



## SONYMA Tax Credit Advance Loan (TCAL) Term Sheet

### LOAN PURPOSE

Tax Credit Advance Loan (TCAL) allows SONYMA borrowers to apply their anticipated Federal homebuyer tax credit toward the purchase of a home. Structured as a subordinate lien, SONYMA will advance funds to eligible homebuyers who plan to file for the 2009-10 Homebuyer Credit ([IRS Form 5405](#)) on their Federal tax returns. TCAL is available as an alternative to SONYMA's Down Payment Assistance Loan. The two products cannot be combined.

### MAIN FEATURES

- Provide funds for down payment and/or closing costs up to:
  - For First-time Homebuyers: 10% of the home purchase price (not to exceed \$8,000);
  - For non-First-time Homebuyers who are *eligible military veterans* **AND/OR** are purchasing a home in SONYMA Target Area: 10% of the home purchase price (not to exceed \$6,500).
- Borrowers may use TCAL as an alternative to SONYMA's Down Payment Assistance Loan (DPAL) with no rate add-on;
- Can only be used in conjunction with a currently available SONYMA program;
- Purchase Contracts must be dated prior to May 1, 2010, and loans must close by June 30, 2010.

### LOAN TERMS

<b>Interest Rate</b>	0% until June 30, 2011. Thereafter, 1% higher than the interest rate on the SONYMA first mortgage.
<b>Monthly Payment</b>	Deferred until August 1, 2011.
<b>Lien Position</b>	Second Mortgage
<b>Eligible Occupancy</b>	Owner-occupied primary residences only
<b>Eligible Terms</b>	10-year terms only
<b>Minimum TCAL Amount</b>	\$1,000
<b>Maximum CLTV</b>	None

### BORROWER ELIGIBILITY

<b>Borrower Eligibility</b>	Unless stated on this term sheet, borrowers must comply with standard SONYMA eligibility and underwriting requirements.*
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## PROPERTY ELIGIBILITY

Properties must comply with standard SONYMA eligibility requirements.\*

## UNDERWRITING

<b>Inclusion of TCAL Payment in Housing Ratio</b>	TCAL payment must be included within SONYMA's maximum housing payment ratio not to exceed 40%.
<b>Minimum Borrower Contribution</b>	Borrowers will be required to contribute a minimum of 1% (3% for cooperatives and 3- and 4-family homes) of the <i>net</i> sales price [contract amount less the TCAL amount applied toward down payment (and any other down payment subsidies)].
<b>Disclosure of TCAL on 1003</b>	The TCAL amount should appear on the 1003 as "Subordinate Financing" within the Details of Transaction section. The proposed payment must be referenced as Other P&I under "Proposed Housing Expense." <b>Note:</b> Lenders will have to include a memo in all loan files with a TCAL citing what portion of the TCAL will be applied to down payment, and what portion will be applied to closing costs.
<b>Impact on Acquisition Cost Calculation</b>	Lenders are reminded that the "net sale price" must be entered on Line #1 of the Acquisition Cost section of the Recapture Notification and Mortgagor's Affidavit (Form 211). The amount of TCAL combined with any other subsidies applied to down payment must be entered on Line #2.
<b>No Cash Back</b>	The TCAL may not exceed the total amount needed for the down payment, closing costs and prepaid expenses (after applying borrower's minimum contribution). Lenders will be responsible for ensuring that borrowers receive no cash back. If after the final HUD-1 is prepared it shows that the borrower will receive cash back, lender must (a) lower the TCAL amount so there is no cash back, or (b) apply the overage amount to the principal balance of the TCAL.
<b>Automated Underwriting Considerations</b>	Due to maximum CLTV requirements, the automated underwriting systems will most likely deny applications with a TCAL. It is recommended that such loans be submitted as manual underwrites.

## OTHER CONSIDERATIONS

<b>Second Mortgage and Note Forms</b>	Borrowers must execute SONYMA 2 <sup>nd</sup> Note and Mortgage forms. <i>SONYMA will not allow the TCAL to be subordinated to another lien other than the SONYMA first mortgage.</i>
<b>Servicing</b>	Servicer must be set up to handle payments and remit to SONYMA.
<b>Federal Recapture Tax</b>	TCALs are subject to the Federal recapture tax, but SONYMA will reimburse the borrower for any recapture tax paid to the IRS.

## IRS-MANDATED REQUIREMENTS REGARDING THE CREDIT

To be eligible for the Federal homebuyer tax credit, borrowers must also meet the below requirements, among others, of the IRS. ***Please note that SONYMA will not review nor will it be responsible for ensuring that applicants comply with these requirements.***

<b>Maximum Modified Adjusted Gross Income</b>	<ul style="list-style-type: none"><li>➤ Individual Filers: Between \$125,000 and \$145,000</li><li>➤ Joint Filers: Between \$225,000 and \$245,000</li></ul>
<b>Repayment of Credit</b>	The tax credit will not have to be repaid to the IRS unless the home ceases to be the borrower's primary residence within 3 years of the purchase date.
<b>Non-Arms Length Purchases</b>	Applicants who purchase properties from a relative or in-law (both as defined by the IRS) are not eligible for the tax credit.
<b>Long Time Homebuyers</b>	Long time homebuyers must have owned and occupied the same residence for 5 consecutive years of the 8-year period ending on the date of new purchase.
<b>Non-Resident Aliens</b>	Non-resident aliens are not eligible for the tax credit.

\*Borrower and property eligibility requirements may differ from program to program. Please visit SONYMA's website (<http://www.nyhomes.org/index.aspx?page=63>) for details on each of SONYMA's programs.