

SONYMA#: _____

DOWN PAYMENT ASSISTANCE LOAN (DPAL) RECAPTURE NOTIFICATION

Lender: _____

Borrower(s): _____

Residence: _____

BORROWERS SHOULD MAINTAIN A COPY OF THIS RECAPTURE NOTIFICATION AND ATTACHMENTS FOR THEIR RECORDS.

PART I - RECAPTURE NOTIFICATION

A home purchase assisted with down payment assistance funds provided by a State of New York Mortgage Agency ("SONYMA") Down Payment Assistance Loan (the "DPAL Loan"), subject to the first mortgage or cooperative share loan (the "First Mortgage"), and secured by the Down Payment Assistance Loan Enforcement Note and Mortgage, or for a cooperative share loan, secured by a Down Payment Assistance Cooperative Enforcement Note and Security Agreement (individually, the "DPAL Enforcement Document"), requires a repayment or "recapture" of the DPAL Loan to Lender upon the occurrence of any of the conditions set forth below. The amount that must be recaptured from the Borrower and repaid to the Lender is called the "Recapture Obligation" and shall be determined by SONYMA.

Unless otherwise defined herein, terms used in this DPAL Recapture Notification shall have the same meanings as such terms respectively bear in the DPAL Enforcement Document executed on the closing date of the home. With respect to any inconsistency between the provisions contained herein and anything contained in the DPAL Enforcement Document the provisions contained in the DPAL Enforcement Document shall govern.

The Borrower shall pay the Recapture Amount upon the date of the earliest occurrence of the following: (1) the sale or conveyance of any ownership interest in the property secured by the DPAL Loan (the "Residence"); (2) any refinancing or payoff of the First Mortgage Loan; (3) Borrower's failure to occupy the Residence as Borrower's principal residence as described in the DPAL Enforcement Document and (4) any other Default as defined in the DPAL Enforcement Document.

The Recapture Obligation shall equal the lesser of the Remaining DPAL Loan or the Net Profit. The Remaining DPAL Loan is the amount of the DPAL Loan less 1/120th thereof for each full and complete month the First Mortgage Loan was outstanding and the Residence was owned and occupied as the Borrower's principal residence. The Net Profit is the amount equal to the difference between the total proceeds of the sale or other disposition of the Residence (or if a refinance, the current appraised value of the Residence) less the sum of the following: (i) repayment due on the outstanding balance of the principal and accrued interest payable on the First Mortgage Loan and other components of the Sums Secured, as defined in the DPAL Enforcement Document, exclusive of the amount of the DPAL; and (ii) Borrower's initial down payment made on the Residence (the initial cash portion of the purchase price, exclusive of the Recapture Obligation); (iii) costs of any capital improvements made to the Residence by Borrower; and (iv) closing costs paid or incurred by the Borrower with respect to the sale or conveyance of full ownership interest of the Residence of the Sums Secured [but not including any: (a) "seller concessions" which are paid by the Borrower to enhance the sale of the Residence; or (b) costs associated with a refinance loan obtained by the Borrower]. If the Net Profit is zero or less, no recapture obligation is due. Notwithstanding the above, if the Borrower owns and occupies the Residence as his/her principal place of residence in compliance with the terms of the DPAL Enforcement Document for the Required Owner Occupancy Period and the First Mortgage remains outstanding after the expiration of such Required Owner Occupancy Period, the Recapture

Obligation will be reduced to zero and extinguished and Borrower will not be required to repay any portion of the DPAL Loan.

For additional information, please consult the following attachments to this DPAL Recapture Notification:

Attachment I - DPAL Recapture Worksheet

Attachment II - Example of How to Compute the Recapture Amount

PART II - PROCEDURE

Prior to sale of the Residence or payoff of the First Mortgage, contact the servicing institution to which your First Mortgage payments are being made to determine the amount of recapture owed, if any. The following documents must be submitted:

1. Completed DPAL Recapture Worksheet (Attachment I).
2. Copy of executed contract of sale on the Residence, or if a refinance, copy of a current appraisal report of the Residence.
3. Payoff letter from First Mortgage servicing institution which states the entire payoff amount, including, but not limited to, the current outstanding principal balance of loan and accrued interest.
4. Estimated Borrower closing costs associated with the sale or transfer of the Residence. This list should include a description of each item as well as the estimated cost of each item. Eligible closing costs related to the sale or transfer of the Residence include, but are not limited to, expenses paid or incurred by the Borrower such as broker's or realtor's fees, attorneys' fees, transfer taxes and filing fees. Such expenses must be reasonable and customary for the area in which the Residence is located. Borrower closing costs do not include: (a) any "seller concessions" which are paid by the Borrower to enhance the sale of the Residence; or (b) any costs associated with a refinance loan obtained by the Borrower.
5. Description of any capital improvements paid or incurred by the Borrower with respect to the Residence as well as documentation supporting the cost of such improvements. Such documentation should include copies of contracts for work performed, copies of paid receipts for materials purchased and canceled checks for such work.

