

*Directory of*

**HOME-BUYER RESOURCES**

in the  
**New York City**  
metropolitan area

## **Fannie Mae Foundation Mission Statement**

**The Fannie Mae Foundation transforms communities through innovative partnerships and initiatives that revitalize neighborhoods and create affordable homeownership and housing opportunities across America.**

*Dear Potential Home Owner:*

*As you embark on the path to homeownership, the Fannie Mae Foundation would like to help you and your family make that journey as accessible, easy, and enjoyable as possible. The Directory you are holding should help you identify opportunities to make your dream of homeownership a reality.*

*The Directory of Home Buyer Resources lists programs to help first-time home buyers with down payment assistance, housing counseling, and other programs offered by nonprofit organizations and by your city, state, and federal governments.*

*Our goal in providing you with this Directory is to help you eliminate any barriers to buying a home of your own.*

*This easy-to-use Directory also contains a glossary to help you understand the many technical terms used by the real estate and mortgage industries throughout the home-buying process. I encourage you to use this Directory, along with other publications by the Fannie Mae Foundation, as easy reference guides in your effort to find a home that is just right for you and your family.*

*Sincerely,*

A handwritten signature in blue ink that reads "Stacey D. Steed". The signature is fluid and cursive, with the first name "Stacey" being the most prominent.

*Stacey Davis Steed*

*President & CEO*

*The Fannie Mae Foundation*

## **CASH III**

*A program providing loans to creditworthy home buyers for down payments and closing costs.*

### **Eligibility Requirements:**

- Maximum household income is 165 percent of the area median income.
- Property must be located in New York City.
- Minimum contribution is 3 percent of the down payment, which must come from the home buyer.
- Home buyer must have an acceptable credit history.
- Must be a first-time home buyer.
- Must complete a home-buyer counseling course.
- Maximum loan value is \$15,000.
- Interest rate is fixed at 8 percent.
- Maximum term is eight years.

### **Repayment Guidelines:**

- No prepayment penalties.

### **For More Information Contact:**

Neighborhood Housing Services  
121 West 27th Street, 4th Floor  
New York, New York 10001  
Tel: (212) 519-2500

## **NEIGHBORWORKS**

*A national program, through Neighborhood Housing Services, that provides financing for the purchase/rehabilitation, refinance/rehabilitation, and straight rehabilitation of existing properties.*

### **Eligibility Requirements:**

- No income restrictions.
- This national program is sponsored locally for rehabilitation projects in New York City.
- Property must be owner-occupied.
- Home buyer must have an acceptable credit history.
- Home buyer may not own other real estate at the time of closing.
- Maximum loan value is \$412,450, depending on the number of units in the building.
- Interest rate is comparable to conventional loans.
- Maximum term (generally 30 years) varies with the type and amount of the loan.

### **For More Information Contact:**

Neighborhood Housing Services  
121 West 27th Street, 4th Floor  
New York, New York 10001  
Tel: (212) 519-2500

## **PROJECT HOME**

*A homeownership program rehabilitating 70 single-family homes in southeast Queens, which are sold to New York City Housing Authority residents at low cost.*

### **Eligibility Requirements:**

- Only low-income households are eligible
- All the homes are in southeast Queens.
- Must be a first-time home buyer.
- Must be a New York City Housing Authority resident.
- Purchase prices range between \$60,000 and \$80,000; the price is determined by the home buyer's income.
- Mortgage loans are through the NeighborWorks Affordable Mortgage Program. (Please see the Neighborhood Housing Services for more information.)
- Monthly mortgage payments range between \$550 and \$750.
- Project is scheduled to be completed by the end of 1999.

