

CEMA FAQ & User Guide

Q: What is a CEMA?

A: CEMA: Consolidation, Extension, Modification, Agreement

This feature is used to avoid paying the Mortgage Tax in New York. Specifically, it is New York custom that lenders in refinance transactions do not pay off the existing lien, but instead the existing lien is assigned to the refinancing lender, and the refinancing lender creates a CEMA restating all of the loan documents to avoid the borrower having to pay Mortgage Tax on the refinanced portion of the loan. Using a CEMA permits the Mortgage Tax to only be assessed on the “**new money**” (i.e. any amounts of additional principal beyond the original loan balance being refinanced), if any.

Q: Are there certain loan scenarios where the CEMA documents will not work properly?

A: We know by looking through our data that this feature should work for the vast majority of loans made by our users. Specifically, most users will utilize this functionality when there is a single borrower, a single property, and a single loan being refinanced.

Below are current situations in which the CEMA documentation **will not** produce correctly:

- 1) Borrower(s) must be the **ONLY** owners of the real property securing the loan. The CEMA functionality will not work properly if you are using a “**Non-Borrower Property Owner // Non-Borrowers**” function where a party other than the Borrower owns the real estate.
- 2) **ALL** real property must be located in the state of New York. The CEMA functionality will not work properly if you are cross-collateralizing the loan with property outside the state of New York.
- 3) If the loan is cross-collateralized with more than one property, all properties must be owned by the exact same parties in the exact same percentage ownership and vesting. For example, if there are two

properties and the properties are owned by an LLC and an individual, the properties must be held on title in the exact same vesting (i.e. as joint tenants, or tenants in common 50/50). The CEMA documentation will not populate correctly if there is any deviation in how the properties are owned.

- 4) No more than two loans can be refinanced on any individual property. For example, if there is a 1st, 2nd, and 3rd position lien currently on the property, the CEMA functionality can only be used to refinance up to 2 of the liens.
- 5) After your loan closes and the pre-existing lien(s) are refinanced, your mortgage must be in first lien position.

NOTE: If you are making a loan which involves **any** of these situations, we recommend reaching out to your preferred New York counsel to supplement the documents.

Q: How do I access these features within the Lightning Docs interview?

A: This feature will appear in the interview whenever New York is selected as the Property State. *It is **not** affected by the Governing Law State.*

- This question can be found on the *Standard Loan Terms* page of the interview.

Standard Loan Terms

Earliest Date Loan Documents Will Be Signed ?
04/30/2026

Loan Number (if any)

Loan Term (in months)

First Payment Date will be June 1, 2026

Is a CEMA required?
☒ Yes ☐ No

- Selecting “**Yes**” will open three new fields in the interview as shown here:
 - **Additional Amount Advanced:** Only to be completed if there is any additional principal given by the new lender - the Gap Amount of the loan. If this is a rate and term refinance, then no additional principal will be advanced.
 - **Existing First Lien Loan Amount:** Enter the **unpaid** principal amount of the existing first lien loan.
 - **Existing Second Lien Loan Amount:** Only to be completed when applicable, enter the **unpaid** principal balance of the existing second lien loan.

Additional Amount Advanced, if any (“New Money” only) 250,000.00	When an Additional Amount is advanced, the sum of the amounts entered to the left (\$1,250,000.00) should equal the Loan Amount entered above (\$1,250,000.00). If that is not the case, please double check the amounts entered. If there is NO Additional Advance, the amounts above do not need to be equal as the new loan amount may be less than the existing lien(s).
Existing First Lien Unpaid Principal Balance 1,000,000.00	
Existing Second Lien Unpaid Principal Balance (if applicable) 	

NOTE

If a Gap Amount is included, the sum of these three fields should always be equal to the amount entered in the *Loan Amount* field. A reminder in black bold text appears in the interview, which also updates the totals in real time as an extra form of verification (see screenshot above)

WARNING

If any of the above loan terms are not met, the documents produced will require manual revision

Q: What documents are included in a CEMA loan package?

A: After hitting “**Complete**”, you can download your documents as normal from the home page of your Lightning Docs account.

When including a Gap Amount, you will notice **two** downloadable document sets.

1. Standard Loan Document package which includes:
 - i. Consolidated and Restated Note and Mortgage
 - ii. The Consolidation
 - iii. Extension
 - iv. Modification Agreement
2. Gap Loan Documents which include:
 - i. Gap Note
 - ii. Gap Mortgage

The screenshot displays the Lightning Docs interface. At the top, it shows 'Loan Amount: \$1,250,000.00' and 'Interest Rate: 12%'. Below this is a table with columns: APP ↑, LAST MODIFIED, STATUS, and ACTION. The table has one row for 'Master Loan' with a last modified date of 'Apr 3, 2026 3:46 PM' and a status of 'Completed'. Under the 'Master Loan' header, two document sets are listed: 'Loan Documents and Closing Instructions.docx' and 'Gap Loan Documents.docx', both with document icons. A red box highlights these two document sets. A red arrow points from the document sets to the 'Download All' button in the ACTION column. Above the 'Download All' button is a 'Review or Update' button. Below the table, there is a section 'Add to this record...' with a 'SELECT APP' button.

APP ↑	LAST MODIFIED	STATUS	ACTION
Master Loan Loan Documents and Closing Instructions.docx Gap Loan Documents.docx	Apr 3, 2026 3:46 PM	Completed	Review or Update Download All

Add to this record...
[SELECT APP](#)

If a Gap Amount is **not** included, you will only see a single document set.

- Standard Loan Documents package includes:
 - Consolidated and *Restated* Note and Mortgage
 - The Consolidation
 - Extension and Modification Agreement

If you need further assistance, please reach out to support@lightningdocs.ai.