



**Homes and  
Community Renewal**

Kathy Hochul, Governor RuthAnne Visnauskas, Commissioner/CEO

# Request for Proposals for Private Mortgage Insurance Administrative Services

**Issuance Date:**

**September 17, 2024**

**Submission Deadline:**

**October 8, 2024, 12pm, EDT**

**Number: HCR-RFP-240917**

**STATE OF NEW YORK MORTGAGE AGENCY  
641 LEXINGTON AVENUE • NEW YORK, NEW YORK 10022  
[www.hcr.ny.gov](http://www.hcr.ny.gov)**

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# STATE OF NEW YORK MORTGAGE AGENCY

## REQUEST FOR PROPOSALS FOR PRIVATE MORTGAGE INSURANCE ADMINISTRATIVE SERVICES

**IMPORTANT NOTICE:** A Restricted Period under the Lobbying Procurement Law is currently in effect for this procurement process and will remain in effect until approval of the Contract(s). Proposers are prohibited from Contacts related to this procurement process with any employee of the State of New York Mortgage Agency (“Agency”) or their Affiliates<sup>1</sup>, other than the Designated Contact Officer listed below.

Lobbying Law Designated Contact Officer:

Michael Vayser, Assistant Counsel  
New York State Homes & Community Renewal  
641 Lexington Avenue, 5<sup>th</sup> Floor  
New York, New York 10022  
[Michael.Vayser@hcr.ny.gov](mailto:Michael.Vayser@hcr.ny.gov)

If you have inquiries regarding this request for proposal or would like to contact the Agency regarding issues not relating to Lobbying Procurement Law Contacts, please forward inquiries via electronic email to Lisa G. Pagnozzi, Simone Bedward, Jerome White and/or Monika Lekarczyk at [contractunitinfo@hcr.ny.gov](mailto:contractunitinfo@hcr.ny.gov).

Further information regarding the Agency’s Lobbying Procurement Law policies is available in the [Agency’s Standard Clauses and Requirements for Solicitations](#), hyperlinked herein as Exhibit A.

## I. Introduction

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[New York State Homes and Community Renewal](#) (“HCR”) consists of all the major housing and community renewal agencies of the State of New York (“State”), including the State of New York Mortgage Agency (“SONYMA” or “Agency”). HCR includes other agencies (“Affiliates”) not involved in this request for proposals (“RFP”) process.

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<sup>1</sup>Affiliates shall mean the other agencies comprising New York State Homes and Community Renewal being the New York State Housing Finance Agency, Housing Trust Fund Corporation, New York State Affordable Housing Corporation, State of New York Municipal Bond Bank Agency, and Tobacco Settlement Financing Corporation.

## II. Overview

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The Agency is a public benefit corporation of the State of New York, co-located and co-administered from its New York City (“NYC”) office. The Agency actively participate in the issuance of its bonds and the Agency’s staff supervises each step of the financing process.

More detailed information relating to the Agency and its programs may be found at the [Agency’s website](#), hyperlinked herein.

### 2.1 State of New York Mortgage Agency

The [State of New York Mortgage Agency](#) is a public benefit corporation, created in 1970, to provide single-family homeownership opportunities for low- to moderate-income New Yorkers. The Agency funds its mortgage lending activities through the issuance of taxable and tax-exempt bonds under two resolutions: (i) The Homeowner Mortgage Revenue Bond Resolution; and (ii) Mortgage Revenue Bond Resolution. The Agency is the only State issuer of single-family housing bonds.

In 2023, the Agency issued over \$275 million in bonds and funded over 1,701 mortgages. Together with its sister agency, the New York State Housing Finance Agency, the two agencies combined were one of the top four largest housing issuers in the nation last year.

SONYMA’s Mortgage Insurance Fund office promotes the preservation and revitalization of communities across the State by providing insurance on mortgage loans that encourages investment of capital by commercial and public lenders.

## III. Purpose and Assignment of Work

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### 3.1 Purpose

The State of New York Mortgage Agency’s Office of Mortgage Insurance Fund (“MIF”) requests proposals from qualified private mortgage insurance companies (“PMIs”) (referred to hereinafter as “Proposers” or “PMIs”) for the provision of administrative services (referred to hereinafter as “PMI Services”). The purpose of this RFP is to obtain administrative services from a PMI regarding mortgage loans reserved by the State from proceeds of any bonds issued, or from any other source of funds SONYMA may determine. The PMI Services also include delegated underwriting and servicing to be provided to the MIF.

## IV. [Reserved]

## V. Calendar of Events and Milestones

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It is anticipated that contract(s) resulting from this RFP process will be awarded based on the following schedule:

Event	Date
Issuance of Request for Proposals	September 17, 2024
Deadline for RFP Questions	September 26, 2024 12:00pm EDT (“ <b>Eastern Daylight Time</b> ”)
Deadline for Responses to RFP Questions	October 1, 2024
Deadline for Submission of Proposals	October 8, 2024, 12:00pm EDT
Interviews/Demonstrations (if necessary)	To Be Determined
Anticipated Selection Date*	December 13, 2024

\*Subject to the approval of the Agency’s Board of Directors (“Board”).

The Agency reserves the right to modify this schedule at its discretion. Notification of changes in connection with this RFP will be made available to all interested parties via the Agency’s web page at: <https://hcr.ny.gov/procurement-opportunities> .

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## VI. Scope of Services (“Scope of Work”)

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The successful Proposer will provide the Agency with PMI Services indicated in this Section VI.

### 6.1 Experience and Qualification Requirements

**6.1.1 Experience.** The PMI must be a leading PMI with at least 10 years or more proven experience in providing PMI Services and licensed to provide private mortgage insurance by the New York State Insurance Department. In addition, the PMI must have (i) a rating from Moody’s of Ba1 or higher and (ii) PMI rate cards filed with the New York State Insurance Department. Risk based rates premiums are not acceptable.

**6.1.2 Staffing.** The PMI must have a proven team of experienced PMI professionals with at least five (5) years of underwriting experience and who are knowledgeable of the trends in the New York State real estate market.

**6.1.3 Technology.** The PMI technology system must be able to interface with other technology systems.

### 6.2 Scope of Work

The PMI must be able to provide the following PMI Services:

1. Underwriting of Individual SONYMA mortgage loans originated by approved participating lenders to determine if they meet current SONYMA Credit and Property Underwriting Notes, attached hereto as Attachment III, and issuing of pool insurance notifications (commitments, suspense notifications, declination notices) on behalf of the MIF.
2. Converting pool insurance commitments to pool insurance in force upon loan purchase by SONYMA, and recording/reconciliation of initial pool insurance premiums received.
3. Recording and reconciliation of annual pool insurance renewal premiums received.
4. Loss Mitigation for delinquent loans, (loan modification request, Deed In Lieu of foreclosure requests, release of liability requests, approval of list prices and review/approval of offers received for owned real estate) and pool claims processing.
5. Tracking concentration in condominium and cooperative projects.

6. The PMI technology system must be able to interface with SONYMA's (i) loan origination system, SONYMA Express, through a web interface Mismo3.4 and (ii) document management system through a web interface Mismo3.4.

## **VII. Proposal Requirements**

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A complete proposal for this RFP is comprised of five (5) separate tabs: (i) Tab One: Proposal Cover Sheet, Cover Letter and Proposal Certification; (ii) Tab Two: Technical Proposal; (iii) Tab Three: Cost Proposal; (iv) Tab Four: Administrative Proposal; and (v) Tab Five: EEO Proposal.

The Proposal must be complete and prepared in the format consistent with the instructions provided in this RFP. In all instances, the Agency's determination regarding a proposal will be final. Proposals not organized in the manner prescribed in this RFP may be considered non-responsive at the Agency's sole discretion. Proposers should not refer to other parts of the proposal, to information that may be publicly available elsewhere, or to the Proposer's or other websites in lieu of answering a specific question.

## **VIII. Contents of Proposals**

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The Proposer must submit a proposal that clearly provides all the information required in this RFP. Emphasis should be made on conformance to the RFP instructions, responsiveness to the RFP requirements, and clarity of content. The Proposer is advised to thoroughly read and follow all instructions contained in this RFP. Proposals that do not comply with these instructions, or do not meet the full intent of all the requirements of this RFP may be subject to scoring reductions during the evaluation process or may be deemed non-responsive.

The Agency does not require, nor desire, any promotional material that does not specifically address the proposal requirements in this RFP.

The proposal should demonstrate that the Proposer is qualified to perform the Scope of Work based upon prior relevant professional experience. The Agency will perform a comprehensive review of each proposal submitted.

Proposer is required to submit the information and documentation listed below in the order in which it is requested. A proposal that does not include all required information and completed forms may be subject to rejection.

The completed proposal will include Tabs One through Five, as described in the Proposal Submission Requirements section of this RFP. Each Tab must be electronically bookmarked as

“Tab 1,” “Tab 2,” “Tab 3,” “Tab 4,” and “Tab 5,” and must be presented in the exact order requested in this RFP.

The Proposer’s proposal must contain responses to the items indicated below.

