

MORTGAGE Q&A GUIDE

46 real questions from Capital Region homebuyers and homeowners, answered in plain English.

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Questions in this guide

These are the questions people actually ask me, with the answers I give them. Every situation is different, so treat this as a starting point and call or text me with yours.

01 What is the difference between SONYMA DPAL and DPAL+?

Both are down payment assistance offered as a forgivable second loan at 0% interest with no monthly payment. DPAL provides up to $15,000. DPAL+ provides up to $30,000 but is only available with the Achieving the Dream program, not with Low Interest Rate. Because it is a second loan rather than a grant, it carries a forgiveness schedule. Generally forgiven over ten years, with a prorated repayment if you sell or refinance early. That schedule is worth reading before you take the larger amount.

02 How much of my own money do I need for SONYMA?

As little as 1% of the purchase price from your own funds on a one-family home, and 3% on a two- to four-family. That is the piece people misunderstand: DPAL and gift funds cannot cover the own-funds requirement. So on a $250,000 single-family, that is $2,500 that has to be traceably yours. Everything above it, the rest of the down payment and closing costs, can come from DPAL, a gift, or a seller credit.

03 Can I combine SONYMA with a gift from my parents?

Yes. A gift can cover down payment above your own-funds requirement, and it can cover closing costs. What it cannot do is substitute for the 1% (or 3% on two- to four-family) that has to be yours. The documentation is the same as any gift: a letter confirming it is not a loan, proof it left the donor's account, proof it reached yours. Do not let it sit in cash and do not deposit it without a record.

04 Can my entire FHA down payment be a gift?

Yes. FHA allows 100% of the 3.5% down payment and all of your closing costs to come from an eligible gift. Family, an employer, a labor union, a charitable organization, or a close friend with a clearly documented interest in you. What matters is the paper trail. We need a gift letter stating the money is not a loan, evidence it left the donor's account, and evidence it arrived in yours. A gift that lands in your account without documentation is the single most common reason an otherwise clean FHA file stalls two weeks before closing.

05 How much can an FHA seller credit cover?

Up to 6% of the sale price, which is meaningfully more generous than conventional at most down payments. It can cover closing costs, prepaid taxes and insurance, discount points to buy your rate down, and the upfront mortgage insurance premium. It cannot cover your down payment. That 3.5% has to come from you, a gift, or a down payment assistance program. In a market where sellers have some flexibility, a credit is often worth more to you than a price reduction of the same size.

06 Do I need money in reserve after closing on an FHA loan?

On a one- or two-unit home, FHA generally requires no reserves at all. You can close with essentially nothing left. On three- and four-unit properties the requirement is three months of the full payment, in your own funds, after closing. Gift funds cannot satisfy that three-month reserve. That catch surprises people buying a small multi-family with family help, so it is worth mapping out before you write the offer.

07 How many months of reserves does a DSCR loan require?

Most programs want three to six months of the full property payment, principal, interest, taxes, insurance and HOA, in liquid funds after closing. Stronger coverage ratios and larger down payments generally mean fewer months required. Retirement accounts usually count at a discounted value, and on a cash-out refinance the proceeds themselves can sometimes satisfy the requirement. If you own several financed properties, expect reserves on those too.

08 Can I use a gift for the down payment on a DSCR loan?

Sometimes, and it is more restricted than on a primary residence. Many DSCR programs require the down payment to be your own funds, or allow a gift only for part of it while reserves must still be yours. Business funds you control are often acceptable with documentation of ownership. The rule varies more between DSCR investors than almost any other guideline, so ask before you move money.

09 How much do I really need for a down payment?

Less than you've been told. Depending on the program, qualified buyers put down 3-3.5%, and USDA and VA go to zero. Down payment assistance can cover part of the rest. The 20% rule has kept more people renting than any interest rate ever has. See Loan Programs, or run it in the Number Crunch calculator.

10 How much down payment help can I get with SONYMA?

SONYMA's Down Payment Assistance Loan gives you the greater of $3,000 or 3% of the purchase price, up to $15,000, and the enhanced DPAL Plus can reach up to $30,000 for lower-income households. It's a forgivable second loan with no monthly payment, forgiven after 10 years in the home.

