

Product Type

30 Year Fixed Rate Mortgages

Sales Focus

This program provides the flexibility offered by FHA's 203(b) or 234(c) mortgages along with SONYMA's Down Payment Assistance Loan (DPAL). HUD Mortgagee Letter 2013-14 allows down payment assistance provided by state housing finance agencies such as SONYMA to be used towards the borrower's minimum cash contribution. The program is underwritten utilizing FHA's Total Scorecard with flexible credit and underwriting terms to meet the needs of a broader range of borrowers. Other attractive features include:

- Refinances are available.

Geographic Restrictions

- Available for properties located in the state of New York.
- NY "Subprime" loans are not permitted.

Eligible Borrowers

The following borrower types are eligible:

- U.S. Citizens
- Permanent Resident Aliens
- Non First-Time Homebuyers
- Non-Permanent Resident Aliens
- Non-Occupant Co-Borrowers – The maximum LTV is 75% for unrelated borrowers. If borrowers are related by blood or marriage, the LTV can exceed 75% for 1 unit properties only.

Ineligible Borrowers

- Foreign Nationals
- ITIN borrowers

Refer to M&T Exhibit 03-030 for eligible Visa types for Non-Permanent Resident Aliens.

Eligible Properties

The following property types are eligible:

- 1-4 unit primary residences
- Condominiums and planned unit developments. Condos must be HRAP-approved, DELRAP-approved through another lender, or certified by M&T as DELRAP-approved solely for **established** projects. New construction projects must be approved through HRAP.
- Manufactured Housing, please refer to the Manufactured Housing product page for more details.

Ineligible Properties

- Co-ops
- Community Land Trusts

Refer to M&T's FHA Underwriting & Eligibility Standards for more details.

Minimum Loan Amount

None

Maximum Loan Amount

FHA Maximum Mortgage Limits vary per county. County limits may be found at the HUD Website

<https://entp.hud.gov/idapp/html/hicostlook.cfm>. The maximum mortgage amounts for **any county** under this program are:

- \$484,350 – 1 Family
- \$620,200 – 2 Family
- \$749,650 – 3 Family
- \$931,600 – 4 Family

For loan amounts higher than the above maximums, the FHA High-Balance Program is available subject to the following:

- Refer to <https://entp.hud.gov/idapp/html/hicostlook.cfm> for maximum mortgage limits.

Maximum Loan-to-Value and Maximum Mortgage Calculations

Property Type	Purchase ^❶		Rate and Term Refinance	
	Max LTV	Max CLTV	Max LTV	Max CLTV
1-4 Unit Primary	96.50%	❶	97.75%	97.75%

^❶ May exceed 100%, see the M&T FHA Underwriting & Eligibility Standards for details on Subordinate Financing and allowable CLTV's.
 Note: The HCLTV may not exceed the CLTV on FHA loans

- Purchase Transactions:
 - The maximum LTV is 96.50% of the lower of the sales price or appraised value of the subject property.
 - Note for Purchase Transactions: M&T will use the lower of the original price on the original sales contract (or binder), the appraised value or the price on a renegotiated sales contract, to calculate the LTV **after** the appraisal has been completed. The only exception to this policy will be for new construction properties where an amended purchase agreement is obtained due to improvements that have been made that impact the tangible value of the property.
- Refinance Transactions:
 - Refer to the FHA Underwriting & Eligibility Standards for additional information

Underwriting Considerations

All loans must conform to M&T's FHA Underwriting & Eligibility Standards and, where silent, default to HUD underwriting guidelines. **No other properties may be owned simultaneously.**

- Appraisal Requirements:
 - Appraisal must be assigned to a state-certified FHA-approved appraiser.
 - Appraisals are good for 120 days. If a borrower signs a valid contract or is approved for a loan prior to the expiration date of the appraisal, the term of the appraisal may be extended for 30 days to allow for the approval of the borrower and the closing of the loan.
 - Appraisal must include a Market Conditions Addendum – refer to Mortgagee Letter 2009-09.
 - Anti-Flipping Policy – please refer to the FHA Correspondent Underwriting & Eligibility Standards for details.
 - Any appraisal made “subject to repairs” will require a final inspection.
 - Refinances - FHA appraisals on existing properties are acceptable for 120 days. An appraisal may not be “re-used” during this period once the mortgage for which the appraisal was ordered has been closed. A new appraisal is required for each refinance transaction requiring an appraisal.