## **8.1 TAB 1: Proposal Coversheet, Cover Letter and Proposal Certification Cover Letter**

### **8.1.1 Proposal Coversheet**

The Proposer shall complete and submit a Proposal Coversheet which contains identifying information for the Proposer. The Coversheet must be submitted utilizing the template provided in Attachment I.

### **8.1.2 Cover Letter with Executive Summary (3 pages)**

The Proposer’s Cover Letter must (i) be on Proposer letterhead, (ii) not exceed two (2) pages, and (iii) include the following items:

- a) The Proposer’s name, address, telephone number, fax number, email address and web site address, if applicable;
- b) The names, titles, telephone numbers, fax numbers, and email addresses of the principals and the individual(s) within the Proposer’s organization who will be the Agency’s primary contact concerning the proposal;
- c) A summary of the Proposer’s organizational history and legal structure (*e.g. corporation, State of incorporation, authority to do business in the State of New York, etc.*);
- d) The location of the Proposer’s main business office. If there are other locations of the Proposer that may be involved in future PMI Services projects, identify those other locations and include names/telephone numbers/fax numbers/email addresses of contact persons in those locations;
- e) A statement affirming the number of years that the Proposer or its principals have provided similar PMI Services to those described in the Scope of Work section of the RFP; **AND** indicate at least one engagement completed within the past five years (*excluding engagements provided for the Agency*), comparable in nature, to the PMI Services described in the Scope of Work section of this RFP;



- f) The name(s) of the primary staff who will provide PMI Services to the Agency; and
- g) A statement confirming that your company has a rating from Moody's of Ba1 or higher.

### **8.1.3 Proposal Certification**

Proposer shall complete and submit with their Proposal Submission a signed certification ("Proposal Certification") which affirms that the information contained in the proposal is true and accurate and that the person signing the Proposal Certification is authorized to submit the proposal on behalf of the Proposer. The Proposal Certification must be submitted utilizing the template provided in Attachment I of Tab 1.

## **8.2 TAB 2: Technical Proposal**

This section of the RFP provides instructions to Proposers regarding information that is to be included in the Technical section of the proposal. The content in Tab 2 is limited to 8 letter-size pages, double spaced, minimum 12-point font, and at least one-inch margins. The 8-page limit in Tab 2 does not include resumes, references, organizational chart, etc. Proposal documents must be complete, factual and as detailed as necessary to allow the Agency to adequately evaluate capabilities and experience for the PMI Services required under the contract(s) awarded to the successful Proposer(s).

The purpose of the Technical portion of the proposal is to provide the Proposer an opportunity to demonstrate its qualifications, competence and capacity to undertake the Scope of Work described in the Scope of Services section of this RFP, in a manner which complies with the requirements in this RFP. Proposals must specifically detail a Proposer's qualifications and experience in providing services sought by the Agency. Your response must include responses to the items listed below.

### **8.2.1 Overview and Experience**

- a) Provide a brief overview of your company and regulatory authorities supervising the company, if any. Include a summary of the structure and relevant management of your company. Briefly describe any significant changes to the management and/or structure of your company, including any mergers that occurred in the last three years or anticipated in the future.
- b) Provide a brief overview of your organization's experience and qualifications relating to the Scope of Work requirements described herein.
- c) Discuss the overall PMI Services that your company provides together with specific examples of the work that your company performs.

- d) We are looking for evidence of your company's experience in providing the Scope of Work described herein. List three engagements within the last five years that your company has provided PMI Services, excluding engagements with the Agency (if any), similar in scope to those described in the Scope of Work section of this RFP, with particular emphasis on engagements with firms in the real estate and banking institutions, if. For each engagement, provide the following information:
- i. The name and location of the client;
  - ii. Type of entity (government, private, etc.);
  - iii. Dates of engagement;
  - iv. Description of the services provided under the engagement;
  - v. Describe any best practices or innovative techniques that were learned and/or applied under the engagement that may be useful in achieving outcomes described in the Scope of Work section of this RFP; and
  - vi. Provide the name, title and contact information for the individual that can provide a reference for the client and speak with authority to the Proposer's performance in the engagement.
- e) Why should the Agency select your company? What can your company do for the Agency that other companies cannot?

### **8.2.2 Capacity**

- a) Identify the location of your company's main office. If there are other locations of your company that will be involved in the provision of PMI Services, identify these other location(s) and include names, telephone numbers and email addresses of contact persons in those locations.
- b) Identify the principals and key staff who will be primarily responsible for providing PMI Services to the Agency and include location of principals and key staff. For each staff member listed, provide the number of years of relevant experience, and attach a resume. Provide a flow chart describing how the work will be carried out among your staff in a manner that best serves the Agency together with a detailed statement setting forth your company's proposed staffing plans for the Agency's account, including qualifications.
- c) Provide an organizational chart for your company and subcontractors, if any.

### **8.2.3 Approach to Meeting the Functional and Technical Requirements**

- a) Identify your company's approach and the common procedures that would be involved in executing the Scope of Work for the PMI Services.

- b) Discuss how the approach will meet the requirements in the Scope of Work and include the methodology (i.e., approach, project plan, etc.).
- c) Provide a detailed description of your company's systems capabilities to provide the Scope of Work described herein.
- d) Discuss how your company will ensure the security of all Agency information.
- e) Describe the availability and type of support and maintenance to be provided to the Agency.

### **8.3 TAB 3: Cost Proposal**

The Proposer must provide a Cost Proposal in the format outlined in Attachment II of this RFP for costs of the company's PMI Services for a five-year period with two optional one-year renewals. The Cost Proposal should include all costs required to complete the Scope of Work and requirements in this RFP. The Cost Proposal should indicate reduced fees or governmental discounts, if any, and any measures proposed by Proposer to reduce the cost to the Agency for selecting your company. The Agency reserves the right to further negotiate fees with the company(s) selected.

### **8.4 TAB 4: Administrative Proposal**

Proposers are subject to the requirements indicated in the Agency's [\*Standard Clauses and Requirements for Solicitations\*](#), hyperlinked herein as Exhibit A. Such requirements include, but are not limited to, submission of the following information and forms: (a) [\*Vendor Information FORM\*](#); (b) [\*Lobbying Procurement Law FORM 1 and Lobbying Procurement Law FORM 2\*](#); (c) [\*Non-Collusive Bidding Certification FORM\*](#); (d) [\*Vendor Responsibility Questionnaire for For-Profit Business Entity\*](#), e) [\*Vendor Assurance of No Conflict of Interest and Detrimental Effect\*](#), and f) [\*Executive Order #16 – Prohibiting Contracting with Businesses Conducting Business in Russia\*](#).

In addition to completion of the forms hyperlinked in the paragraph above, Proposers must provide all other information indicated in this Section 8.4 for Tab 4.

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## 8.4.1 Insurance Requirements

The successful Proposer(s) (“Contractor(s)”) and its subcontractors, if any, are required to provide and maintain, at its (their) sole cost and expense, the insurance requirements at the minimum limits specified herein during the term of the contract and for two (2) years after completion of work. All required insurance policies shall be maintained with insurance companies licensed within the State of New York and holding an AM Best rating of no less than A- VIII. Said policies shall contain a provision that coverage will not be canceled, non-renewed or materially changed, until at least thirty (30) days’ prior written notice has been provided to the Agency. The Agency and any and all other parties-in-interest as the Agency may designate in writing from time to time (collectively, the “Additional Insureds”), all as their interests may appear, shall be named as additional insureds. Contractor (*and its subcontractors, if any*) agrees to have included in each of the above policies for Contractor’s Parties<sup>2</sup>, a waiver of the insurer’s right of subrogation against the Additional Insureds.

The Contractor (*and its subcontractors, if any*) shall furnish to the Agency evidence of the following insurance requirements prior to execution of awarded Agreement:

- a) Workers’ Compensation Documentation. The successful Proposer(s) will be required to provide the Agency with written evidence of their workers’ compensation insurance coverage utilizing ONE of the following forms:
- ✓ **Form C-105.2** – Certificate of Workers’ Compensation Insurance issued by private insurance carriers; **OR**
  - ✓ **Form U-26.3** issued by the State Insurance Fund; **OR**
  - ✓ **Form SI-124** – Certificate of Workers’ Compensation Self-Insurance; **OR**
  - ✓ **Form GSI-105.2** - Certificate of Participation in Workers’ Compensation Group Self- Insurance; **OR**
  - ✓ **CE-2006** – Certificate of Attestation of Exemption from NYS Workers’ Compensation and/or Disability Benefits Coverage.
- b) Disability Benefits Documentation. The successful Proposer(s) will be required to provide the Agency with written evidence of disability benefits insurance coverage utilizing ONE of the following forms:
- ✓ **Form DB-120.1** - Certificate of Disability Benefits Insurance; **OR**
  - ✓ **Form DB-155** - Certificate of Disability Benefits Self-Insurance; **OR**
  - ✓ **CE-200** – Certificate of Attestation of Exemption from New York State Workers’ Compensation and/or Disability Benefits Coverage.

