

OVERVIEW

In New York State, borrowers may refinance a mortgage by assignment or Consolidation, Extension and Modification Agreement (CEMA). A CEMA loan combines into one set of rights and obligations all the promises and agreements stated in existing Notes and Mortgages secured by the mortgaged premises, including, any new funds (new money mortgage) advanced to the borrower at the time of the consolidation.

KEY FEATURES

- When a borrower refinances using a NY CEMA, the borrower will only pay mortgage tax on the new money mortgage.
- The borrower will not be required to pay mortgage tax on the amount of the existing mortgage balance.
- The current lender must agree to assign the existing mortgage(s) in order for the borrower to refinance using a CEMA.
- CEMA loans are available on HELOC (2nd Lien) only when the CEMA will be paying off the 1st Lien and HELOC (2nd Lien). HELOC Promissory Notes must be included in the prior collateral package.

UNDERWRITING SUBMISSION

When submitting the loan to underwriting, indicate on coversheet that the loan being underwritten is a CEMA loan. Additionally, when registering a NY CEMA loan in Loantrac, mark the loan as a CEMA. There will be an "at closing" condition to have a properly completed Modification Agreement which is fully-executed by the borrower.

Flagstar to Flagstar Loans - If the loan was a prior Flagstar loan and is being closed in Flagstar's name, email the Post Closing CEMA Team at CEMAPostClosing@flagstar.com with borrower(s) name(s) and the old/prior loan number as well as the new loan number.

CLOSING DOCUMENTS

Closing documents must be prepared using WBCD. The CEMA, 275 Affidavit, New/Gap Money Note and New/Gap Money Mortgage will be included in the WBCD document package. The Exhibit A Coversheet will also be included in the WBCD document package however must be completed by the Settlement Agent/Attorney. It is the Settlement Agent/Attorney responsibility to provide the 255 Affidavit and completed Exhibit A.

SETTLEMENT AGENT/ATTORNEY RESPONSIBILITY

The originator is responsible to communicate the following instructions to the settlement agent/attorney:

- Obtain all proper documentation from the previous lender including properly endorsed Notes. This documentation must be obtained prior to closing.
- Obtain all prior documentation, including missing and/or required assignments prior to closing. Any missing assignments must be executed and all assignments must be recorded on or before closing.
- Complete and execute the CEMA document with all exhibits per instruction, including Exhibit A, the Consolidated Note, the New Money/Gap Note, New Money/Gap Mortgage, and the 255 Affidavit along with instructions.
- If prior original Note(s) are not available, contact the CEMA Post Closing team at CEMAPostClosing@flagstar.com for review prior to close.
- Aid in resolving any post closing deficiencies that may arise.

CLOSING PACKAGE DELIVERY

The Closing Package must include:

- *New York CEMA Collateral Coversheet, Doc. #3688*
- All prior endorsed original Notes(s). Original Recorded Mortgages, CEMAs and Assignments, if applicable. If original recorded documents are not available, County Certified copies of the recorded documents are acceptable.
- Original executed and endorsed Gap/New Money Note
- Original executed and endorsed Consolidated Note, including the verbiage required by the Fannie Mae/Freddie Mac instruction page that comes with the CEMA Form 3172 1/01 (rev. 5/01) Do Not Stamp Exhibit C.
- Original CEMA with Exhibits A, B, C, D if the loan closed in the name of Flagstar Bank. Original will be returned to sender for recording once signed by Flagstar Bank.
- Certified True Copy of the executed CEMA and Exhibit A, B, C and D, if loan did not close in the name of Flagstar Bank. Certified true stamp must have initials or signature on/near stamp.
- Copy of the fully-executed 255 Affidavit
- Copy of the Gap/New Money Mortgage
- Copy of Power of Attorney, if applicable
- All executed Assignments, previously recorded or sent for recording

SEND CLOSING PACKAGES TO

Flagstar Bank, FSB
5151 Corporate Dr.
Troy, MI 48098
Attn: Kristina Weddington/CEMA, Mail Stop W-520-1

Packages not received in a timely manner may delay recording and disbursement of the loan. CEMA should not be sent for recording until all CEMA post closing deficiencies are satisfied.

ADDITIONAL CONTACT INFORMATION

For CEMA post closing or assignment related issues, please contact Flagstar's CEMA Post Closing Team at CEMAPostClosing@flagstar.com.