

## SONYMA Own it, Fix it New York! Home Mortgage Loan Agreement

THIS AGREEMENT, including the provisions below, is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between \_\_\_\_\_ (the "Mortgagor(s)") and \_\_\_\_\_ (the "Lender") to establish the conditions under which the Lender will advance the proceeds of a loan to be used to purchase and repair/improve the property described below. The property is located in the County of \_\_\_\_\_, State of New York, at the following address:

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1. The loan will be in the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) to be advanced by the Lender to the Mortgagor as provided in this Agreement and will be secured by a Mortgage, Deed of Trust, or Security Deed ("Mortgage"), which will be a first lien on the property.
2. Payments required under the mortgage or deed of trust must be made by the Mortgagor on the date specified, even though the proposed repairs or improvements may not be completed, or the property may not be suitable for occupancy, on the anticipated date.
3. The Lender will place that portion of the principal amount of the mortgage allocated to the total repair cost of \$\_\_\_\_\_ (line B-9 of the Own it, Fix it New York! Home Mortgage Maximum Mortgage Worksheet), plus any additional sums provided by the Mortgagor in cash, in a secured interest bearing account, trust or escrow ("Repair Escrow Account") for the benefit of the Mortgagor (hereinafter called "Escrowed Funds"). Lender, at its option, may release the Escrowed Funds on a prorated basis as each phase of repair work is completed and upon receipt of an acceptable inspection report certifying that all or a phase of the work has been satisfactorily completed. Lender shall release the Escrowed Funds by check, payable to the Mortgagor and/or the contractor or other appropriate payee who performed the work and supplied the materials in connection with this Agreement. The final release of the Escrowed Funds is to take place only after the local jurisdiction has provided its final acceptance of the work. The Lender may determine that additional compliance inspections are required throughout the repair period to ensure that the work is progressing in a satisfactory manner. Release of funds is not authorized on this type of inspection, however, the Mortgagor is responsible for paying the inspection fee. The Lender may require a property inspection if there have been no draw requests for more than thirty (30) days.
4. The income earned on the interest bearing account will be paid to the Mortgagor upon completion of all work or such earlier time as agreeable to the Lender.
5. The principal amount of the loan specified in paragraph 1 contains a contingency reserve. If the contingency reserve or any part thereof is not used, the Mortgagor may elect to use the remaining funds for additional repairs or improvements. Such repairs/improvements must be approved by the Lender and SONYMA. If the Mortgagor elects not to use the remaining funds for additional repairs, the remaining balance will be applied as a partial prepayment to the unpaid principal balance of the loan. However, such prepayment will not extend or

postpone the due date of any installment due under the note, nor change the amount of such installments. If the contingency reserve is insufficient to cover the cost of any unforeseen repairs or deficiencies to the property, Mortgagor must deposit funds into the Repair Escrow Account equal to the cost of additional work, plus at least ten percent (10%), and/or adjust the scope of the original work specifications by eliminating or reducing certain repairs or work. Any such changes must be approved by the Lender and SONYMA.

6. The Mortgagor will complete all improvements on the property in accordance with the repair contract(s) as accepted by the Lender.
7. Changes in the scope of repairs or improvements must be submitted to Lender in the form of a revised repair contract, describing the changes, and approved in writing by the Lender and SONYMA prior to the beginning of the work.
8. Mortgagor will cause all improvements to be made in a workmanlike manner and in accordance with all applicable statutes and regulations. All licenses, permits and privileges required by local governmental authorities to repair/improve the property will be obtained by the Mortgagor(s) or his/her contractor prior to commencement of the construction.
9. Representatives of the Lender will have the right to enter upon the property at all times during the period of construction and on completion of construction to determine whether the work conforms with this Agreement and to determine the amount of the Repair Escrow Account to be released by the Lender.
10. The Mortgagor can request, in writing to the Lender, disbursement for completed work only, and for the actual cost of improvements by the contractor(s). In no case will any savings of the mortgage proceeds result in any cash being paid to the Mortgagor. Any funds remaining in the escrow account must be used in the same manner described in paragraph 5. above.
11. Without prior written consent of the Lender, no materials, equipment, fixtures or any part of improvements financed with this loan will be purchased or installed subject to conditional sales contracts, security agreements, lease agreements or other arrangements whereby title is retained or the right is reserved or accrues to anyone to remove or repossess any item, or to consider it as personal property.
12. The Mortgagor will cause either this instrument or the construction contract under which the improvements are to be made to be filed in the public records, if the effect of recording will be to relieve the mortgaged property from mechanics' and materialmen's liens. Before any advance under this Agreement, the Lender may require the Mortgagor to obtain acknowledgment of payment and releases of lien from the contractor and all subcontractors and materialmen dealing directly with the principal contractor. These releases will cover the period down to the date covered by the last advance, and concurrently with the final payment for the entire project. Such acknowledgments and releases must be in the form required by local or New York State lien laws and must cover all work done, labor performed and materials (including equipment and fixtures) furnished for the project.
13. Mortgagor must cause work to begin within thirty (30) days following the date of this Agreement. Work must be performed with reasonable diligence; therefore, work is never to cease for more than thirty (30) consecutive days. Should Mortgagor fail to comply with these terms, the Lender may refuse to make any further payments under this Agreement. Any

funds remaining in the Repair Escrow Account will be applied as prepayment to the mortgage.

14. In the event any Stop Notices, Notices to Withhold, Mechanics' Liens, or claims of lien are filed against the property, the Lender, after five (5) days notice to the undersigned of its intention to do so, may pay any or all of the liens or claims, or may contest the validity of any claim and pay all costs and expenses of contesting the same.
15. Failure of the Mortgagor to perform under the terms of this Mortgage Loan Agreement will make the loan amount, at the option of the Lender, due and payable and will constitute an event of default under this Agreement, the Mortgage and the Note.
16. Mortgagor must have the work completed within 90 days following the date of this Agreement.
17. Date of Completion: \_\_\_\_\_

\_\_\_\_\_  
Mortgagor Date

\_\_\_\_\_  
Mortgagor Date

\_\_\_\_\_  
Signature of Lender Date