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<sup>2</sup> Contractor’s Parties shall mean Contractor and those working on its behalf including, but not limited to, subcontractors and vendors.

For additional information regarding workers' compensation and disability benefits requirements, please refer to [www.wcb.ny.gov](http://www.wcb.ny.gov).

c) Professional Errors and Omissions Liability – Errors and Omissions (*or Professional Liability*) insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the general aggregate. The coverage must include the following:

- Insure loss arising from any claim or claims made arising out of the scope of services during the policy period by reason of any covered error, omission or negligent act committed in the conduct of the insured's professional business during the policy period;
- If coverage is written on a claims-made policy, the Contractor warrants that any applicable retroactive date precedes the start of work; and that continuous coverage will be maintained, or an extended discovery period exercised, throughout the performance of the services and for a period of not less than three years from the time work under the Contract resulting from this RFP process is completed; Written proof of this extended reporting period must be provided to the Agency prior to the policy's expiration or cancellation; and
- The policy shall cover professional misconduct or lack of ordinary skill for the positions defined in the scope of services section of the Contract(s) resulting from this RFP process.

This policy requirement applies to both primary and excess liability policies, as applicable.

d) Data Breach and Privacy/Cyber Liability Insurance, in an amount not less than One Million U.S. Dollars (\$1,000,000) each claim, Contractor is required to maintain coverage during the term of the Contract and as otherwise required herein, Data Breach and Privacy/Cyber Liability Insurance, including coverage for failure to protect confidential information and failure of the security of the Contractor's computer systems due to the actions of the Contractor which results in unauthorized access of the data. Required insurance coverage limits may be provided through a combination of primary and excess/umbrella liability policies.

Said insurance shall provide coverage for damages arising from, but not limited to, the following:

- Breach of duty to protect the security and confidentiality of nonpublic proprietary corporate information;

- Personally identifiable nonpublic information (e.g., medical, financial, or personal in nature in electronic or non-electronic form);
- Privacy notification costs;
- Regulatory defense and penalties;
- Website media liability; and
- Cyber theft of customer's property including, but not limited to, money and securities.

If the policy is written on a claims made basis, the Contractor must submit to the Agency an Endorsement providing proof that the policy provides the option to purchase an Extended Reporting Period ("tail coverage") providing coverage for no less than one (1) year after work is completed in the event that coverage is cancelled or not renewed. This requirement applies to both primary and excess liability policies, as applicable.

Certificates of Insurance, presented on Acord form 25, accompanied with additional insured endorsement CG2010 (1001) and CG2037 (0704), if determined it is necessary, or, if acceptable to the Agency, their equivalent, shall be delivered to the Agency, prior to beginning the Scope of Work, evidencing the coverage required hereunder and showing all such coverages as noted above being in force. All insurance policies provided by the Contractor's Parties shall be maintained under terms and conditions reasonably satisfactory to the Agency, and Contractor's Parties shall provide such other insurance coverage as the Agency may reasonably request from time to time. The Agency will not accept any exculpatory language such as "endeavor to" and "but failure to do so shall impose no obligation or liability of any kind upon the insurer, its agents or representatives" on the Certificate of Insurance, i.e., the certificates shall meet the insurance requirements above.

In the event, any insurance coverage is cancelled, the Agency must be notified immediately.

In addition to the foregoing, Contractor and any subcontractors, if any, shall procure and maintain any and all insurance which is required by any applicable current or future law, rule, regulation, ordinance, permit, license, order or other legal requirement.

All insurance shall be primary and non-contributory and shall waive subrogation against the Agency and all of either of their former, current, or future officers, directors, and employees. No deductible of more than \$50,000 shall be permitted without advance written approval by the Agency, which the Agency may withhold, condition or deny in its sole and exclusive discretion.

The Contractor shall provide Certificates of Insurance to the Agency prior to the commencement of work and shall provide full and complete copies of the actual policies and all endorsements upon request. Subcontractors, if any, shall be required to maintain insurance meeting all of the requirements set forth above for items a) to d); however, Contractor shall require subcontractors, if any, to maintain greater limits and/or other or additional insurance coverages if greater limits

and/or other or additional insurance coverages are (1) generally imposed by the Contractor given its normal course of business for subcontracts for similar work or services to those being provided by the subcontractor at issue; or (2) reasonable and customary in the industry for similar work or services to those anticipated hereunder.

#### **8.4.2 Financial Capacity**

The Proposer must provide the last two years of their company's most recent tax returns or, if available, audited financial statements.

#### **8.4.3 Licenses, Certifications and other Credentials**

The Proposer must respond affirmatively that it, and its subcontractors (if any), will have, prior to commencement of work under the contract resulting from this RFP, all necessary licenses, certifications, approvals, and other needed credentials to perform the Scope of Work in the RFP, if applicable.

#### **8.4.4 Disclosure of Proceedings by Governmental Agencies or Oversight Bodies**

Provide the Agency with a list and description of any pending or anticipated proceedings by private parties against your company (*individually or in the aggregate*) that your company has determined may have a material adverse impact on the current financial status or operations of your company.

### **8.5 TAB 5: Diversity and SDVOB Proposal**

For Tab 5, submission of the following information and forms, hyperlinked herein, is required: (a) [EEO Staffing Plan, PROC-1](#); (b) [Company Demographic Profile PROC-7](#); (c) [EEOC Statement, PROC-8](#), applicable to Proposers with 15 or more employees; and (d) [Diversity Practices Questionnaire, PROC-9](#).

## **IX. Questions and Answers**

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Any questions or requests for clarification regarding this RFP must be submitted via email to [nyhomes.proposal@hcr.ny.gov](mailto:nyhomes.proposal@hcr.ny.gov) citing the RFP page and section, no later than the date identified in the “*Calendar of Events and Milestones*” section of this RFP. The “Subject” line of the email should indicate “PMI Services RFP.”

Questions will not be accepted orally, and any question received after the deadline may not be answered. The list of questions/requests for clarifications and the official Agency responses will be posted in a timely manner on [HCR's Procurement Opportunities" webpage](#).

Proposers should note that all clarifications and exceptions are to be resolved prior to submission of the proposal.

An electronic version of this RFP will be posted on [HCR's website](#) in addition to any subsequent changes, additions or deletions to the RFP, including the timelines and target dates. **Proposers are encouraged to check HCR's website frequently for questions/answers and notices of any clarifications, changes, additions or deletions to the RFP.**

## X. Amendments and Addenda

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The Agency reserves the right to modify any part of this RFP including, but not limited to, the date and time by which proposals must be submitted and received by the Agency, at any time prior to the Deadline for Submission of Proposals date listed in the “*Calendar of Events and Milestones*” section of this RFP. Modifications to this RFP will be made by issuance of amendments and/or addenda. Any amendment or addendum to this RFP will become part of this RFP.

Prior to the Deadline for Submission of proposals' date, any such clarifications or modifications as deemed necessary will be posted to [HCR's website](#).

If the Proposer discovers any ambiguity, conflict, discrepancy, omission, or other error in this RFP, the Proposer will immediately notify the Agency of such error in writing and request clarification or modification of the document.

There are no designated dates for release of addenda; therefore, interested Proposers should check the Agency's website frequently through the Deadline for Submission of Proposals' date. It is the sole responsibility of the Proposer to be knowledgeable of all addenda related to this RFP process.

## XI. Proposal Submission Requirements

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Proposals must be delivered, by email, no later than the proposal due date and time indicated in the “*Calendar of Events and Milestones*” section of this RFP.

Proposals must be submitted by email to [nyhomes.proposal@hcr.ny.gov](mailto:nyhomes.proposal@hcr.ny.gov) in searchable portable document format (“**PDF**”) compatible with Adobe Reader XI. The Agency will not accept discs, flash drives, or FTP file references that require the Agency to download information from the Proposer's or a third party's site. If the file is large, it may be submitted in multiple email attachments, with the proper Part One or Part Two label (if applicable) and “1 of X”, “2 of X”, etc., and the last email as “X of X – Final” for each additional email.



The proposal must be bookmarked and divided into five parts: (i) Tab One: Proposal Cover Sheet, Cover Letter and Proposal Certification; (ii) Tab Two: Technical Proposal; (iii) Tab Three: Cost Proposal; (iv) Tab Four: Administrative Proposal; and (v) Tab Five: EEO Proposal. Proposals must be sent in two emails and labeled as follows: (a) one email to include Tabs One, Two and Three with the subject line of the email labeled: “2024 PMI Services RFP: Tabs 1 and 2”; and (b) the other email must include Tabs Four and Five and the subject line of the email labeled “2024 PMI Services RFP: Tabs 4 and 5”.

Any proposal delivered after the date and time designated as the proposal submission deadline listed in the “*Calendar of Events and Milestones*” section of this RFP may be deemed ineligible. **It is the Proposer’s sole responsibility to ensure that all emails and attachments are delivered on time in a legible format. Proposers assume all risk for proposal delivery.**

A proposal may be deemed to be non-responsive because it is materially incomplete. The Agency reserves the right to seek clarification or request additional information.