### **For More Information Contact:**

Neighborhood Housing Services  
121 West 27th Street, 4th Floor  
New York, New York 10001  
Tel: (212) 519-2500

## **NEW YORK MORTGAGE COALITION**

*A program designed as a consortium of financial institutions that work together to offer flexible loan products for low- and moderate-income home buyers.*

### **Eligibility Requirements:**

- Maximum household income is \$65,000. (May be higher in some areas.)
- Must be a resident of New York City, Long Island (Nassau or Suffolk County), Westchester County, or Rockland County.
- Must complete a home-buyer counseling course.
- Loan originations are not restricted. Rates, terms, and underwriting particulars will vary according to the individual mortgage loan.
- Can be used to purchase or rehabilitate a home.

### **For More Information Contact:**

New York City Housing Partnership  
One Battery Park Plaza  
New York, New York 10004-1479  
Tel: (212) 493-7410  
Fax: (212) 742-9566

## **LOW INTEREST RATE MORTGAGE PROGRAM**

*This program offers below market-rate mortgage loans to low- and moderate-income home buyers.*

### **Eligibility Requirements:**

- Maximum household income is \$53,600 for a one- or two-person household and \$61,640 for a three- or more person household in a nontarget area; and \$64,320 for a two- or more person household and \$75,040 for a three- or more person household in a target area.
- Minimum contribution is 3 percent of the property's value.
- Must be a first-time home buyer.
- Must have a steady job, a good credit history, and sufficient income to make the mortgage payments.
- Must complete a home-buyer counseling course.
- Only one- to four-family homes that are at least five years old are eligible.
- Maximum loan value is 97 percent of the property's value.
- Maximum purchase price ranges from \$166,700 for a single-family home in a nontarget area to \$338,900 for a four-family home in a target area. (Call for more precise information.)
- Interest rate is below market and fixed.
- Maximum term is 20, 25, or 30 years, depending on the type of loan.
- All loans with less than a 20 percent down payment require private mortgage insurance. (One possible source for subsidized insurance is the SONYMA Mortgage Insurance Fund's Single Family Mortgage Insurance program.)
- All loans are subject to a potential "recapture tax."

### **For More Information Contact:**

State of New York Mortgage Agency (SONYMA)  
641 Lexington Avenue  
New York, NY 10022  
Tel: (212) 688-4000

## **CONSTRUCTION INCENTIVE PROGRAM**

*A program that provides 100 percent financing for the construction of one- and two-family homes.*

### **Eligibility Requirements:**

- Maximum household income is \$53,600 for a two-person household and \$75,040 for a three- or more-person household in a target area, and \$61,640 for a two-person household and \$64,320 for a three- or more person household in a nontarget area.
- Minimum contribution is 3 percent of the property's value.
- Must be a first-time home buyer.
- Must have a steady job, a good credit history, and sufficient income to make mortgage payments.
- Maximum loan value is 100 percent of the property's value.
- Interest rate is determined during the loan application process. (The rate is a two-step one; the initial rate is for the first 48 months, after which it increases by 2 percent and remains fixed for the remainder of its term.)
- Maximum term is 30 years.
- All loans with less than a 20 percent down payment will require private mortgage insurance. (One possible source for subsidized insurance is the SONYMA Mortgage Insurance Fund's Single Family Mortgage Insurance Program.)
- All loans are subject to a potential "recapture tax."

### **For More Information Contact:**

State of New York Mortgage Agency (SONYMA)  
641 Lexington Avenue  
New York, NY 10022  
Tel: (212) 688-4000

## **TENANT OWNERSHIP PROGRAM (TOP)**

*A program through which city-owned buildings are sold to existing tenants in “as-is” condition.*

### **Eligibility Requirements:**

- Home buyers must be New York City residents.
- Property must be city owned.
- Eligible properties include one- to five-unit buildings.
- Purchase price is based on an appraisal of the property, which is performed by the City of New York Department of Housing Preservation.
- Properties are sold “as is.” (The Department of Housing Preservation does not make major repairs.)

