

Give Us Credit Program Term Sheet

PURPOSE

Give Us Credit is a new SONYMA pilot program aimed to address racial disparities in mortgage lending due to historical patterns of economic discrimination in the evaluation of credit history. The program aims to increase homeownership amongst households of color. The pilot program is offered statewide. Give Us Credit will:

- Revise the metrics and standards used to evaluate who is creditworthy.
- Consider non-traditional forms of income in evaluating “ability to pay”.
- Apply weighted importance for responsible financial management practices that may be overlooked in traditional credit reporting.
- Leverage other HCR programs, where possible, to increase down payment assistance.

MAIN FEATURES OF PROGRAM

Interest Rate:	SONYMA Low Interest Rate or Achieving the Dream Program rate, whichever is applicable.
Loan Term:	30 years.
Borrower Points:	None required.
Rate Lock Period:	120 days.
Maximum Lender Compensation and Allowable Fees:	2.0% of loan amount. Lenders will be paid an additional .50% for any loan originated with a SONYMA Down Payment Assistance Loan (DPAL) and an additional .50% if the borrower is using either the RemodelNY or Neighborhood Revitalization Program. As with traditional SONYMA financing, Lenders may charge up to \$900 in ancillary fees.
Down Payment Assistance (SONYMA DPAL):	<ul style="list-style-type: none"> • Assistance can be the higher of \$7,500 or 3% of the home’s purchase price plus financed renovation costs up to a maximum of \$15,000. • May be used to pay all or a portion of a one-time mortgage insurance premium at closing. • Interest rate on first mortgage will be .375% higher, except when using the Homes for Veterans, Energy Star or Graduate to Homeownership add-on programs. • “Soft” second mortgage: <ul style="list-style-type: none"> ○ 10-year term. ○ Requires no monthly payment. ○ Must be in second lien position. ○ Bears no interest. • Subject to possible recapture. <p><i>Applicants who qualify under standard SONYMA guidelines, are not eligible for Give Us Credit nor its higher minimum DPAL.</i></p>

Eligible Borrowers:	Owner occupied only. Borrowers must be first-time home buyers, a US military veteran (excluding those dishonorably discharged) or be purchasing a home in a federally designated targeted area. Non-occupant co-borrowers permitted, if Occupant co-borrower's total DTI ratio does not exceed 60%.			
Loan Purpose:	Purchase or Purchase Rehabilitation Mortgage.			
Maximum Household Income:	Regular SONYMA Income Limits (see https://hcr.ny.gov/preparation-eligibility)			
Eligible Property Types, Loan Limits, Max LTVs, Minimum Borrower Contribution:	Property Type	Loan Limit	Max LTV	Minimum Contribution
	1 Family Units & Condos	\$726,200	97%	1% of Purchase Price
	2 Family Units	\$726,200	97%	1% of Purchase Price
		\$726,201 - \$800,000	95%	1% of Purchase Price
		\$800,001 - \$1,136,079	90%	3% of Purchase Price
	Cooperatives	\$726,200	95%	3% of Purchase Price
		\$726,201 - \$806,590	90%	3% of Purchase Price
	3-4 Family Units	\$800,000	90%	3% of Purchase Price
		\$800,001 - \$1,706,580	90%	5% of Purchase Price
Maximum CLTV:	None.			
Eligible Communities:	Must be located in New York State.			
Purchase Price Limits:	Regular SONYMA Income Limits (see https://hcr.ny.gov/preparation-eligibility).			
Pre-Closing Homebuyer Education & Counseling Requirements:	Required for all borrowers. Landlord counseling required for all 2-4 family properties. For more information, see https://hcr.ny.gov/preparation-eligibility#homeownership-counseling .			