The determination of whether any proposal is complete or was received on time is at the sole discretion of the Agency.

All submitted proposals shall become the property of the Agency.

## **XII. Evaluation of Proposals**

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The Agency reserves the right to reject all proposals received after the RFP due date and time. All proposals will be reviewed to determine if they contain all required submittals specified in this RFP. Incomplete proposals may be rejected.

### **12.1 The Evaluation and Criteria for Selection:**

The evaluation process will begin with the review and evaluation of each of the written proposals. The purpose of the evaluation is two-fold: (1) to examine the responses for compliance with the requirements of this RFP; and (2) to identify the complying company(s) that has/have the highest probability of satisfactorily performing the Scope of Work, described herein. The evaluation will be conducted in a comprehensive and impartial manner as set forth herein.

Proposals will undergo an evaluation process conducted by an Agency committee (“Committee”). The Committee will evaluate proposals based on the qualifications of both the Proposer and its current personnel utilizing the following criteria:

- Demonstrated experience and ability to provide the services in the Scope of Work;

- Demonstrated competence, knowledge and technical expertise and capacity to perform the services in the Scope of Work;
- Cost effectiveness;
- Presence of an office in the State of New York;
- Diversity and commitment to equal employment opportunity programs;
- Avoidance of any potential conflict of interest or appearance of impropriety and policies designed to ensure the avoidance of such conflicts in the future;
- Financial stability;
- Overall completeness of all information provided in the proposal; and
- Interviews to clarify or expand on the RFP response (to be conducted at the discretion of the Agency).

## **12.2 Interviews:**

The Agency reserves the right to determine whether interviews will be necessary and the number of Proposers to be interviewed. If the Agency deems interviews necessary, selected Proposers will be notified. The Proposer's primary staff person who would be responsible for the Agency's relationship with the Proposer, as well as other key personnel proposed to provide services, including its subcontractor's primary staff person, if any, must be present and participate in the interview. The purpose of the interview is to further document the Proposer's ability to provide the required services, and to impart to the Agency's Committee an understanding of how specific services will be furnished. The interview will be evaluated on the basis of whether it substantiates the characteristics and attributes claimed by the Proposer in its written response to this RFP and any other information requested by the Committee prior to the interview.

The Agency reserves the right to negotiate or hold discussions with any Proposer.

## **12.3 Selection and Notification Process:**

The selected Proposer will be notified via U.S. mail or email. Proposers who are not selected will be notified of the Agency's decisions via U.S. mail or email.

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### **XIII. Contract**

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The contract(s) resulting from this RFP process will be to provide the Agency with PMI Services for a five-year period with two optional one-year renewals, subject to approval by the Agency's Board. The Agency, at its discretion, may exercise its option to modify any provision in the contract including, but not limited to, the scope of services and compensation, on an as needed basis, with the mutual written consent of the contracting parties. Any contract that exceeds a five-year period will require the affirmative concurrence of the Agency's Board to extend the term of the contract beyond a five-year period without undergoing a new solicitation process.

The successful Proposer(s) will be required to execute a contract with the Agency that incorporates the Agency's [Standard Clauses for Contracts](#), hyperlinked herein as Appendix I.

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## Attachment A: Proposal Checklist

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### CHECKLIST FOR VARIOUS REQUIRED FORM RELATED ITEMS TO BE COMPLETED AND RETURNED:

- Tab 1 - Proposal Coversheet, Cover Letter and Certification, Attachment I
  
- Tab 2 – Technical Proposal
  
- Tab 3 – Cost Proposal, Attachment II
  
- Tab 4 - Administrative Proposal
  - [Vendor Information Form](#)
  - [Lobbying Reform Law Form 1](#)
  - [Lobbying Reform Law Form 2](#)
  - [Non-Collusive Bidding Certification Form](#)
  - Vendor Responsibility Questionnaire for [For- Profit Business Entity](#) OR [Not-For-Profit Business Entity](#)
  - [Vendor Assurance of No Conflict of Interest and Detrimental Effect](#)
  - [Executive Order #16 – Prohibiting Contracting with Businesses Conducting Business in Russia](#)
  - Proposer’s most recent two years of financial statements or federal tax returns
  - Evidence of Insurance (required upon contract award)
  - [W-9 Form](#) (required upon contract award)
  
- Tab 5 - Diversity and SDVOB Proposal
  - [EEO Staffing Plan, PROC-1](#)
  - [Company Demographic Profile, PROC-7](#)
  - [EEOC Statement, PROC-8](#)
  - [Diversity Practices Questionnaire, PROC-9](#)

### Policies, Standard Clauses and Requirements

- [Standard Clauses and Requirements for Solicitations, Exhibit A](#)
- [Standard Clauses for Contracts, Appendix I](#)
- SONYMA Credit and Property Underwriting Notes, Attachment III

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# *Proposal Coversheet*

*Attach this form to the top of your Proposal Submission.*

***ALL PROPOSAL SUBMISSIONS MUST BE ELECTRONICALLY MAILED TO THE E-MAIL ADDRESS SPECIFIED IN THE PROPOSAL SUBMISSION INSTRUCTION SECTION OF THE PMI SERVICES RFP.***

**GENERAL INFORMATION ON FIRM:**

Legal Name of Firm:

---

Firm's Mailing Address:

---

Firm's Website:

---

Firm's Main Telephone Number (including area code):

---

Federal Tax ID Number:

---

Data Universal Numbering System Number (DUNS) (if applicable):

---

SEC Registration Number (if applicable):

---

Statewide Financial System (SFS) Vendor ID Number (if applicable):

---

MWBE Registration Number (if applicable):

---

Indicate name(s) of MWBE subcontractor(s) (if applicable):

---

Service-Disabled Veteran Owned Business (SDVOB) Control/Registration Number (if applicable)

---

Indicate name(s) of SDVOB subcontractor(s) (if applicable):

---

**MAIN CONTACT INFORMATION FOR THIS PROPOSAL:**

Please list the individual that will be the main contact *regarding this proposal*:

Contact Name:

---

Contact Telephone Number (including area code):

---

Contact E-mail Address:

---

Contact Facsimile Number (including area code):

---

**PRINCIPAL IN CHARGE:**

Please list the primary staff person(s) who will provide services to the Agency. Attach additional sheets if necessary.

Contact Name:

---

Contact Telephone Number (including area code)

---

**ADDITIONAL CONTACTS (if applicable):**

Contact Name:

---

Contact Telephone Number (including area code):

---

Contact E-mail Address:

---

Contact Facsimile Number (including area code):

---

Contact Name:

---

Contact Telephone Number (including area code):

---

Contact E-mail Address:

---

Contact Facsimile Number (including area code):

---

## ***Proposal Certification***

The Proposal Submission must be fully and properly executed by an authorized person. By signing this Proposal Certification you certify your express authority to sign on behalf of the Proposer and acceptance of the terms included in (i) this RFP, (ii) Appendix A (Agency’s Standard Clauses For New York State Contracts) and (ii) State Finance Law §139-j and §139-k (Procurement Lobbying), and that all information provided in the proposal is complete, true and accurate. By signing this Proposal Certification, the Proposer affirms that it understands and agrees to comply with Agency procedures relative to permissible contacts as required by State Finance Law §139-j (3) and §139-j (6) (b). Proposer also affirms that it has reviewed the requirements within the RFP and agrees to be bound by said terms.

<b>Legal Business Name of Proposer:</b>	<b>D/B/A Name of Proposer:</b>
<b>Federal Tax Identification Number:</b>	<b>New York State Identification Number:</b>
<b>Printed or Typed Name of Authorized Proposer Signatory:</b>	<b>Proposer Signature:</b>
<b>Title:</b>	<b>Date:</b>



# Attachment II

**TAB 3: Cost Proposal Template**

**Proposer’s Name:** \_\_\_\_\_

<b>Type of PMI Services</b>	<b>Fixed Fee For Years 1, 2 and 3</b>	<b>Fixed Fee For Years 4 and 5</b>	<b>Optional Year 6</b>	<b>Optional Year 7</b>
Underwriting of Individual SONYMA mortgage loans originated by approved participating lenders to determine if they meet SONYMA /MIF guidelines, and issuing of pool insurance notifications (commitments, suspense notifications, declination notices) on behalf of the MIF.				
Converting pool insurance commitments to pool insurance in force upon loan purchase by SONYMA, and recording/reconciliation of initial pool insurance premiums received.				
Recording and reconciliation of annual pool insurance renewal premiums received.				
Loss Mitigation for delinquent loans, (loan modification request, Deed In Lieu of foreclosure requests, release of liability requests, approval of list prices and review/approval of offers received for ORE’s) and pool claims processing.				
Technology transition work, if any, for interfaces with SONYMA’s automated origination and document management systems through web interfaces Mismo 3.4 in year one (1) of the contract.				