### **For More Information Contact:**

City of New York Department of Housing Preservation and Development (HPD)  
100 Gold Street  
New York, NY 10038  
Tel: (212) 863-7337

***If you have information on additional home-buyer programs or updates to listed programs, please write to Anne Wells at: Fannie Mae Foundation, 4000 Wisconsin Avenue, NW, North Tower, Suite One, Washington, DC, 20016-2804 or e-mail: [awells@fanniemaefoundation.org](mailto:awells@fanniemaefoundation.org).***

## LIST OF PARTICIPATING HOUSING COUNSELING AGENCIES:

### **ACORN (Association of Community Organizations for Reform Now)**

88 3rd Avenue  
Brooklyn, NY 11217  
Tel: (718) 246-7900

### **Advance Local Development Corporation**

364 Argyle Road  
Brooklyn, NY 11218  
Tel: (718) 940-9896

### **Budget & Credit Counseling Service, Inc.**

55 Fifth Avenue  
New York, NY 10003  
Tel: (212) 675-5070

### **Cypress Hills Local Development Corporation**

3214 Fulton Street  
Brooklyn, NY 11208  
Tel: (718) 647-8100

### **Harlem Teams for Self-Help**

179 West 137th Street  
New York, NY 10030  
Tel: (212) 926-1100

### **Midwood Development Corporation**

1416 Avenue M, 6th Floor  
Brooklyn, NY 11230  
Tel: (718) 376-0999

### **Neighborhood Housing Services of Bedford Stuyvesant, Inc.**

1012 Gates Avenue, 2nd Floor  
Brooklyn, NY 11221  
Tel: (718) 919-2100

### **Neighborhood Housing Services of Jamaica**

89-70 162nd Street  
Jamaica, NY 11432  
Tel: (718) 291-7400

### **Neighborhood Housing Services of New York City**

380 Flatbush Avenue Extension  
Brooklyn, NY 11201  
Tel: (718) 797-5799

### **Neighborhood Housing Services of WOW**

1178 East Gunhill Road  
Bronx, NY 10469  
Tel: (718) 881-1180

### **Neighbors Helping Neighbors**

5313 Fifth Avenue  
Brooklyn, NY 11220  
Tel: (718) 492-3450

### **Oceanhill Brownsville Tenants Association**

319 Rockaway Avenue  
Brooklyn, NY 11233  
Tel: (718) 498-2700

### **Southern Brooklyn Community Organization**

4520 18th Avenue  
Brooklyn, NY 11204  
Tel: (718) 435-1300

### **WE STAY/ Nos Quedamos, Inc.**

Post Office Box 524369, Stadium Station  
Bronx, NY 10452  
Tel: (718) 585-2323

### **Westchester Residential Opportunities, Inc.**

470 Mamaroneck Avenue  
White Plains, NY 10605  
Tel: (914) 428-4507

### **Yonkers Affordable Housing Department**

53 South Broadway  
Yonkers, NY 10701  
Tel: (914) 377-6693

*Please send any changes or updates to your organization's contact information to Anne Wells at: Fannie Mae Foundation, 4000 Wisconsin Avenue, NW, North Tower, Suite One, Washington, DC, 20016-2804 or e-mail: [awells@fanniemaefoundation.org](mailto:awells@fanniemaefoundation.org).*

## REAL ESTATE CONTACTS:

### **National Association of Realtors**

Tel: (202) 383-1000

URL: [www.realtor.com](http://www.realtor.com)

### **National Association of Real Estate Brokers**

1629 K Street, NW

Washington, DC 20006

Tel: (800) 858-3075

URL: [www.nareb.org](http://www.nareb.org)

## GLOSSARY OF TERMS

**ADJUSTABLE RATE MORTGAGE (ARM)** – a mortgage in which the interest rate is adjusted periodically, based on a preselected index. It is also sometimes known as a renegotiable rate mortgage or a variable rate mortgage.

**AMI** – area median income.

**AMORTIZATION** – loan payment by equal periodic payments calculated to pay off the debt at the end of a fixed period.

**AMORTIZATION SCHEDULE** – a timetable for payment of a mortgage, showing the amount of each payment applied to interest, the amount applied to principal, and the balance remaining.

