage Loan sold by Seller to SONYMA under the Agreement shall be subjected to a security interest in favor of an institution other than Warehousing Bank and SONYMA.

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Seller

---

Warehousing Bank

---

Name

---

Name

---

Title

---

Title

---

Date

---

Date

EXHIBIT FF  
**SONYMA RIDER TO FANNIE MAE/FREDDIE MAC MORTGAGE**

SONYMA # \_\_\_\_\_

Borrower Name(s) \_\_\_\_\_

This SONYMA Rider is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and is incorporated into and shall be deemed to amend and supplement the Mortgage (the "Security Instrument") of the same date given by the undersigned to secure the undersigned's Note to \_\_\_\_\_ (the "Lender") of the same date. Any inconsistency between the following sections and anything contained in the Security Instrument shall mean that the terms contained in the applicable section of this Rider shall govern:

1. WORDS USED OFTEN IN THIS DOCUMENT

A) Paragraph (H) "Riders", or (I), as applicable, of this Section of the Security Instrument is supplemented by the inclusion of this SONYMA Rider.

B) Notwithstanding anything therein to the contrary, Covenant F of the 1-4 Family Rider shall not apply to the Security Instrument.

2. OWNER OCCUPANCY REQUIREMENT

The provisions of this section shall be substituted for the provisions of Section 6 of the Security Instrument.

I covenant and agree that I shall within 60 days from the date hereof and thereafter occupy the Property as my primary residence. In the event I shall fail to occupy the Property as aforesaid, then the entire principal balance together with accrued interest under the Note shall, at the option of the Lender, become immediately due and payable.

3. LENDER'S RELIANCE ON BORROWERS REPRESENTATIONS

A new covenant is added to the Security Instrument as follows:

I hereby warrant and represent that all affirmations made in the Recapture Notification and Mortgagor's Affidavit executed by me and reaffirmed as of the date hereof which have been relied upon by the Lender in the granting of the Loan that I promise to pay under the Note, are true and correct. In the event during the term of the Loan that I promise to pay under the Note it is discovered that I have made any false statements on the aforementioned affidavit, then the entire principal balance together with accrued interest under the Note shall, at the option of the Lender, become immediately due and payable.

4. LENDER'S RELIANCE ON BORROWERS SUBMISSION OF APPROPRIATE DOCUMENTATION

A new covenant is added to the Security Instrument as follows:

I hereby warrant and represent that all documents required to be delivered by me in connection with the granting of the Loan, including any and all documentation necessary for the verification of affirmations made in the Recapture Notification and Mortgagor's Affidavit executed by me and reaffirmed as of the date hereof, have been delivered by me and are in complete and correct forms as to matters set forth therein.

In the event the Lender determines this documentation was not delivered in the required manner as set forth above, I agree to execute and complete these documents as requested by the Lender. If during the term of the loan that I promise to pay under the Note I do not provide the above required documentation as requested, then the entire principal balance together with accrued interest under the Note shall, at the option of the Lender, become immediately due and payable.

5. MORTGAGE INSURANCE

The provisions of this section shall be added as the seventh paragraph of Section 10 of the Security Instrument.

No consideration will be given to my request for cancellation of Mortgage Insurance based on an increase in the appraised value of the Property.

6. LAW THAT GOVERNS THE SECURITY INSTRUMENT; WORD USAGE

Notwithstanding the provisions of Section 16 of the Security Instrument, the law that applies in the place where the Property is located shall govern the Security Instrument.

7. TRANSFER OF PROPERTY: ASSUMPTION

The provisions of this section shall be substituted for the provisions of Section 18 of the Security Instrument.

If I sell or transfer any part of the Property or interest therein without Lender's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Security Instrument, (b) the creation of a purchase money security interest for household appliances, or (c) a transfer or devise, by descent or by operation of law upon the death of a joint tenant, Lender, at Lender's option, shall declare all sums secured by this Security Instrument to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory, all other requirements, including federal tax law requirements not related to the credit of such person, are met, and that the interest payable on the sums secured by this Security Instrument shall be at such rate as Lender shall request. If Lender has waived the option to accelerate provided in this paragraph and if my successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release me from all obligations under this Security Instrument and the Note.

If Lender requires Immediate Payment In Full under this paragraph, Lender will send me, in the manner described in Section 15 above, a notice which states this requirement. The notice will give me at least 30 days to make the required payment. The 30-day period will begin on the date the notice is mailed or, if it is not mailed, on the date the notice is delivered. If I do not make the required payment during that period, Lender may bring a lawsuit for "Foreclosure and Sale" under Section 22 below without giving me any further notice or demand for payment. (See Section 22 for a definition of "Foreclosure and Sale.")

