New York CEMA Information Disclosure

CHAMPIONS FUNDING

Borrower(s) Information

Borrower(s) Name:	
Property Address:	
Loan Number:	
Date:	

Mortgage Broker Company / Loan Originator Information

Mortgage Broker Company:	
NMLS #:	
Loan Originator:	
NMLS #:	

The State of New York charges a mortgage tax when a new mortgage is recorded. The amount of tax varies by county (and, in some instances, by city). Some counties also vary depending on the loan size and number of units for the subject property. This disclosure is provided to you to inform you of your refinance options in New York and potential mortgage tax savings that may be available to you.

What is a CEMA and what are the potential advantages?

CEMA stands for Consolidation, Extension & Modification Agreement. It is a unique process in New York that combine two or more loans into a new, consolidated loan. Closing a loan as a CEMA allows a borrower to reduce the amount of mortgage tax due by taking advantage of any tax previously paid on the existing mortgage and receive credit for that amount when recording the consolidated (new) mortgage. Payment of mortgage tax on a CEMA is reduced to the applicable tax rate for only any “new money” borrowed (the difference between the new loan amount and the unpaid principal balance on the original loan). Depending on the mortgage tax rate and loan size, the savings can be significant.

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Are there any potential disadvantages to a CEMA?

In order to start the CEMA process, the existing lender must agree to complete required documentation in order to consolidate the mortgage (not all lenders agree to do this). Borrowers must sometimes pay an upfront fee to the existing lender. The fee is determined by the lender and may be non-refundable. There may also be an additional fee at closing imposed by the existing lender, in order to assign the mortgage to the new lender at closing. Because of these additional documents, the recording fees may also be higher, even though the recording tax itself is reduced or eliminated. Turn times for closing are typically longer to close the consolidated (new) mortgage loan because of this required process.

Cost Analysis: Should I close with CEMA or without?

The loan amounts and associated costs below may vary from your own mortgage loan transaction and are provided as a comparison tool for you to determine which refinance process is best for you (with CEMA or without CEMA). **To get a cost analysis worksheet completed on your loan and see if a CEMA will benefit you, please reach out to your Loan Originator.**

The cost analysis example below uses a $300,000 loan amount with a current unpaid principal balance of $250,000 and a mortgage tax rate of 1.8%. The “new money” amount for CEMA would be $50,000.

Costs	With CEMA	Without CEMA
Mortgage Tax	$900 ($50,000 x 1.8%)	$5,400 ($300,000 x 1.8%)
Existing Lender – CEMA Fees	$750 (Estimated)	$0 (Does not apply)
New Lender – CEMA Fees	$295 (Estimated)	$0 (Does not apply)
Recording Fees	$500 (Estimated)	$214 (Estimated)
CEMA Net Mortgage Tax Savings	$3,169 (Estimated)	N/A
CEMA Turn Time*	4-6 Weeks (Estimated)	N/A

*CEMA turn time indicates the quoted turn time to obtain all required documentation from the existing lender in ordered to close as a CEMA. Total turn times may vary depending on your specific loan scenario.

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This disclosure is not a contract and does not constitute a loan approval. Actual mortgage loan approval can only be made after a full underwriting analysis by the lender.

Acknowledgement

By signing below, you hereby acknowledge reading and understanding all of the information disclosed above, and receiving a copy of this disclosure on the date indicated below.

Borrower Signature

Secondary Borrower Signature

Borrower Name

Secondary Borrower Name

Date