**ANNUAL PERCENTAGE RATE (APR)** – an interest rate reflecting the cost of a mortgage as a yearly rate. This takes into account points and other credit costs. The APR allows home buyers to compare different types of mortgages based on the annual cost of each loan.

**APPRAISAL** – an estimate of the value of a property, made by a qualified professional known as an appraiser.

**APPRECIATION** – an increase in the value of a property due to changes in market conditions or other causes.

**ASSESSED VALUE** – the value placed upon a property by a public tax assessor that is used to compute property taxes.

**BASIS POINTS** – a finance term meaning a yield of 1/100th of 1 percent annually. (An increase of 25 basis points means a 1/4 of 1 percent increase in an interest rate, for example.)

**BROKER** – an individual who helps to arrange funding or negotiate contracts for a home buyer. Brokers usually charge a fee or receive a commission for their services.

**BUY-DOWN** – when the lender and/or the homebuilder subsidizes the mortgage by lowering the interest rate during the first few years of the loan. Payments are initially low, but increase when the subsidy expires.

**CAPS (INTEREST)** – consumer safeguards that limit how much the interest rate on an adjustable rate mortgage may change per year and/or over the life of the loan.

**CASH RESERVE** – a requirement of some lenders that buyers have sufficient cash remaining after closing equivalent to two months' mortgage payments.

**CLEAR TITLE** – a title that is free of liens and/or legal questions about the property's ownership.

**CLOSING** – a meeting between the buyer, the seller, and the lender (or their agents), at which the property and funds legally change hands. This is also called settlement.

**CLOSING COSTS** – costs assessed at settlement; these typically include an origination fee, discount points, an appraisal fee, title search and insurance fees, survey fees, taxes, a deed recording fee, a credit report charge, and others. They are usually about 3 to 6 percent of the mortgage amount.

**COMMUNITY DEVELOPMENT BLOCK GRANT** – an annual formula grant to entitled metropolitan cities, urban counties, and to states for the distribution of funds to nontitle communities. Program funds are used for a range of community development activities for neighborhood revitalization, economic development, and improved community facilities and services.

**CONVENTIONAL LOAN** – a mortgage not obtained under a government-insured program, such as Federal Housing Administration (FHA) or U.S. Department of Veterans Affairs (VA) loans.

**COVENANT** – a clause in a mortgage that obligates or restricts the borrower and which, if violated, can result in foreclosure.

**CREDIT REPORT** – a report documenting the credit history and current status of a borrower's credit standing.

**DEBT-TO-INCOME RATIO** – the relationship between the amount of a person's total debt and his or her income, expressed as a percentage.

**DEED OF TRUST** – a document used in many states in place of a mortgage to secure the payment of a note.

**DEFAULT** – failure to make the monthly payments on a mortgage.

**DELINQUENCY** – failure to make payments on time. This can lead to foreclosure.

**DOWN PAYMENT** – money paid to make up the difference between the purchase price and the mortgage amount. Down payments typically are 3, 5, 10, or 20 percent of the sales price for conventional loans, and 0 (zero) to 5 percent on FHA and VA loans.

**EQUAL CREDIT OPPORTUNITY ACT (ECOA)** – a federal law that requires lenders and other creditors to make credit equally available, without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

**EQUITY** – the difference between a property's fair market value and the owner's current indebtedness, also referred to as the owner's interest.

**ESCROW** – a neutral third party who carries out the instructions of both the buyer and the seller to handle all the paperwork of settlement or "closing." Escrow also may refer to an account held by the lender into which the home buyer places money to be used for tax or insurance payments.

**FAIR CREDIT REPORTING ACT** – a consumer protection law that regulates the disclosure of consumer credit reports by credit reporting agencies and establishes procedures for correcting mistakes in a person's credit record.

**FEDERAL HOUSING ADMINISTRATION (FHA)** – a division of the U.S. Department of Housing and Urban Development. Its main activity is to help low-income persons obtain residential home mortgage loans made by private lenders.