Credit Underwriting:	<p>Standard SONYMA Credit Underwriting applies, except as described below. Certain restrictions may apply. Loan applications will be evaluated on their overall layers of risk.</p> <ul style="list-style-type: none"> • Tradelines Requirements: <ul style="list-style-type: none"> ○ 3 trade lines with 12 months of documented payment history; or ○ 12 months of rental history (may be verified using VOR from a management company, Venmo, PayPal, money orders, etc.; no private VORs); or ○ No tradelines and no rental history is acceptable if 35/40 max DTI and 2 months reserves. • Late Payments on Tradelines: <ul style="list-style-type: none"> ○ Up to 1 x 60 if 12 months with on-time rental payments or 1 month of reserves; or ○ Up to 2 x 30 if 12 months with on-time rental payments or 1 month of reserves. • Tradelines may be paid using a credit card if proven that it is paid off monthly. • 2 years from discharge or 4 years from dismissal of bankruptcy. • 3 years from foreclosure (or 1 year in the event of a catastrophic illness, accident, or other non-repeatable tragedy with no prior late payments prior to the hardship). • Collection accounts: <ul style="list-style-type: none"> ○ Medical collection accounts do not need to be paid. ○ Accounts less than \$250 do not need to be paid. The aggregate of those accounts cannot exceed \$1,000.
Reserve Requirements:	<p>Standard SONYMA Reserve Requirements apply, except as described below. Certain restrictions may apply. Loan applications will be evaluated on their overall layers of risk.</p> <ul style="list-style-type: none"> • 2 months reserves for 2-4 family properties. • 1 month reserves permitted with 12-month rental history and existing tenants in place for 6 months.
Seller Concessions:	<p>Standard SONYMA Seller Concessions apply, except as described below. Certain restrictions may apply. Loan applications will be evaluated on their overall layers of risk.</p> <ul style="list-style-type: none"> • 3% for >90% (6% permitted if no DPAL and 12 months rental or 3 trades with 12-month history); or • 6% if ≤90%.

Eligible Assets:	<p>Standard SONYMA Eligible Assets apply, except as described below. Certain restrictions may apply. Loan applications will be evaluated on their overall layers of risk.</p> <ul style="list-style-type: none"> • After borrower's minimum cash contribution requirement is met, cash on hand permitted of 50% of monthly qualifying income, up to \$5,000. Cash on hand is defined as unsourced/unseasoned funds. • Loans from family members permitted for down payment and closing costs if borrower has met 1% requirement (payment must be included in ratios). • Use of Non-Traditional Shared Savings Arrangement payouts prior to closing for reserves with documented contribution of 50% of payout. These arrangements include sou-sou, pardna, tanda, hui, ayuuto, cundinas, pandeiros, eMoneyPool.com, PayPal, MoneyPools, etc. • Gift of Equity: <ul style="list-style-type: none"> ○ Accepted from family members or estate of relative, with documented 12-month history of borrower's residency at subject property. ○ Gift of Equity accepted from immediate family members, regardless of borrower's residency. ○ Borrowers must continue to meet SONYMA's minimum contribution requirement unless the gift of equity results in an LTV of 80% or less.
Eligible Income:	<p>Standard SONYMA Eligible Income guidelines apply, except as described below. Certain restrictions may apply. Loan applications will be evaluated on their overall layers of risk.</p> <ul style="list-style-type: none"> • 12 months overtime may be used if overtime is common to the profession (e.g. nurse, municipal employee, etc.). • Boarder Income: <ul style="list-style-type: none"> ○ Can be up to 30% of qualifying income. ○ Documentation of shared residency for the past 12 months. ○ Documentation of boarder's rental payments for the past 12 months. If unable, no more than 50% of the boarder's monthly income (which must be documented) can be used for qualifying. ○ Borrower should have demonstrated an ability to pay rent in an amount within 25% of their proposed mortgage payment for 12 months. • Accessory Unit Income: <ul style="list-style-type: none"> ○ An accessory unit is a separate dwelling (as identified by the appraisal) with a kitchen and bathroom. ○ Income generated from an accessory unit can be considered as rental income in accordance with our standard rental income guidelines. ○ Landlord counseling and 25% vacancy factor required. ○ Permitted if appraisal provides market rent calculation on rental income provided.
PMI:	<p>PMI is required when LTV exceeds 80% of the appraised value. Loans are underwritten and insured by SONYMA Mortgage Insurance Fund.</p>

Post-Closing Early Delinquency Intervention Counseling Requirement:	Required in the event of a delinquent (1 x 60) mortgage payment post-closing.
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APPLICATION PROCESS

1. Homebuyers must be under contract to purchase a home in an eligible county.
2. Homebuyers must apply through a SONYMA Participating Lender, participating in the Give Us Credit pilot.
3. Loan must be underwritten and approved by the SONYMA Mortgage Insurance Fund.
4. Borrowers meeting requirements for SONYMA traditional bond programs should be provided with applicable program disclosures at application.

For more information, contact SONYMA by calling (800) 382-HOME (4663) or emailing GUC@hcr.ny.gov.