



State of New York Mortgage Agency

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PRISCILLA ALMODOVAR
President and CEO

By E-mail

April 8, 2008

**RE: Special Offer to Purchasers of New York ENERGY STAR® Labeled Homes
Seller's Guide Bulletin #4-2008**

Dear Participating Lender:

Energy-efficient homes, specifically New York ENERGY STAR® labeled homes, offer homebuyers all of the attributes available in a new home, but include energy-efficient improvements that deliver better performance, greater comfort, and lower utility bills. Such homes are built to Federal and State standards that feature tighter draft-free construction and insulation, high performance windows, and efficient heating and cooling equipment, appliances, light fixtures, etc. New York ENERGY STAR® labeled homes are typically 20% to 30% more energy-efficient than a standard home and can save homeowners hundreds of dollars annually. Further, builders receive cash incentives for building such homes. Energy-efficient homes not only benefit borrowers and builders, but also help the environment by decreasing carbon gas emissions.

The State of New York Mortgage Agency (SONYMA) is extremely pleased to announce its partnership with the New York State Builders Association (NYSBA), the New York State Energy Research and Development Authority (NYSERDA), and the Long Island Power Authority (LIPA) to offer a special incentive for purchasers of newly constructed homes under NYSEERDA's New York ENERGY STAR® Homes Program or the LIPA New York ENERGY STAR® Labeled Homes Program. SONYMA has agreed to offer the following mortgage financing incentives to any qualified purchaser of a New York ENERGY STAR® labeled home:

- Interest rate that is 0.50% lower than the rates SONYMA currently offers for loans with closing cost assistance (the rate depends on the SONYMA program selected by the applicant); and
- Closing cost assistance up to the higher of (a) \$5,000 or (b) 5% of the requested loan amount (with no interest rate markup).

Available Programs for the New York Energy-Star® Labeled Homes Product

Borrowers may use either the [Construction Incentive Program](#) or the [Achieving the Dream Mortgage Program](#) for this product. Both programs feature a 240-day rate lock.

Loan Reservation and Loan File Submission Process

Prior to reserving a New York ENERGY STAR® labeled home loan with SONYMA, lenders must verify that:

1. the contract of sale clearly states that the home being built will meet the New York ENERGY STAR® labeled homes requirements, and
2. the builder is a registered ENERGY STAR® builder by accessing, as applicable, NYSERDA's website (<http://www.getenergysmart.org/Resources/FindPartner.aspx?t=1>) or LIPA's website (http://www.lipower.org/efficiency/nyesh_map.html).

In order for the applicant to receive the appropriate interest rate incentive, it is important that lenders make the proper product selection when reserving a loan on Lender Online. Upon confirmation of items 1. and 2. above, the application must be registered under one of the following product names:

1. Construction Incentive ENERGY STAR®, or
2. Achieving the Dream ENERGY STAR®

If the loan is being manually reserved, lenders should enter one of the above product names on the blank line in the Program section of the [Loan Reservation Worksheet \(Form 238/4-07\)](#). A copy of the contract of sale must be included in the pre-closing application file that is submitted to SONYMA.

Notification of Loan Application to NYSBA

After accepting an application for a New York ENERGY STAR® labeled home, lenders must notify NYSBA of the homebuyer's name, the property address, and the builder's name. Such notification is to be sent via:

E-Mail

Jean Self jself@nysba.com or

Sallye Romagna sromagna@nysba.com

or

Mail

NYSBA

1 Commerce Plaza, Suite 704

Albany, NY 12210

Attn: SONYMA ENERGY-STAR Loan

Loan Closing Process

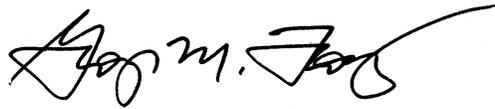
During the construction phase of a New York ENERGY STAR® labeled home, a certified third-party Home Energy Rating System (HERS) rater performs several inspections of the home to ensure that it is being built to the New York ENERGY STAR® standards. Once the home is complete, the builder is required to submit specific documentation (including a final certification from the HERS rater) to NYSBA. NYSBA will review the documentation for accuracy and completeness and will provide a copy of the Home Energy Rating Certificate (HERC) to the lending institution, as proof that the home has been built and tested to meet the New York ENERGY STAR® Labeled Homes Program requirements. The documentation will then be sent to LIPA (for homes constructed in the LIPA electric service territory) or NYSERDA (for the remainder of the state). NYSERDA or LIPA will review the documentation and will issue the appropriate cash incentive to the builder

The process to obtain final certification from NYSERDA or LIPA takes approximately 30 days. To expedite the loan closing process, SONYMA will allow the loan to close upon written confirmation from NYSBA that the documentation submitted by the builder has been accepted by NYSBA and has been forwarded to NYSERDA or LIPA for final review. NYSBA will send confirmation to the lender contact person originating the initial notification. *Lenders are advised that the loan must not be closed at the special incentive interest rate until it has received this confirmation from NYSBA.*

We look forward to your participation in offering this new and important mortgage product.

If you should have any questions, please feel free to contact me at extension 392.

Sincerely,

A handwritten signature in black ink, appearing to read "George M. Leocata". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

George M. Leocata
Senior Vice President
Single Family Programs