**FHA 203(k) REHABILITATION MORTGAGE** – an FHA-insured first mortgage that enables borrowers to purchase and rehabilitate homes.

**FHA LOAN** – a home mortgage loan insured by the FHA and open to all qualified home buyers.

**FIRST MORTGAGE** – a mortgage that has first claim to the secured property in the event of default.

**FIXED-RATE MORTGAGE** – a mortgage on which the interest rate is set for the term of the loan.

**FLOOD INSURANCE** – insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.

**FORBEARANCE** – the lender's postponement of foreclosure to give the borrower time to catch up on overdue payments.

**FORECLOSURE** – a legal procedure in which the property securing a debt is sold by the lender to pay the defaulting borrower's debt.

**GRADUATED PAYMENT MORTGAGE (GPM)** – a type of flexible-payment mortgage in which the payments increase for a specified period of time and then level off. This type of mortgage has negative amortization built into it.

**GROSS MONTHLY INCOME** – the total amount of money earned each month, before taxes or any expenses are deducted.

**HAZARD INSURANCE** – a form of insurance in which the insurance company protects the insured from specified losses, such as fire, windstorm, and the like.

**HOMEOWNERS INSURANCE** – an insurance policy that combines personal liability coverage and hazard insurance coverage for a home and its contents.

**HOMEOWNERS' WARRANTY** – a type of insurance that covers repairs to specified parts of a house for a specific period of time. It is provided by the builder or property seller as a condition of the sale.

**INTEREST** – the fee charged for borrowing money.

**JOINT TENANCY** – a form of co-ownership giving each tenant equal interest and equal rights in the property, including the right of survivorship.

**LATE CHARGE** – the penalty a borrower must pay when a payment is made after the due date.

**LIEN** – a claim on a property for the payment or satisfaction of a debt or obligation.

**LOAN-TO-VALUE RATIO** – the relationship between the amount of the mortgage loan and the appraised value of the property, expressed as a percentage.

**MARKET VALUE** – the highest price that a buyer would pay and the lowest price a seller would accept on a property.

**MORTGAGE** – a legal document that pledges a property to the lender as security.

**MORTGAGE BANKER** – a company that originates mortgages exclusively for resale in the secondary market.

**MORTGAGE BROKER** – an individual or company that acts as an intermediary between borrowers and lenders.

**MORTGAGE INSURANCE** – money paid to insure the mortgage when the buyer's down payment is less than 20 percent. See private mortgage insurance, FHA mortgage insurance.

**MORTGAGE NOTE** – a legal document obligating a borrower to repay a loan at a stated interest rate during a specified period of time. The mortgage note is secured by a mortgage.

**MORTGAGEE** – the lender.

**MORTGAGOR** – the borrower or homeowner.

**ORIGINATION FEE** – the fee charged by a lender to prepare loan documents, make credit checks, inspect, and sometimes appraise a property. It usually is computed as a percentage of the face value of the loan.

**OWNER FINANCING** – a transaction in which the seller provides all or part of the financing.

**OWNER-OCCUPIED** – a property that is used as the owner's primary residence.

**PITI** - principal, interest, taxes, and insurance. This also is called monthly housing expense.

**POINTS (LOAN DISCOUNT POINTS)** – prepaid interest assessed at closing by the lender. Each point is equal to 1 percent of the loan amount (e.g., two points on a \$100,000 mortgage would cost \$2,000).

**PREPAYMENT** – a privilege in a mortgage permitting the borrower to make payments before their due date.

**PREQUALIFICATION** – the process of determining how much money a prospective home buyer will be eligible to borrow before he or she applies for a loan.