Type of PMI Services - Additional PMI Services tasks, if any, to be indicated below (indicate whether fee is based on an hourly rate, percentage basis, per loan basis etc.):	Fixed Fee For Years 1, 2 and 3	Fixed Fee For Years 4 and 5	Optional Year 6	Optional Year 7

Indicate reduced fees or governmental discounts, if any:

---

Indicate measures proposed by you to reduce the cost to the Agency of selecting your company, if any:

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Proposer's Authorized Signatory (print and sign and date).

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

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

Signature



**SONYMA CREDIT AND PROPERTY  
UNDERWRITING NOTES**

**SONYMA EXPRESS®/MANUAL UNDERWRITING GUIDELINES**  
**DOWNPAYMENT**

**Maximum Loan-To-Value Ratios for Property Types and Loan  
Amounts**

Property Type	Loan Limit	Maximum LTV	Minimum Borrower Contribution
<b>1 Family Units &amp; Condos</b>	\$766,550	5 97%	1% of Purchase Price
<b>2 Family Units</b>	\$766,550	97% 97	1% of Purchase Price
	\$766,551 - \$800,000	9 95%	1% of Purchase Price
	\$800,001 - \$981,500	90%	3% of Purchase Price
<b>Cooperatives</b>	\$766,550	95%	3% of Purchase Price
	\$766,551 - \$825,000	90%	3% of Purchase Price
<b>3 Family Units</b>	\$825,000	90%	3% of Purchase Price

	\$825,001 - \$1,186,350	85%	5% of Purchase Price
<b>4 Family Units</b>	\$850,000	90%	3% of Purchase Price
	\$850,001 - \$1,474,400	85%	5% of Purchase Price

- The minimum 1% or 3% of the purchase price (determined by property type) which must be from the borrower’s own funds, must be verified as of the loan application date, and maintained and invested into the loan transaction. If the verification of those funds indicates any large deposits, the source of funds for those deposits must be documented.
- SONYMA will waive the requirement for borrowers to make a minimum cash contribution in the following cases where:
  1. A cash gift of equity or a gift of land, results in an 80% (or lower) LTV.
  2. A borrower inherits a portion of a home and wishes to buy out the remaining inheritors of the property, and the borrower’s share is 20% (or greater) of the appraised value.
- SONYMA calculates the loan-to-value ratio, LTV, based on the appraised value to determine if pmi is required (except for cooperative units, the LTV based on the sales price to determine if pmi is required. If the LTV based on the sales price is greater than 80%, the level of pmi coverage is determined based on the lower of the sales price or appraised value). If the LTV is greater than 80% based on the appraised value, the lower of the sales price or appraised value is used to determine the level of pmi required. SONYMA requires sufficient primary mortgage insurance to reduce the exposure of the loan down to 72%. The maximum loan amount is based on the lower of the purchase price or appraised value. If there are any subsidies being applied to the downpayment, which survive foreclosure, the LTV will be calculated based on the lower of the net sales price or the appraised value.
- Any additional down payment or closing costs paid above minimum borrower’s contribution may be paid by a lender credit, gift, or subsidy. Eligible gift donors are: Relative by blood, marriage, adoption, or legal guardianship; or fiancé, fiancée, or domestic partner.
- **Subsidy Programs** must meet the following criteria:
  1. The subsidy or secondary financing program must be sponsored by a Federal, State or Local Government agency, or another source (non-profit housing entities, and employers) that is acceptable to SONYMA and its pool insurer.
  2. If the subsidy mortgage and/or note instruments require payments during the Loan term, such payments will be considered a monthly debt obligation of the borrower and shall be included in the monthly housing expense-to-income ratio.
  3. Borrowers must meet SONYMA’s minimum equity requirement.
  4. In the case where SONYMA’s requirements are more restrictive than the requirements of the subsidy program, SONYMA’s requirements must prevail.

5. A copy of the award letter from the grantor to the borrower must be provided. It must indicate the total amount of assistance the borrower is receiving and how much is going to be applied to down payment, closing costs, and if any funds will be used for post-closing rehabilitation. (If the appraisal is “subject to” the completion of these repairs a detailed work scope from the grantor with the cost for each repair item is required. **Structural repairs must be completed prior to closing.** If the cost of the repairs exceeds the rehabilitation amount of the subsidy, the borrower must document sufficient funds to complete the work in addition to funds required for closing).
  6. If the originating lender is providing a credit to the borrower towards funds required for closing, the lender must disclose the amount of the credit and if it will be applied towards down payment or closing costs (either a letter from the lender or a comment on the 1008 can be supplied). The credit should comply with the same limitations as allowable for seller concessions (6% of the purchase price for LTV’s up to 90%, 3% for LTV’s exceeding 90%).
  7. If the repayment terms of the subsidy are not disclosed in the award letter, a blank copy of the note and mortgage the borrower will execute at closing must be provided.
  8. If part of the funds for closing is a gift, a fully executed gift letter from an eligible donor must be provided. It must disclose the amount of the gift, the donor’s name and address, relationship to the borrower, and the subject property address. If the documentation provided does not evidence that the gift funds have been deposited into the Borrower’s account prior to submission to the mortgage insurer, evidence of the donor’s ability to give the gift, and the transfer of the funds into the Borrower’s account must be provided prior to closing.
- When a subsidy is being utilized for the acquisition of property, all or a portion of the subsidy may be used as borrower’s equity and may eliminate the need for PMI coverage. A subsidy may be used as equity only to the extent where the loan to value does not exceed 100% of the true market value of the property. When determining 1% of borrower’s own funds, this amount will be calculated based on  

the discounted sale price (gross sale price less the amount of the subsidy supported by the true market value of the property). However, SONYMA may finance up to 100% of the discounted sale price provided the mortgagor meets SONYMA’s minimum equity requirement.
  - If any or all of the subsidy is being utilized for closing costs, such amounts will not be considered as equity. However, in such cases the combined loan to value ratio may exceed 100%. If the combined loan to value ratio exceeds 100%, Homebuyer Counseling is required. (Examples are attached - Page 22).
  - **Maximum seller concessions** toward closing costs are 3% of purchase price for LTV’s above 90% and 6% for LTV’s 90% and less. This includes the \$500 seller credit paid in-lieu of completing the New York State Property Disclosure statement.

## ASSETS

- Borrower’s own funds are funds that can be verified from a source which can be:

1. Monies from borrower's checking or savings account as of the loan application date. (VOD's and bank statements should be no older than 90 days at the time of Pool/PMI approval).
  2. The market value of lot owned by the borrower, exclusive of any liens, or the purchase price of the lot if it was purchased in the past year, whichever is less.
- Earnest money deposits and fees paid to the lender must be documented with a copy of the canceled check and account statement evidencing the funds clearing the account.
  - Joint accounts will be considered as borrower's own funds. (A letter from the non-obligated account holder is not required).
  - Deposits into a borrower's bank account which do not exceed 50% of their monthly qualifying income are not required to be documented. Once the borrower's minimum required own funds have been established, up to \$1,000 of undocumented deposits can be considered as cash on hand.
  - Non-Traditional savings arrangements (frequently referred to as "Sou Sou" or "Gemacht" funds) are permitted with letter outlining details of arrangement from the treasurer.
  - **Borrowers purchasing a 2-4 unit property (for all programs), must verify 2 months reserves in addition to funds required for closing.**

## SALE OF ASSETS

Sale of an asset is permissible when the 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.

## UNSECURED INSTALLMENT LOAN

SONYMA will allow the use of an unsecured installment loan made by the Seller (Lender) to the Mortgagor if the following conditions are met:

1. The installment loan product must be made available to all prospective Mortgagors.
2. Mortgagor must contribute 1% of their own funds (3% for cooperative share loans and Three- and Four-Family Dwellings) into the transaction.
3. The repayment of the installment loan will be considered an ongoing monthly obligation of the Mortgagor.
4. Mortgagor may not receive any cash back from the transaction.
5. The terms of the unsecured loan may not exceed 15 years.
6. All Mortgagors utilizing the unsecured loan must complete a homebuyer education course.
7. The interest rate of the unsecured loan may not exceed the rate of the first mortgage by more than 1%.

## RATIOS

- **40%/45%** up to 97% LTV.
- Installment debt can be paid down to 10 payments or less.
- **Revolving Debt can be paid off and account closed.**
- If the subject property currently has a real estate tax rebate, documentation of the remaining term must be provided. The rebate must continue for at least the next three years or the borrower must be qualified at the full amount of the real estate taxes. If the rebate has not yet been approved the borrower must also be qualified utilizing the full amount of the real estate taxes.
- If the subject property is new construction where the current tax bill is based on the vacant land rate, the appraiser must use a reasonable estimate of the real estate taxes based on the value of the land and completed improvements.
- For Open 30-Day Charge Accounts that do not reflect a monthly payment on the credit report, or 30 day accounts that reflect a monthly payment that is identical to the account balance, lenders must verify borrower funds to cover the account balance (in addition to funds required for closing).
- Automobile lease payments regardless of the remaining lease term must be included.
- Alimony/Child Support obligations are deducted from gross monthly income.
- Monthly payments for 401K and Pension Loans do not have to be included in the total debt-to-income ratio.

