



New York CEMA Process Guidelines

Revised 11/12/2020 rev. 25

Plaza’s Process Guidelines are designed to provide guidance. There are cases where specific loan programs have more restrictive or inclusive guidelines, in these cases the Program Guidelines should be followed.

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Section 1 Overview / General

The state of New York charges a mortgage recording tax whenever a new mortgage or refinance is recorded. To reduce tax liabilities to borrowers, refinances can be transacted by consolidating, extending and modifying the existing loan. Using this method, the borrower pays the recording tax only on any "new money" added to the original loan.

In order to accomplish this, instead of the existing liens being paid off, they are effectively assigned and transferred to the new lender who consolidates, extends and modifies the term and structure of the existing loan(s), hence the name CEMA into new documents. Such CEMA activity could encompass multiple loans concurrently, as well as historically. It could be rolling a first and second lien together into a CEMA; it could also be a string of repeat refinances, such that the CEMA is actually modifying numerous liens. This string will continue until such time as there is a new transaction that does not utilize the CEMA process.

In addition to refinance transactions, the state of New York allows purchases to be structured as CEMA transactions.

Plaza requires 72 hour closing notice on a purchase CEMA transaction.

Section 2 Eligible Transaction Types

- Refinance Transactions
- Purchase Transactions

Note: Purchase transactions are ineligible for delegated underwriting on the Preferred Purchase Jumbo program and must be submitted to the Investor for prior approval.

Section 3 Eligible Loan Programs

The following loan programs are eligible for a CEMA transaction:

- Conforming Agency Fixed and ARM
- FHA Fixed and ARM
- VA Fixed and ARM
- Jumbo Fixed and ARM

Note: In all cases, refer to Plaza's Program Guidelines or Conventional Underwriting Guideline requirements for restrictions.

Section 4 Eligible Borrowers

- Individual borrowers
- A qualified Inter Vivos Trust

Section 5 Credit Guidelines

Refer to the specific Program Guidelines for eligible occupancy types.

Section 6 Closing Attorneys

Closing Agent Eligibility and Requirements:

- Individual Attorney(s) and/or law firms that conduct closings in the state of New York must be approved by Plaza prior to closing.
- Attorneys listed on the Plaza ineligible party list are not acceptable and will require a new settlement agent to be selected in order to be eligible.
- Eligible attorneys must provide Plaza with all of the following:
 - Wire instructions from settlement agent/attorney.
 - Current resume from attorney(s) and/or principal of law firm.
 - Fidelity Bond Insurance.
 - E & O Insurance
 - Liability coverage of at least \$1,000,000 with a deductible of no greater than \$5,000 per million.

Important: Any updated or new adverse information causing the agent to become ineligible will be enforced on the subject transaction regardless of when Plaza or the customer became aware of the same.



6.1 Plaza Approved CEMA Attorneys and Firms

Plaza requires all CEMA transactions to be closed by one of Plaza's CEMA approved attorneys.

- Abrams Garfinkel Margolis Bergson, LLP –Manhattan office
1430 Broadway, 17th Floor
New York, NY 10018
info@agmblaw.com
212-201-1170 phone
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Georgejr@Schelllaw.com
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- Weider & Weider, PC
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Yonkers, NY 10710
reallawyers@aol.com
laurag@weiderweider.com
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914-377-1077 Fax
Contacts:
Steve Weider
Laura Giacomini

6.2 CEMA Paying Off Plaza

Transactions involving loans that are paying off an existing Plaza loan, the original collateral must be sent to the closing table. Robert L. Reda, PC will handle the original collateral on behalf of Plaza. His office will coordinate with Plaza's servicing department for delivery of the original collateral.

- Plaza to Plaza Refinances - Plaza does not charge a processing fee for obtaining the original Note.
- Plaza to another lender - There is a \$500 fee to Plaza to obtain the original Note.
- Rob Reda's office may charge a fee for handling the original Note based on where the closing is located. Contact Rob Reda's office to confirm fees.

6.3 Non-Approved CEMA Attorney's or Firms

For loans that will not be closed by one of Plaza's CEMA approved attorneys, prior to closing the following legal review is required:

- Pre-closing legal review of all CEMA documents by the Law Office of Robert L. Reda, PC. A legal review fee of \$250.00, payable to Robert L. Reda, PC will be charged on the transaction. Check must be sent directly from attorney that prepared the CEMA documents and who will be closing the loan.
- All required documents must be delivered via email, fax, or mail to the Law Office of Robert L. Reda, PC and received at least 48 hours prior to closing.
- The following is a list of all documents required for review:
 - Certification page of the title report, legal description, mortgage schedule, full title report is also sufficient.
 - All underlying collateral, all prior Notes, Mortgages, CEMAs, and Assignments of record.
 - All proposed assignments, endorsements, and allonges.
 - New money or Gap Note to Plaza.
 - New money or Gap Mortgage to MERS for Plaza.
 - Consolidated Note to Plaza.
 - Complete MERS for Plaza CEMA with all exhibits.
 - 255 Affidavits.
 - Payoff Letter.
- Additional documentation may be requested upon review.
- Any incomplete or inaccurate documentation may delay the review process, therefore delaying the scheduling of the closing.
- The CEMA and all correlating documents must be approved by Rob Reda's office prior to closing.
- Robert L. Reda, PC reserves the right to reject any documentation sent to his office for review.

Note: Please refer to Plaza's **Correspondent Seller Guide** for requirements applicable to correspondent transactions.

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6.4 Request to be Added to Plaza's Approved CEMA Attorney List

Law firms that seek approval to be added to Plaza's approved CEMA's attorney list must have a minimum of five (5) CEMA loan files that have been through pre-closing legal review process as defined above. Review of additional files after the minimum may be required.

Plaza will notify any law firms that have successfully completed the review process and are eligible to close CEMA loans without any review. These firms will then be added to Plaza's approved CEMA attorney list.

Section 7 Scheduling Closing

Wholesale transactions: Contact the local Plaza Regional Operation Center to schedule all CEMA closings.

Section 8 Lost Note Affidavit

Lost Note Affidavits (LNAs) accompanied by a certified true copy of the lost original, are only allowed on Conventional agency loans. For all government loans, including FHA loans, LNA's are never allowed nor will an exception be granted.