PART III - CERTIFICATION

(I/We) have read the Down Payment Assistance Loan Recapture Notification as set forth in Part I hereof, and understand that (I/We) may be required to pay the recapture amount to Lender as a result of financing a portion of (my/our) Residence purchase with a DPAL Loan.

(I/We) acknowledge receipt of this Down Payment Loan Recapture Notification.

Execution at Time of Loan Application

Borrower/Titleholder

Date

Borrower/Titleholder

Date

Attachment I

DPAL RECAPTURE WORKSHEET

- A. Original DPAL Loan Amount \$ _____
- B. Determine the Remaining DPAL Loan (refer to the appropriate DPAL Enforcement Document).
- 1) Borrower's recapture period: _____ months
 - 2) Number of full months Borrower has owned and occupied the Residence (number of full months elapsed from date of closing to anticipated date of sale): _____ months
 - 3) B(1) minus B(2) = _____ months
 - 4) B(3) divided by B(1) = :
 - 5) Calculate the Remaining DPAL Loan [B(4) multiplied by A]: \$ _____
- C. Determine Borrower's Net Profit.
- 1) Sales Price of current sale (or appraised value, if a refinance): \$ _____
 - 2) Less: a. Repayment due on Lender Loan (outstanding principal and accrued interest): -\$ _____
 - b. Borrower's down payment on original purchase (excluding the original Recapture Obligation): -\$ _____
 - c. Capital Improvements made to the Residence by the Borrower: -\$ _____
 - d. Eligible Borrower's Closing Costs (including realtor's commission) of current sale: -\$ _____
 - 3) Subtotal [C(2a)+C(2b)+C(2c)+C(2d)] \$ _____
 - 4) Net Profit [C(1) - C(3)]: \$ _____
- D. Amount of DPAL Loan to be repaid to Lender:
Lesser of Net Profit [C(4)] or the Remaining DPAL Loan [B(5)] \$ _____
- If result is less than zero, no recapture is due.*

Note: Attach all documentation listed on page 2 to support this worksheet, including a copy of the appraisal report if the DPAL is being paid in full due to a refinance of the mortgage.

Attachment II

EXAMPLE OF HOW TO COMPUTE THE DPAL RECAPTURE AMOUNT

J and M, first time homebuyers, purchase a residence for \$50,000. The purchase is financed with a \$46,500 State of New York Mortgage Agency ("SONYMA") Loan ("First Mortgage"), a \$3,000 Down Payment Assistance Loan (the "DPAL Loan") (which funds down payment and if applicable, closing costs) and a \$500 cash contribution by J and M. The recapture period is 10 years. Due to a job change, J and M must sell the Residence three years after they purchase it. During the time J and M owned the Residence they added a bathroom and constructed a deck, investing a total of \$10,000 in improvements to the Residence. The Residence sells for \$62,000. J and M owe \$43,500 on their First Mortgage - \$43,400 of outstanding principal and accrued interest of \$100. J and M incur \$5,000 in closing costs including realtor's commission. J and M calculate the recapture amount as follows.

| | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| A. | Original DPAL Loan Amount | \$ <u>3,000</u> |
| B. | Determine the Remaining DPAL Loan (refer to the appropriate DPAL Enforcement Document). | |
| 1) | Borrower's recapture period: | <u>120</u> months |
| 2) | Number of full months Borrower has owned and occupied the Residence (number of full months elapsed from date of closing to anticipated date of sale): | <u>36</u> months |
| 3) | B(1) minus B(2) = | <u>84</u> months |
| 4) | B(3) divided by B(1) = : | <u>0.70</u> |
| 5) | Calculate the Remaining DPAL Loan [B(4) multiplied by A]: | \$ <u>2,100</u> |
| C. | Determine Borrower's Net Profit. | |
| 1) | Sales Price of current sale (or current appraised value, if a refinance): | \$ <u>62,000</u> |
| 2) | Less: a. Repayment due on First Mortgage (outstanding principal and accrued interest): | \$ <u>43,500</u> |
| | b. Borrower's down payment on original purchase (excluding the original Recapture Obligation): | \$ <u>500</u> |
| | c. Capital Improvements made to the Residence by the Borrower: | \$ <u>10,000</u> |
| | d. Borrower's eligible closing costs (including realtor's commission) of current sale: | \$ <u>5,000</u> |
| 3) | Subtotal [C(2a)+C(2b)+C(2c)+C(2d)] | \$ <u>56,500</u> |
| 4) | Net Profit [C(1) - C(3)]: | \$ <u>3,000</u> |
| D. | Amount of DPAL Loan to be repaid to Lender: | |
| | Lesser of Net Profit [C(4)] or the Remaining DPAL Loan [B(5)] = | \$ <u>2,100</u> |

If result is less than zero, no recapture is due.

J and M must repay the entire remaining \$2,100 DPAL Loan to the Lender upon the sale of their Residence.

Note: Attach all documentation listed on page 2 to support this worksheet, including a copy of the appraisal report if the DPAL is being paid in full due to a refinance of the First Mortgage.