## STUDENT LOANS

For deferred student loans, the lender must use the greater of the following to determine the monthly payment to be used as the borrower's recurring monthly debt obligation:

- **.50 %** of the outstanding balance; or
- The actual documented payment (documented obtained from the student loan lender).

If payment currently being made cannot be documented or verified, .50 % of the outstanding balance must be used.

**Exception:** If the actual documented payment is less than .50 % of the outstanding balance and it will fully amortize the loan with no payment adjustments, the lender may use the lower, fully-amortizing monthly payment to qualify the borrower.

- Student loans in repayment including those utilizing Income based Repayment (IBR) type plans, may utilize the documented student loan payment from the student loan provider for qualification purposes.
- If a borrower is receiving assistance or a forgiveness grant toward the repayment of student loans, documentation of the assistance must be provided and it will be added to the borrower's income, provided it will continue for at least 3 years from the loan application

date. The student loan payment must be included in the borrower's liabilities as described above.

- If a property is sold without kitchen appliances, the borrower must have sufficient reserves verified after closing to purchase them, or the lender can add \$40/month to the borrower's non-housing expenses (the borrower's total DTI ratio should not exceed 45% including the \$40/month). The borrower may also provide paid receipts for the appliances.

## INCOME

Previous 2 year's history must be verified. Exceptions will be made for recent college graduates or honorably discharged military with less than 2 years and evidenced by a discharge certificate/diploma/degree. (Paystubs and VOE's must be no older than 90 days at the time of Pool/PMI approval).

- Over-time, bonus, commissions and second job income must be received for past 2 years and must be steady to be considered (averaged from W2's & 1040's). **Exceptions will be considered if received for 12 – 24 months.**
- **Tip Income must be average for the most recent 2 year period. A VOE, recent paystub, and most recent 2 years W2s or 1040's are required.**
- Self-employed borrowers must submit signed 1040's and business tax returns (if applicable) for past 2 years, a year to date P&L statement.
- Automobile allowance may be included as income (provided the borrower has a 2 year history or receipt).
- Income for mortgagors employed in a family owned business can be determined from a verification of employment (VOE) or acceptable alternate documents. Past two years 1040's are required for third party verification purposes. If a large discrepancy is apparent when comparing the 1040's, an acceptable explanation will be required.
- Rental Income will be calculated by adding 75% of verifiable rents to gross monthly income for 2 - 4 family unit properties.
- Rental Income from a **legal** accessory unit in a 1 family property only, will be calculated by adding 75% of the market rent determined by the appraiser using similar units and utilizing a rental comparable schedule form.
- Income from a non-occupant co-borrower can be used for qualifying for a 1 family property only. The occupying borrower must qualify with a total debt-to-income ratio of 50% on their own income. The ratios when using income from both the occupying and non-occupying borrower should not exceed 40/45. The co-borrower must be on the 1003, and their income and debts must be included in the debt-to-income ratios.
- **Boarder Income** can be used for qualifying for a 1 family property only, subject to the following:



- Documentation of the boarder’s shared residency with the borrower for the past 12 months
- Documentation of the boarder’s rental payments to the borrower for the past 12 months. If unable to document, no more than 50% of the boarder’s income (which must be documented by w2s and recent paystubs) can be used for qualifying.
- Boarder income cannot exceed 30% of the total monthly qualifying income, unless regular monthly contributions to the borrower’s household can be documented, in which case the boarder income can equal up to 35% of the total qualifying income.
- Income from a legal accessory unit, a non-occupant co-borrower, and boarder income, cannot be combined. Only 1 of these types of income can be used for qualifying.
- Borrowers using alimony/child support income to qualify will be required to submit 6 months’ documentation of receipt, **and it must continue for three years from the application date**. A Court Order/Divorce Decree or written Child Support Agreement is required in addition to the receipt documentation.

## **POLICY FOR BORROWERS ON SHORT TERM DISABILITY OR PARENTAL LEAVE**

SONYMA will permit a loan closing for a borrower on Short Term Disability or Parental Leave under the following conditions:

- The borrower must provide a letter certifying:
  1. Intent to return to work.
  2. The projected return to work date.
  3. Intent to resume the previous work schedule or a modified schedule (if so, the modified new schedule must be provided). The employer must certify in writing:
    1. That the borrower is expected to return to work and the projected work schedule.
    2. The projected return to work date.
    3. The wage/salary of the borrower upon return to work.
    4. The terms of any disability benefits (including maximum time permitted).
- The qualifying ratios will be calculated based on the income certifications provided by the borrower and the employer. The standard required income documentation must be provided, up to the date the borrower began the temporary disability period.
- If the return to work date is after the first payment due date of the mortgage loan, the borrower must have sufficient reserves verified in addition to funds required for closing to cover the monthly housing payment(s) plus any other debts included in the underwriting analysis.

# ACCEPTANCE OF INCOME AND DOWNPAYMENT ASSISTANCE FROM HUDADMINISTERED SECTION 8 HOMEOWNERSHIP VOUCHERS

SONYMA will accept as borrower income, payments received from HUD-administered Section 8 Homeownership Vouchers. As an alternative and pursuant to HUD Guidelines, the Section 8 Homeownership Voucher may also be applied as a one-time payment for down payment and/or closing cost assistance. In either case, all borrowers receiving such assistance must complete a homebuyer education course managed by a HUD-approved organization to provide Section 8 Homeownership Counseling. In addition, lenders will be required to submit evidence to SONYMA that the applicant has completed the counseling program and that the voucher known as the Housing Assistance Payment ('HAP'), applies to home ownership. SONYMA will permit such assistance to be applied using one of the following options:

- Deduct the HAP from Monthly Housing Expense (PITI). Under this option, the borrower's HAP is applied directly to the PITI and payment and debt ratios are calculated based on the net amount. In order to use this option, the company servicing the mortgage loans (the "servicer") must set up a dedicated account and the HAP must be deposited directly into the account by the non-profit entity administering the Section 8 Program on behalf of HUD (the "HAP administrator"). The HAP administrator must specify in their letter which discloses the monthly home ownership assistance that the assistance will go directly to the loan servicer in order for this option to be utilized. Further, the servicer must be able to accept payments on the same account from both the borrower and the HAP Administrator. For lenders not servicing for SONYMA, our master servicer, M&T Bank, is prepared to accept these loans.
- Add HAP to Borrower Income. With this option, the HAP may be added directly to the borrower's income. Since the HAP is non-taxable income, SONYMA will allow it to be grossed up by 25%.

Subordinate Second Mortgage. In some cases, the HAP Administrator may provide a second mortgage and the HAP is used to make the payments on the second mortgage. The second mortgage must be subordinate to SONYMA's first mortgage and must meet all other requirements for secondary financing as stated above in the down payment section.

Please note that the voucher program is administered by a local Public Housing Agency (PHA). The PHA will determine the type of assistance to be used and which of the above options will be used.

## NON-TAXABLE INCOME

If Mortgagor income is verified to be non-taxable income, SONYMA will allow the income to be grossed up by 25%.

## CREDIT

- SONYMA will accept an electronically merged credit report obtained from the three credit repositories. (Credit reports must be no older than 90 days at the time of Pool/PMI approval).
- A mortgagor must have at least 3 lines of credit, traditional or non-traditional, established for a period of 12 months (not paid or inactive for more than 24 months), prior to the mortgage loan application date. (If there is more than 1 borrower on the 1003, only 1 needs to satisfy this requirement, and that borrower must be employed and contributing income toward qualifying).
- Late payments should be explained in writing and documented if necessary (satisfactions of judgment, collections).
- All open judgments must be satisfied prior to closing.
- **Collection accounts and chargeoffs which have been opened 3 or more years prior to the loan application date, or less than \$250 are not required to be satisfied, the aggregate of open collection accounts or chargeoffs cannot exceed \$1,000. Open collection accounts and chargeoffs which have been in repayment, and paid as agreed for the past 12 months, are not required to be satisfied (verification from creditor is required).**
- SONYMA utilizes credit scores. However, no minimum score has been established to consider a mortgage application.
- If a borrower(s) lack a credit history, **Non-Traditional credit** may be utilized.
- SONYMA will consider credit that requires the mortgagor to make periodic payments on a regular basis (for example, rental housing payments, payments for utilities, medical and auto insurance payments, etc.).
- SONYMA will consider borrowers who have completed **consumer credit counseling** provided the borrower has 3 re-established lines of credit for 12 months with no late payments.

## FEDERAL INCOME TAX INSTALLMENTS AGREEMENTS

When a borrower has entered into an installment agreement with the IRS to repay delinquent federal income taxes, the lender may include the monthly payment amount as part of the borrower's monthly debt obligations (in lieu of requiring payment in full) if:

- There is no indication that a Notice of Federal Tax Lien has been filed against the borrower.
- The following documentation is provided:
  1. an approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due; and
  2. evidence the borrower is current on the payments associated with the tax installment plan. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date the next payment owed and the due date. At least 1 payment must have been made prior to closing.