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Borrower

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Borrower

Exhibit GG

**SONYMA RIDER TO FANNIE MAE/FREDDIE MAC NOTE  
(FOR SONYMA SPLIT INTEREST RATE LOANS - 4 YEAR)**

I have executed the Note, attached hereto and made part hereof, in return for a loan that I have received from Lender (as defined in the Note).

**A) I hereby agree to the deletion of the first paragraph of Section 2 of the Note and to the substitution thereof of the following as the first paragraph of Section 2:**

I will pay interest at a rate of \_\_\_\_\_ percent per year, which rate shall be adjusted commencing with my 49th payment under this Note to a rate of \_\_\_\_\_ percent per year (based on the remaining principal balance of the Note on said date). Interest will be charged on that part of principal which has not been paid. Interest will be charged beginning on the date of this Note and continuing until the full amount of principal has been paid.

**B) I hereby agree to the deletion of the language under Section 3(B) of the Note and to the substitution thereof of the following:**

During the period of time commencing on the date on which the first payment of interest on the Note shall be due and ending with the 48th payment under this Note, each of my monthly payments will be in the amount of \_\_\_\_\_ Dollars (US \$\_\_\_\_\_). Thereafter each of my monthly payments will be in an amount that is based on the outstanding principal balance of this Note on the date when the 49th payment under this Note is due, assuming amortization of the principal balance of the Note from the date of the 49th payment to the 360th payment, at a rate of \_\_\_\_\_ percent.

Other than as modified as hereinabove set forth the Note shall remain as attached hereto.

AGREED TO BY:

\_\_\_\_\_  
BORROWER

\_\_\_\_\_  
CO-BORROWER

Exhibit HH

~~-THIS EXHIBIT IS DELETED-~~

Exhibit II  
**RIDER TO SONYMA COOPERATIVE SHARE LOAN NOTE  
(FOR SONYMA SPLIT INTEREST RATE LOANS - 4 YEAR)**

I have executed the Note, attached hereto and made part hereof, in return for a loan that I have received from lender (as defined in the Note).

**A) I hereby agree to the deletion of Section 1 of the Note and to the substitution thereof of the following new Section 1:**

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$\_\_\_\_\_ (called "principal"), plus will pay interest at a rate of \_\_\_\_\_ percent per year, which rate shall be adjusted commencing with my 49th payment under this Note at a rate of \_\_\_\_\_ percent per year (based on the remaining principal balance of the Note on said date). Interest will be charged on that part of principal which has not been paid. Interest will be charged beginning on the date of this Note and continuing until the full amount of principal has been paid. The Lender is \_\_\_\_\_. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payment under this Note is called the "Note Holder".

**B) I hereby agree to the deletion of Section 2 of the Note and to the substitution thereof of the following:**

**2. TIME AND PLACE OF PAYMENTS**

I will pay principal and interest by making payments every month. During the period of time commencing on the date on which the first payment of interest on the Note shall be due and ending with the 48th payment under this Note, each of my monthly payments will be in the amount of \_\_\_\_\_ Dollars (US \$\_\_\_\_\_). Thereafter each of my payments will be in an amount that is based on the outstanding principal balance of this Note on the date when the 49th payment under this Note is due, assuming amortization of the principal balance of the Note from the date of the 49th payment to the 360th payment, at a rate of \_\_\_\_\_ percent. I will make these payments every month until I have paid all the principal and interest and any other charges described below that I may owe under this Note. If I still owe amounts under this Note on \_\_\_\_\_ the ("Maturity Date"), I will pay those amounts in full on that date. I will make my monthly payments at \_\_\_\_\_ or at a different place if required by the Note Holder.

Other than as modified as hereinabove set forth the Note shall remain as attached hereto.

AGREED TO BY:

\_\_\_\_\_  
BORROWER

\_\_\_\_\_  
CO-BORROWER

Exhibit JJ

-THIS EXHIBIT IS DELETED-

Exhibit KK

-THIS EXHIBIT IS DELETED-

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Exhibit LL  
**REQUEST FOR LOCK-IN FEE WAIVER**

**Fax #: 212-872-0426**

Date: \_\_\_\_\_

To: State of New York Mortgage Agency

From: \_\_\_\_\_ (Lender)

Contact Name: \_\_\_\_\_ Telephone #: \_\_\_\_\_

Fax #: \_\_\_\_\_

**Re: Low Interest Rate Mortgage Program**  
Request for Waiver of One Percent (1.0%)  
Lock-in Fee for Rejected Loan Application

Applicant(s) Name: \_\_\_\_\_

Property Address: \_\_\_\_\_  
\_\_\_\_\_

SONYMA Loan No. \_\_\_\_\_ Lock-in Date: \_\_\_\_\_

The above-referenced mortgage application has been rejected for the reasons set forth on the attached denial of credit notification to applicant. The denial was not based on a material misrepresentation made by the applicant on the residential loan application. Applicants who voluntarily withdraw their mortgage application will not be considered for waiver of fee.