- Assets Considerations:
 - Cash-on-hand is NOT acceptable.
 - Closing costs may be obtained from:
 - A gift from a family member;
 - Grant or unsecured loan from a non-profit agency, municipality, or employer;
 - Other acceptable sources as per the M&T FHA Underwriting & Eligibility Standards guide.
 - Down Payment Requirements:
 - Minimum Borrower Contribution –
 - ✓ Borrowers must provide a minimum downpayment of 3.5%.
 - **1% must be paid from Mortgagor's own verified funds**
 - Remaining 2.5% can be DPAL or other acceptable FHA sources.
 - ✓ Credits as a result of premium pricing may NOT be applied towards downpayment.
- Documentation:
 - Full, Alternative or Streamlined (per FHA requirements.)
 - All borrowers require a valid Social Security Number. In lieu of obtaining the actual Social Security Card, Social Security numbers may be verified by documentation such as paystub, W-2, tax returns, etc.
 - A Verbal Verification of Employment is required within 10 calendar days of the date of the Note for all salaried borrowers and within 30 days of closing for all self-employed borrowers.
 - A new tri-merge credit report is required for all transactions in order to validate the credit score for pricing purposes.
 - A fully executed 4506-T is required for all borrowers at application and at closing. Lender may voluntarily execute the 4506-T obtained at application to secure Tax Return/W-2 transcripts as desired. If executed, the information received back from the IRS must be reasonable, supported by documentation in the file and be consistent with the borrower's declarations. Standard documentation or TOTAL Score Card requirements (and/or waivers) must still be adhered to.
- Homebuyer Education:
 - If all borrowers on the loan are first-time homebuyers, at least one must complete homebuyer education from a non-profit provider, HUD-approved agency or mortgage insurer;
 - If all borrowers are relying on non-traditional credit to qualify, regardless of product or loan buyer status, at least one of the borrowers must complete counseling;
 - Landlord education program for 2-4 unit properties is required as follows:
 - All borrowers must participate prior to loan closing.
 - A copy of the certificate must be retained in the loan file.
 - Landlord counseling may be obtained from a non-profit counseling agency or through an MI company's telephone and/or internet-based counseling course.
 - Early delinquency counseling will be required in the event of a delinquent mortgage payment. Borrower's Authorization for Counseling Form 2200 is required.
 - Counseling is NOT required for refinances.
- Interested Party Contributions - Contributions up to 6% of the sales price are allowed towards the borrowers' actual closing costs, prepaids and discount points. Contributions exceeding 6% must be subtracted from the sales price (or value, if less) before calculating the loan-to-value. Lender Credits (other than premium pricing) are considered part of the 6%.

- Loan Decisioning
 - All loans must be run through FHA Total Score Card (TSC). Loans being run through TSC must receive 'approve/accept'/ eligible findings.
 - Manual Underwriting:
 - Permitted when the lender is required to downgrade a TSC Approve/Accept risk classification as per HUD 4000.111.A.4.a.v
 - Discretionary manual underwriting is not permitted (i.e. overturning a TSC REFER or CAUTION), except as follows:
 - ✓ The "refer" classification is due solely to the presence of a Chapter 7 bankruptcy being discharged >2yrs, with satisfactory re-established credit, but TSC is still issuing REFER, or
 - ✓ The "refer" classification is due solely to the presence of a Chapter 13 bankruptcy, not discharged >2yrs (but in progress for >12m), with satisfactory (or none) re-established credit, but TSC is still issuing a REFER.
 - MI Contract Underwriting is not permitted for any FHA program.
 - The minimum FICO score is 620
 - Acceptable Credit Reference Chart:

Acceptable Credit ❶		
Borrower	Co-Borrower	Eligible
≥ 620	≥ 620	Yes
≥ 620	< 620	No
≥ 620	No Score / No Derogatory References	Yes, if TSC approval is obtained
≥ 620	No Score / With Derogatory References	No

❶ The lender's underwriter may require non-traditional/alt credit references from any borrower regardless of FICO score or TSC approval (e.g. for 'thin' or 'insufficient' credit profiles).

- Maximum Number of Properties Owned – Borrowers may NOT own other properties as of the closing of the subject property. If there is a non-occupying co-borrower on the loan they may own their own home.
- Minimum Borrower Contribution (Purchases) - Borrowers must provide a minimum downpayment of 3.5% of the lesser of the appraised value or purchase price. Additionally, the borrower must have sufficient funds to cover borrower-paid closing costs and fees at the time of settlement. Closing costs are no longer considered in the mortgage amount/downpayment calculation for Purchase transactions. Gift funds may be considered all or part of the 3.5%.
- Qualifying Ratios:
 - Automated Underwriting via TOTAL Score Card: all ratios receiving an approve/eligible or accept/eligible finding from TSC are permitted.
 - Manual Underwriting (as permitted above): ratios are capped 31/43, unless the loan meets the Approvable Ratio Requirements as listed in FHA Handbook 4000.1 II.A.5.d.viii & ix.
- Refinance Transactions:
 - Limited Cash Out only.
 - Homebuyer education not required.
 - The loan amount may include :
 - any purchase money second mortgage
 - any junior liens over 12 months old (Note: If the balance or any portion of an equity line of credit in excess of \$1000 was advanced within the past 12 months and was for purposes other than repairs and

rehabilitation of the property, that portion above and beyond \$1,000 of the line of credit is not eligible for inclusion in the new mortgage)