## **BANKRUPTCY**

- Mortgagors with a previous history of bankruptcy will be evaluated on case-by-case basis. At minimum, mortgagors must meet all of the following criteria to be considered for a Mortgage Loan:
  1. The bankruptcy must have been discharged at least three years prior to the Residential Loan Application date.
  2. 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.
  3. Mortgagor must have stable employment.
  4. 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.
- SONYMA will take into consideration Mortgagor's performance on any credit accounts that were not included in the bankruptcy.

## **MORTGAGE FORECLOSURE OR DEED IN LIEU OF MORTGAGE FORECLOSURE OR SHORT SALE**

If Mortgagor had a previous history of mortgage foreclosure or deed in lieu of mortgage foreclosure, or a short sale, SONYMA will consider such applications on a case-by-case basis. At minimum, Mortgagor must comply with the following:

1. The foreclosure sale (or transfer of title in a deed in lieu of foreclosure), or short sale must have occurred at least four years prior to the Residential Application Date.
2. 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.
3. Mortgagor must have re-established good credit as described in Bankruptcy Section above.

## **VERIFICATION OF RENTAL PAYMENTS**

Mortgagors with a history of a bankruptcy or foreclosure/short sale must demonstrate that housing rental payments were made in a timely manner. Acceptable documentation in this regard are as follows:

- Copies of the front and back of canceled checks for prior 12 months;
- Copies of 12 months bank statements showing clearing of rental payments;

- Verification of Rent form (VOR) with payment amount and history (if the rental payments are paid to a management company);
- 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 canceled checks for the prior 12 months.

## **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**, or be included in any calculation. Guarantor must meet acceptable credit standards, may not be a spouse and must be a blood relative. Other program requirements that apply to the Mortgagor will not apply to Guarantor. Seller must submit a full credit package (1003, pay stubs, W2's, credit report and bank statements) on the Guarantor. Guarantor will be required to sign the Note at closing.

## **NON-US CITIZEN MORTGAGORS**

Non-permanent resident mortgagors must be legal residents of the United States, and at a minimum must have:

- Two year job tenure in the United States.
- Two year asset base documentation from a United States-based financial institution/depository.
- Two years established credit history in the United States. (Non-traditional credit as described in "Credit" above will be considered for non-US citizens.)
- Lawful permanent residents of the United States are eligible under the same terms available to US citizens.

## **DEFERRED ACTION FOR CHILDHOOD ARRIVALS (DACA BORROWERS)**

**DACA** borrowers are eligible for SONYMA financing under the same terms as **NON-CITIZEN MORTGAGORS** if the following documentation can be provided:

- A current, valid visa or current (unexpired) Employment Authorization Document (EAD) issued by the U.S. Citizenship and Immigration Services (USCIS)
- The documentation must substantiate the borrower is eligible to work in the U.S.
- All borrowers must have a valid Social Security Number (SSN) or Individual Tax Identification Number (ITIN)
- At least one borrower on the loans must have a valid SSN

## NON-ARMS LENGTH TRANSACTIONS

Transaction must involve disinterested third parties. Non arms-length transactions are unacceptable. Examples of unacceptable transactions include:

- Employee buying from employer.
- Family member buying from a family business.
- Realtors buying from their own listings.
- Partner buying from own partnership.

## INHERITANCE TRANSACTIONS

- SONYMA will finance a property in which the Mortgagor 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 Mortgagor's proportionate share of ownership interest from the lower of the sales price or the appraised value of the property. Example: Purchase price and appraised value are \$100,000 and Mortgagor's share is one quarter or \$25,000. \$100,000 less \$25,000 is \$75,000. The loan-to Value of the Property ratio on this transaction will be 75%.
- Documentation evidencing all members of the estate is required.
- Other members of the estate are not eligible as gift donors.

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

## HOMEBUYER EDUCATION

Homebuyer education is required for at least one borrower contributing qualifying income in any of the following instances:

- Less than 5% of Borrower's own cash is contributed to the transaction;
- The LTV is greater than 95%;
- The CLTV is greater than 100% where subsidies are being utilized;
- For all loan programs reserved under the Achieving the Dream, Remodel New York, or Habitat for Humanity Programs (regardless of the LTV or cash contribution); and
- For borrowers (main borrower earning qualifying income) who select the SONYMA Down Payment Assistance Loan (DPAL) option.
- Landlord counseling is required for any borrower purchasing a 1 Family Property with a legal accessory unit, or 2-4 Family Property. This counseling should be completed with a Hud-Approved Counseling Agency.

## **PROPERTY REQUIREMENTS**

SONYMA will not permit the mortgagor to act as the general contractor unless construction is the mortgagor's full time occupation regarding new construction and Remodel NY Loans. See Remodel NY Loans Exhibit.

## **PROPERTIES LOCATED IN DECLINING MARKETS**

SONYMA has not designated any particular area of the state as a declining market. Any such determination will be treated on a case-by-case basis based upon the property appraisal report submitted with the loan file. If the appraisal does show that the subject property is located in a declining market, SONYMA MIF or its pool insurance administrator, Genworth, reserves the right to reduce the requested loan amount to an acceptable level.

## **PROPERTY FLIPPING**

A property flip occurs when a recently purchased property is quickly resold for a profit by the seller. The short time frame between the acquisition and resale (within 6 months) coupled with an increase in the property value are signs that a flip may have occurred. In these cases the following guidelines apply:

- Property seller must be the "owner of record" according to publicly available information and is supported by loan file documentation.
- No back-to-back, simultaneous closings, or double closings, assignment of contract of sale.
- If an individual or investor acquires the subject property at a below market value (i.e. at auction) and property is being re-sold at a profit with no subsequent renovations to the property, the appraisal must indicate the property value is supported. Otherwise, increase in the value must be explained and renovations must be supported with detailed information reflected by the appraiser.

## **APPRAISALS**

- Sellers must supply an appraisal report and legible color copies of photographs of the Eligible Property and the comparable sales.
- The appraisal report must be dated within four (4) months of the date a file is submitted for review. If the appraisal is greater than 4 months old at the time of submission, the mortgage insurance underwriter will determine whether an appraisal update or a new appraisal is required. If an appraisal update is submitted and the appraiser states the value of the property has declined since the date of the original appraisal, a new appraisal will be required.
- If a loan is approved and the mortgage insurance commitment(s) expire, a new appraisal is required to extend the commitment(s)

- If the appraiser, or the seller on the property condition disclosure form, notes asbestos is present in the subject property, an inspection by a qualified asbestos removal professional must be completed. The inspector must determine if the asbestos should be encapsulated or removed. A cost to cure and a disclosure specifying who will cover cost of the corrective action must also be supplied. (If the property seller is going to cover the cost an addendum to the contract of sale stating such must be provided. If the borrower is covering the cost to cure, evidence that he/she has the funds must be documented. Evidence the work has been completed must also be provided (final inspection by appraiser). Any other items the seller notes regarding the condition of the property (roof leaks, water in basement, mold, etc.) should be addressed and remediation may be required.
- At minimum, the subject property must be in average condition to be eligible for SONYMA financing.
- The appraiser must indicate if the utilities are on and working at the time of inspection. If they are not they must be turned on prior to closing and the appraiser must re-inspect to confirm.

## RURAL PROPERTIES

- The property must be suitable for year-round occupancy and residential in nature.
- The property must be readily accessible by public roads or serviced by a private road with a publicly recorded maintenance agreement that meet local standards.
- Appraisers may use comparable sales that are farther away than is typically permitted for non-rural properties.
- Appraisers may use comparable sales more than 12 months old, if more recent sales which are better indicators of value are not available.

## MANUFACTURED HOUSING

- Double-Width Manufactured Housing Units are acceptable (Single Width Units are **not** Acceptable).
- The unit must be permanently affixed to real property. All foundations must have footings below the frost line.
- **Units built prior to 1996 are not eligible.**
- Units must be in compliance with the Federal Manufactured Home Construction and Safety standards established June 15, 1976, evidenced by a certification label affixed to the home.
- The appraiser must complete the appraisal on the appropriate Fannie Mae/Freddie Mac Form and should use comparable sales which are Manufactured Homes.
- Trade equity from a borrower's existing manufactured home may be used as the borrower's equity in the new home. The retail value of the traded home from the N.A.D.A. Manufactured Housing Appraisal Guide will be applied. Proof of ownership (title) for the traded home is also required.



- Lenders must follow the Title Guidelines published by Fannie Mae for New York properties.