**The following documents must be attached for review by SONYMA:**

- \_\_\_\_\_ Copy of Lender's formal denial letter.
- \_\_\_\_\_ Copy of the completed Residential Loan Application.
- \_\_\_\_\_ Copy of all other documents which provided the basis for determining credit not be extended to this applicant (i.e. appraisal, credit report, VOE, VOD, etc.).

We hereby certify that the rejection is final, that the applicant(s) do(es) not qualify for a fixed rate mortgage under any other program (if any) offered by this institution with similar qualification and underwriting standards and that the applicant(s) will not be offered another mortgage by this institution under any other program with similar underwriting standards.

Certified by: \_\_\_\_\_  
(Lender Authorized Representative)

**SONYMA Reply Section (To be completed by SONYMA)**

\_\_\_\_\_ SONYMA hereby approves the above lock-in fee waiver request. If not already done, please immediately refund the entire one percent (1.0%) of the requested loan amount back to the loan applicant.

\_\_\_\_\_ SONYMA hereby denies the above lock-in fee waiver request for the following reasons:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ SONYMA requires the following documentation to complete processing the above request:  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_ By: \_\_\_\_\_  
(SONYMA Authorized Representative)

Exhibit MM  
**COMMITMENT EXTENSION REQUEST FORM**  
Fax #: 212-872-0426

Date: \_\_\_\_\_

**To:** State of New York Mortgage Agency SONYMA Loan No.: \_\_\_\_\_

**From:** \_\_\_\_\_ (Lender)

Contact Name: \_\_\_\_\_ Telephone #: \_\_\_\_\_

Fax #: \_\_\_\_\_

**Re: Low Interest Rate Mortgage Program Commitment Extension Request**

Applicant Name(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

Loan Amount: \$ \_\_\_\_\_ Initial Lock-in Interest Rate \_\_\_\_\_ %

Initial Lock-in Date: \_\_\_\_\_ Initial Expiration Date: \_\_\_\_\_

Lock-in Type (check one): Short-Term Lock-in \_\_\_\_\_ Long-Term Lock-in \_\_\_\_\_

-----  
We hereby request that the Commitment Expiration Date for the above-referenced mortgage application be given a \_\_\_\_\_ day (# of days) extension in order to close the referenced mortgage loan. The extension is necessary because:

-----  
**Attached is documentation from the appropriate source (ex: title company) supporting our request.**

We understand that SONYMA, at its sole discretion, will decide on the validity of this extension request. If SONYMA approves the extension request, the loan will close at an interest rate that is (i) for **Short-Term Lock-ins** the higher of: (a) the initial lock-in rate or (b) the rate available for Short-Term Lock-ins on the mortgage loan closing date or (ii) for **Long-Term Lock-ins** the lower of: (a) the initial Long-Term Lock-in rate or (b) the rate available for Short-Term Lock-ins on the mortgage loan closing date. If SONYMA denies the extension request, Lender shall not close and SONYMA will not purchase the mortgage loan. If Lender does not submit and SONYMA does not approve the mortgage loan for purchase within thirty-five (35) days of the closing date, appropriate penalties in accordance with the Seller's Guide will be assessed to Lender.

Certified by: \_\_\_\_\_  
(Lender Authorized Representative)

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**SONYMA Reply Section (To be completed by SONYMA)**

\_\_\_\_\_ SONYMA hereby approves the above extension request at the closing interest rate checked off below. The new Commitment Expiration Date is \_\_\_\_\_. Lender must close the mortgage loan by this date.

\_\_\_\_\_ %

\_\_\_\_\_ Short-Term Lock-in: Higher of initial lock-in rate or short-term interest rate available on the closing date.

\_\_\_\_\_ Long-Term Lock-in: Lower of initial lock-in rate or short-term interest rate available on the closing date.

\_\_\_\_\_ Due to Lender's error, a penalty of \_\_\_\_\_% of the loan amount will be assessed against Lender. This penalty may not be passed on to the loan applicant.

\_\_\_\_\_ SONYMA hereby denies the above extension request and will not purchase the referenced loan.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(SONYMA Authorized Representative)