**PRINCIPAL** – the amount of debt, not counting interest, left on a loan.

**PRIVATE MORTGAGE INSURANCE (PMI)** – insurance against a loss by a lender in the event of default by a borrower (mortgagor). It generally is required when the home buyer makes a down payment that is less than 20 percent of the purchase price. The initial premium payment is usually 1 to 5 percent of the mortgage amount and may require an additional monthly fee, depending on the loan structure. (For example, for a \$75,000 house with a 10 percent down payment, PMI payments would be either an initial premium payment of \$2,025 to \$3,375, or an initial premium of \$675 to \$1,130 plus monthly payments of \$25 to \$30.

**RADON** – an invisible, odorless gas found in some homes that, in sufficient concentrations, may cause health problems.

**RECORDING FEES** – money paid to the lender for recording a home sale with the local authorities, thereby making it part of the public records.

**REFINANCING** – the process of paying off one loan with the proceeds from a new loan, using the same property as security.

**RESPA** – the Real Estate Settlement Procedures Act, a federal law that allows consumers to review information on known or estimated settlement costs, once after application and once before or at settlement.

**SECOND MORTGAGE** – a mortgage that has a lien position subordinate to the first mortgage.

**SECTION 502 RURAL HOUSING LOANS** – direct loans to lower-income rural families to buy, build, improve, or rehabilitate decent, safe, and sanitary housing and related facilities for use as the family's permanent residence.

**SECTION 504 RURAL HOUSING LOANS AND GRANTS** – direct loans and project grants to help very low-income people in rural areas to repair or improve their homes.

**SECTION 509 GRANTS** – grants to package single-family housing applications for very low- and low-income rural residents in designated counties who wish to buy, build, or repair houses for their own use and to those wishing to develop rental units for lower-income families.

**SETTLEMENT STATEMENT** – the computation of costs payable at closing that determines the seller's net proceeds and the buyer's net payment.

**TITLE** – a legal document that is evidence of a person's right to or ownership of a property.

**TITLE COMPANY** – a company that specializes in examining and insuring titles to real estate.

**TITLE INSURANCE** – a policy, usually issued by a title insurance company, that insures a home buyer against errors in the title search. The cost of the policy is usually a function of the value of the property, and often is borne by the purchaser and/or seller.

**TITLE SEARCH** – an examination of municipal records to determine the legal ownership of a property. It usually is performed by a title company.

**TRUTH-IN-LENDING** – a federal law (part of the Consumer Credit Protection Act) that requires lenders to disclose a loan's annual percentage rate to home buyers shortly after they apply for the loan.

## FOR MORE HOME BUYING INFORMATION

The Fannie Mae Foundation has several free guides that can help you become a homeowner. To obtain these guides, or for more information, consult the Fannie Mae Foundation's Web site: [www.fanniemaefoundation.org](http://www.fanniemaefoundation.org).

- *Knowing and Understanding Your Credit.* This guide will help you prepare for homeownership by providing you with information on credit and budgeting. It will help you develop and maintain good money management skills. For a free copy of this guide in English, call 1-800-605-5200. For a free copy of the guide in Spanish, call 1-800-541-6300.
- *Opening the Door to a Home of Your Own.* This guide explains the home-buying process, including information on financing and mortgages. To receive a free copy of this guide in English, Chinese, Korean, Vietnamese, Russian, Haitian-Creole, Polish, or Portuguese, call 1-800-688-HOME (4663). For a free copy of the guide in Spanish, call 1-800-782-2729.
- *Choosing the Mortgage That's Right for You.* This guide will help you learn more about shopping for the right mortgage. To receive a free copy of this guide in English, call 1-800-688-HOME (4663). For a free copy of the guide in Spanish, call 1-800-782-2729.
- *New Americans Guide: How to Become a Citizen, How to Become a Homeowner.* This guide provides information on both citizenship and homeownership. To receive a free copy of this guide in English, Chinese, Korean, and Vietnamese, call 1-800-544-9213; in Spanish, call 1-800-693-7557.

For more information on other Fannie Mae Foundation guides, or for additional Home-Buying Directories, please write to:

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Targeted Outreach Department  
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Washington, DC 20016-2804  
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