- Closing costs and prepaids; cash back to the borrower not to exceed \$500.
- Community seconds may be re-subordinated.
- **Reserve Requirements**
 - **AUS Total Score Card Approval:** Three months PITI are required for 3 and 4 unit properties.
 - **Manual Underwriting:**
 - **1 and 2 Unit Properties – reserves must equal or exceed one (1) total monthly mortgage payment**
 - **3 and 4 Unit Properties – reserves must equal or exceed three (3) total monthly mortgage payments**
- **Self-Sustaining Multiple Units:** A 3 or 4 unit property must be able to support itself based on the documented market rents less a 25% vacancy factor as opposed to the PITI. [The sum of all rents, less vacancy, must equal or exceed the PITI] These requirements apply for purchase **and** refinance transactions.
- **Subordinate Financing:**
 - Traditional and seller-held seconds are not permitted.
 - Subordinate financing must meet all other FHA requirements as per the M&T FHA Underwriting & Eligibility Standards.
 - The SONYMA DPAL is acceptable, and the purchase CLTV may exceed 96.5% as the ultimate provider of funds is a State (government) entity.

Application / Disclosure Requirements

The use of the standard FHA (HUD) forms is required, as applicable. Refer to HUD Handbook for requirements.

- FHA Important Notice to Homebuyers (HUD 92900B)
- FHA Amendatory Clause – Real Estate Certification (a/k/a “All Parties Agreement) ([Form 2408](#))

Assumability

Subject to full credit review, receipt of any FHA allowable assumption fees and subject to services guidelines.

Escrow Requirements

- Impound escrows are required, including H0-6 if required on FHA Condominium.
- **Completion Escrow/Repair Escrow Holdback: any loans with repair escrow holdbacks must meet one of the following:**
 - **All repairs must be completed & re-inspected as satisfactory before delivery to M&T, OR**
 - **The Correspondent Lender must be approved to deliver loans with Repair Escrow Holdbacks to M&T Bank. Please contact your Account Executive for information on the approval process. Also, please refer to the M&T Correspondent Seller Guide for detailed information**

Mortgage Insurance Premium – For case numbers assigned on or after January 26, 2015. See Exhibit 02-010 for MIP requirements for loans where the case number was assigned prior to January 26, 2015. MIP is the amount paid by the borrower for HUD to provide insurance on the loan. Similar to private mortgage insurance, there is an upfront premium, which can be financed, and an annual premium. The UFMIP must be entirely financed into the Mortgage or paid entirely in cash. However, if the UFMIP is financed into the Mortgage, the entire amount is to be financed except for any amount less than \$1.00. Any amount less than \$1.00 will be paid in cash at closing.

- Purchase Transactions – Base loan amounts less than or equal to \$625,500

LTV	Mortgage terms of more than 15 years		
	Upfront Premium	Annual Premium	Duration in Years

Less than or equal to 90%	1.75%	.80%	11
90.01% to 95%	1.75%	.80%	❶
Greater than 95%	1.75%	.85%	❶

❶ The duration of the Annual MIP will be the term of the loan.

- Refinance transactions -
 - FHA to FHA Refinance - On any refinance, where the MIP refund exceeds the new Up-front MIP (based on 1.75%), HUD will refund the overage directly to the borrower. The lesser of the MIP refund or the new Up-front MIP (based on 1.75%) should be subtracted from the unpaid principal balance before calculating the new mortgage amount. Use the Purchase Transactions chart above to determine the annual premium.
 - Non-FHA to FHA Refinance – use the Purchase Transactions chart above to determine the UFMIP and the annual premiums.

NY Consolidation Extension and Modification Agreement (CEMA)

Permitted (except in the case where the loan being refinanced is a SONYMA loan). The parties have to be the same from the original loan to the new CEMA, unless a documented death or documented divorce with new deed is provided.

- M&T requires prior approval of the Correspondent’s CEMA package.

Pricing and Rate Locks

Refer to daily rate sheets

Settlement Instruments

M&T requires the use of the standard FHA Note and Mortgage/Deed of Trust form as well as the standard multi-state applicable riders for, condominiums, PUDs or multi-unit properties, if applicable.

- FHA Note
- FHA Mortgage/Deed of Trust
- If the loan has a SONYMA DPAL, the loan package must include a fully executed “Certificate of the State of New York Mortgage Agency” dated *prior* to loan closing date.
- SONYMA documents can be found on the SONYMA website.

Temporary Buydowns

Not permitted

Product Description and Product Codes

Product Description

SONYMA FHA Plus 30 Yr Fixed Rate w/DPAL	2201
SONYMA FHA Plus High Balance 30 Yr Fixed w/ DPAL	2203