## CONDOS AND PUDS

- Minimum 10 units in a project.
- Presale requirements: 40% if LTV is 90% or less, 51% above 90% (units in contract count toward presale); however, MIF reserves the right to establish a different percentage for any project.
- Maximum of 50% investor concentration (based on number on total number of units in the project or legal phase with an independent budget, when the HOA has not yet been turned over to the unit owners). For existing projects (HOA has been turned over to the unit owners), there is no investor concentration limit.
- All projects must have a reserve fund for capital repairs.
- Minimum square footage is 500. (Exceptions below 500 square feet may be made if the unit is supported by comparable sales of similar size.)
- New conversion eviction plans are not eligible.
- The project must be managed by a professional management company experienced in managing condominiums and/or planned unit development. SONYMA will allow a condominium or PUD project to be self-managed if the unit owners have been managing the project for a minimum of ten years and at least 75% of the units are sold. The investor concentration cannot exceed 30% (based on the number of units sold).
- A [SONYMA condominium questionnaire](#) is required. The questionnaire should disclose all information regarding phasing in the project, common areas and facilities, the control of the Homeowner's Association (HOA), Unit Information (total number of units, owner occupancy and investor information), HOA dues delinquency information (no more than 15%, can be more than 30 days delinquent). If the project or sponsor is involved in any litigation, the terms of the contact with the managing agent, and, has all rehabilitation been completed (if the project is a condo conversion).
- If there is commercial space in the project, the square footage of that space cannot exceed 20% of the total square footage of the project.

## COOPERATIVES

- Minimum 10 units in a project.
- Presale requirements: 40% in a conversion project, 51% in an existing project (unit owners are in control of the HOA).
- Maximum 30% investor concentration (based on total number of units in the project, or legal phase with an independent budget, when the HOA has not been transferred to the share owners).

- Minimum square footage is 500. (Exceptions below 500 square feet may be made if the unit is supported by comparable sales of similar size.)
- New Conversion Eviction Plans are not eligible.
- Underlying mortgage must have at least 3 years remaining on term.
- The proprietary lease or occupancy agreement must have a remaining term must at minimum be equal to the term of the SONYMA loan.
- If there is a ground lease the term must not expire for at least 35 years from loan closing.
- SONYMA will allow up to a 5% transfer tax (flip tax) without making any adjustments to the loan amount. If the flip tax exceeds 5% of the appraised value, the amount IN EXCESS of 5% must be deducted from the appraised value and the LTV are based on the adjusted appraised value.
- All projects must have a reserve fund for capital repairs.
- The project must be managed by a professional managing agent experienced in managing cooperative projects. SONYMA will allow a cooperative project to be self-managed if the shareholders have been managing the project for a minimum of ten years and at least 75% of the units are sold. The investor concentration cannot exceed 30% (based on the number of units sold).
- If there is commercial space in the project, the square footage of that space cannot exceed 20% of the total square footage of the project.
- A [SONYMA cooperative questionnaire](#) is required.
  - All information regarding building statistics (total number of units, total number sold, total number sold and owner occupied, total number sold and sublet, total number of shares, number of shares for the subject unit).
  - If there a flip tax, describe the terms.
    - Delinquency information regarding owner’s maintenance payments. (no more than 15%, can be more than 30 days delinquent).
    - Tax abatement information if applicable (if applicable, expiration date is required).
    - Terms of the underlying mortgage.
      - All pertinent information regarding the sponsor/holder of unsold shares (total number of units held, monthly maintenance, monthly rental income, has the sponsor pledged any shares as collateral for any other loans. If yes, what are the terms, is the sponsor current on its obligations to the coop, etc).
    - Is the sponsor or cooperative involved in any litigation? If yes, provide the dollar amount and the declaration page of the project insurance policy.
- “HDFC” cooperatives will be considered on a case-by-case basis (financial statements for the past 2 years are required). SONYMA will not consider loans to purchase “insider units” to existing tenants.
- Pro Rata Share of underlying mortgage cannot exceed 35% of lower of sale price or appraised value based on the following calculation:

Pro Rata Share of Underlying Mtg.  
< Sale Price/Appraised Value + Pro Rata Share of Underlying Mtg.

## SPOT LOANS

- Contact ENACT MI at: 1-800-548-0884 (Ext. 4151), for status of a project prior to underwriting an application to find out project status.
- SONYMA will finance 10 spot loans or 50 percent of the total units in the project, whichever is less, in an existing project; 3 spot loans in a newly converted or constructed project.

## PROJECT APPROVAL

The following documentation must be submitted:

- [SONYMA Project Set-Aside Application](#)
- Offering plan with all amendments
- Engineer's Report (for conversion projects only) including Asbestos Report
- Current Financial Statements and Operating Budget
- Appraisals (1 for each unit type)
- Marketing material

## PROPERTIES OWNED BY COMMUNITY LAND TRUSTS

Community Land Trusts (CLT's) are not-for-profit organizations or public entities (such as a local government) that acquire homes or vacant land for the benefit of the community, helping provide access to affordable housing for local low-and moderate-income residents. Purchasers of homes in a land trust must execute a long-term lease that includes restrictions preserving the home's affordability in perpetuity. By owning the land and restricting who can purchase the homes, land trusts ensure permanent affordability for the homes.

SONYMA will purchase mortgages secured by a lease on a property owned by a CLT under the following conditions:

- Applicants may apply for any SONYMA program available at the time of application.
- One and two-family residences and eligible condominium projects are eligible. Three and four-family homes, are *not* eligible.
- **Eligible CLT's:** ○ Must have at least two years' experience administering and managing affordable housing;
  - Must use a form of ground lease that is based on the model developed by the Institute for Community Economics; and
  - Must incorporate the Community Land Trust Ground Lease Rider (Fannie Mae Form 2100) into the ground lease.

# APPRAISAL REQUIREMENTS FOR LEASEHOLDS HELD BY COMMUNITY LAND TRUSTS

In selecting an appraiser to provide an opinion of value for a leasehold held by a community land trust, the lender must make sure that the appraiser is knowledgeable and experienced in the appraisal techniques-direct capitalization and market derivation of capitalization rates-that are necessary to appraise this type of property.

When a leasehold interest is held by a community land trust, the appraiser must analyze the property subject to the ground lease. Since the community land trust typically subsidizes the sales price to the borrower, that price may be significantly less than the market value of the leasehold interests in the property. The resale restrictions (as well as other restrictions) that may be included in the ground lease also can affect the value of the property. The land records for the subject property must include adoption of the terms and conditions that are incorporated in this ground lease rider. In view of these concerns, it is important that the appraised value of the leasehold interest in the property be well supported and correctly developed.

The appraiser must use a three-step process to develop his or her opinion of value (1) determine the fee simple value of the property by using the sales comparison analysis approach to value, (2) determine the applicable capitalization rate (and convert the income from the ground lease into a leased fee value by using the market-derived capitalization rate), and (3) determine the leasehold value by reducing the fee simple value by the leased fee value. When this appraisal technique is used, there is no need to document the actual land value of the security property.

## EXAMPLES OF SONYMA'S SUBSIDY POLICY

- 1) A borrower is purchasing a property with a gross selling price of \$110,000 and is receiving a subsidy of \$25,000. Of this subsidy, \$20,000 will be used for down payment assistance and the remaining \$5,000 for closing cost assistance. The property has been appraised with a true market value of \$100,000.

Since the discounted sales price will be \$90,000 (\$110,000 minus \$20,000), the maximum financing will be \$90,000 and the borrower's minimum cash contribution will be \$900 SONYMA would consider borrower equity, based on the property's true market value, to be \$10,000 (\$100,000 minus \$90,000) and the final LTV is 90%.

In this example, PMI **would be** necessary.

- 2) Same facts as above except all the subsidy is for down payment assistance.

The discounted sales price will be \$85,000 (\$110,000 minus \$25,000), the maximum financing will be \$85,000 and the borrower's minimum cash contribution will be \$850 SONYMA would consider borrower equity, based on the property's true, market value, to be \$15,000 (\$100,000 minus \$85,000) and the final LTV is 85.

In this example, PMI **would be** necessary.

- 3) Same facts as sample 2 **except** the true market value is \$110,000.

The discounted sale price will be \$85,000 (\$110,000 minus \$25,000), the maximum financing will be \$85,000 and the borrower's minimum cash contribution will be \$850. SONYMA would consider borrower equity, based on the property's true market value, to be \$25,000 (\$110,000 minus \$85,000) and the final LTV is 77%.

In this example, MI **would not** be necessary.

## **Mortgage Insurance Commitments/Certificates**

Mortgage Insurance commitments, for both pool and primary insurance, are valid for 180 days from the date they are issued. Credit reports, income documentation, asset documentation, or the appraisal report are not required to be updated unless the mortgage insurance commitment(s) expire, prior to the loan closing. If an extension is required all documentation must be updated with a new appraisal or an appraisal update with recent comparable sales and submitted to the mortgage insurance underwriter for review for an extension.

If documentation is updated by the lender prior to closing as part of a quality control procedure, and there are any changes which would have an impact on the loan approval (ex. job change, new debt, increased property taxes and insurance, reduced assets resulting in insufficient funds for closing or elimination of a subsidy/grant), the documentation must be submitted to the mortgage insurance underwriter. SONYMA permits a 2% variance in the ratios from when the loan is approved, unless the new ratios exceed 40/45, in which case the loan must be reviewed and reapproved by the mortgage insurance underwriter. Changes like an increase in assets do not need to be submitted for SONYMA Express to be updated. The mortgage insurance cannot make changes which do not adversely impact the initial approval.

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