



# State of New York Mortgage Agency

641 Lexington Avenue, New York, NY 10022  
(212) 688-4000 • Fax: (212) 872-0789

---

By E-mail

September 28, 2010

**RE: Sustainable Neighborhoods Initiative**

Dear Participating Lender:

In March, Governor Paterson announced the launch of the Sustainable Neighborhoods Demonstration Program (SNDP). The initiative was created by New York State Homes and Community Renewal (HCR), of which SONYMA is now part of, and will award up to \$2 million to spur the rehabilitation of vacant and/or blighted residential properties and for the redevelopment of vacant lots.

SNDP will assist local governments, municipal housing authorities, and not-for-profit corporations in addressing vacant and/or blighted properties across upstate New York. The funds will be used by the awardees to purchase and renovate existing homes or to build new homes that will be sold to first-time homebuyers.

In support of HCR's effort, SONYMA is offering the incentives described below to purchasers who buy a home built or rehabilitated under SNDP:

- Down payment assistance up to the higher of (a) \$3,000 or (b) 3% of the home sales price, not to exceed \$10,000; and
- Interest rate that is 0.50% lower than the rates SONYMA currently offers for loans with down payment assistance (the rate depends on the SONYMA program selected by the applicant).

Other features of this Sustainable Neighborhoods Initiative (SNI) are summarized on the attached term sheet.

**Eligible Properties**

Please be advised that only properties sold through awardees approved under SNDP will be eligible for SNI. As of today, only the Greater Rochester Housing Partnership has been awarded funding. SONYMA will notify lenders as more awardees are added.

**Available SONYMA Programs for Homes Built or Rehabilitated Under SNI**

Borrowers may utilize the [Low Interest Rate Program](#), [Construction Incentive Program](#), or [Achieving the Dream Mortgage Program](#) for this initiative. The program selected will depend on the construction status of the home at time of loan application, whether the borrower will require a 100-day or 240-day rate lock, and other factors including specific income limit requirements as determined by the program. Unless stated in this letter or the attached term sheet, all requirements of the aforementioned programs will remain in effect.

**Loan Reservation and Loan File Submission Process**

Before reserving an SNI loan with SONYMA, lenders must be in possession of a letter from the relevant not-for-profit or municipality that received SNDF funding (i.e., Greater Rochester Housing Partnership) stating that the home has been or will be renovated/built with funds received from SNDF. (SONYMA will require a copy of this letter in its pre-closing loan file.)

In the next one to two weeks, SONYMA’s Lender Online will be modified to include SNI. 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. The application must be registered under one of the following product names:

1. Low Interest Rate SNI;
2. Construction Incentive SNI; or
3. Achieving the Dream SNI.

If you should have any questions about SNI, please feel free to contact the undersigned at (212) 872-0392 or [gleocata@nyhomes.org](mailto:gleocata@nyhomes.org).

Sincerely,



George M. Leocata  
Senior Vice President  
Single Family Programs



## Sustainable Neighborhoods Initiative Term Sheet

### PROGRAM BACKGROUND

The Sustainable Neighborhoods Demonstration Program (SNDP) has been created by New York State Homes and Community Renewal (HCR) and is intended to assist local governments, municipal housing authorities, and not-for-profit corporations in addressing vacant and/or blighted properties across upstate New York.

SNDP has made \$2 million available to spur the rehabilitation of vacant and/or blighted residential properties and for the redevelopment of vacant lots.

### LOAN PURPOSE

To encourage the purchase of homes renovated under SNDP, SONYMA is offering special mortgage financing to eligible homebuyers. The Sustainable Neighborhoods Initiative (SNI) will allow potential borrowers to apply for a SONYMA mortgage and receive SONYMA down payment assistance at an interest rate lower than normally offered to borrowers opting for down payment assistance.

By adding a permanent financing component, municipalities and not-for-profits can market SNI with an entire package of benefits, including:

- Funds to renovate vacant or blighted properties into habitable, affordable housing; and
- Mortgage financing to eligible first-time homebuyers that offers below-market interest rates, down payment assistance, and favorable mortgage terms and underwriting guidelines.

SNDP will provide stability to communities by facilitating the quick return of these properties to sustainable homeownership.

### FEATURES

- Special SNI pricing is available with the [Low Interest Rate Program](#), [Construction Incentive Program](#) or [Achieving the Dream Program](#)\*;
- Interest rate is 0.50% lower than the rates SONYMA currently offers for loans with down payment assistance (the rate depends on the SONYMA program selected by the applicant). The rate for a 40-year mortgage is 0.25% higher than for a 30-year mortgage.
- Financing up to 97% of the “as-improved” property value;
- Availability of down payment assistance (higher of \$3,000 or 3% of the home purchase price, not to exceed \$10,000);
- Rate locks of up to 240 days are available;
- Applicants must be first-time homebuyers except for eligible US military veterans and for purchasers of properties located in a Federally designated target area. (Target area waiver does not apply to the Achieving the Dream Program.)

## ELIGIBLE PROPERTIES

**Only properties sold by the below list of awardees or their designee and that meet SONYMA guidelines will be eligible for SNI:**

- Greater Rochester Housing Partnership

*Note: As new awardees are added, SONYMA will notify participating lenders.*

\*Borrower and property eligibility requirements may differ from program to program. Please visit SONYMA's website (<http://www.nyhomes.org/index.aspx?page=63>) for more details on each of SONYMA's programs.