11 Do I have to be a first-time buyer to use SONYMA?

Usually yes, meaning you haven't owned a primary home in the last three years. Veterans and buyers purchasing in certain target areas can be exempt from that rule.

12 What are the SONYMA income limits in the Capital Region?

They depend on the program and your household size. For Albany, Rensselaer, Saratoga and Schenectady counties, current limits run roughly $98,000 to $141,000. The numbers change and vary by household, so we confirm your exact figure before you shop.

13 Can I use SONYMA on a home that needs work?

Yes. SONYMA's RemodelNY combines the purchase price and renovation costs into one loan, so you can buy a home that needs updating and fund the repairs together.

14 What's the difference between Achieving the Dream and the Low Interest Rate program?

Achieving the Dream has lower income limits but offers SONYMA's absolute lowest rate. The Low Interest Rate program has higher income and purchase price caps, making it accessible to more moderate-income buyers, with a standard 3% down payment.

15 Can I use SONYMA to buy a home that needs work?

Yes: RemodelNY combines the purchase and renovation costs into a single loan, based on the home's After-Improved Value, using NAF-registered contractors.

16 How much down payment assistance can I get?

Standard DPAL offers up to $15,000 or 3% of the purchase price. Buyers earning 80% of area median income or less who qualify for Achieving the Dream can access DPAL PLUS, up to $30,000. The DPAL PLUS income limits are lower than the loan's: check your county.

17 Is SONYMA's rate always lower than a regular loan?

Usually, yes: SONYMA rates are typically set below the conventional market rate. But your exact rate depends on the program, your county, and current SONYMA bond pricing, so it's worth comparing both side by side.

18 What are the SONYMA income limits in Albany County?

For reservations accepted on or after July 6, 2026, the SONYMA income limit in Albany County is $98,480 for a 1-2 person household under Achieving the Dream and $123,100 under the Low Interest Rate Program. For households of three or more people, the limits are $113,250 and $141,565. Rensselaer, Saratoga, Schenectady and Schoharie counties use the same limits.

19 What is the SONYMA purchase price limit in the Capital Region?

In every SONYMA region outside the downstate high-cost counties, the purchase price limit for an existing or new one-family home is $566,350 in a non-target area and $692,210 in a target area. A two-family home is limited to $725,140 non-target and $886,280 target.

20 Does household size change my SONYMA income limit?

Yes. SONYMA uses two brackets: 1-2 person households and 3-or-more person households. Household size counts every person living in the home including children, regardless of age, so a married couple with a toddler uses the 3+ person limit, which is roughly 15% higher.

21 What is a SONYMA target area and why does it raise the limit?

Target areas are census tracts the State of New York has designated as economically distressed. Buying in one raises your income limit by about 20% and your purchase price limit by about 22%, and it also waives the first-time buyer requirement entirely.

22 Are DPAL PLUS income limits different from the loan's income limits?

Yes, and this trips people up. DPAL PLUS, the down payment assistance grant of up to $30,000, has its own, much lower income limits based on 80% of area median income. In Albany County that's $70,680 for a 1-2 person household, versus the $98,480 Achieving the Dream loan limit. You can qualify for the loan and still be over the limit for the larger grant.

23 Is income measured before or after taxes?

SONYMA uses gross annual household income, before taxes and deductions, for every adult who will be on the loan, plus certain other household income. It is not the same as the qualifying income a lender uses for your debt-to-income ratio, which is why a borrower can pass DTI and still fail the SONYMA limit.

24 How often do SONYMA limits change?

SONYMA updates income and purchase price limits periodically as HUD area median income figures and safe harbor limits are revised. Historically once or twice a year. The figures on this page are effective for reservations accepted July 6, 2026 and until further notice.

25 How much cash do I actually need to buy a $300,000 home?

Rough math: FHA at 3.5% down is $10,500, plus closing costs and prepaids that commonly run 2-4% of the price in New York. Call it $17,000 to $23,000 all in, before any seller credit. With VA or USDA at zero down, and a seller credit covering costs, the number can land close to your inspection and appraisal fees. Run your own version in the Number Crunch calculator.

26 Can I buy a house with literally none of my own money?

It happens more than you would think. VA and USDA are true zero-down, gift funds can cover what is left, a seller credit can cover closing costs, and down payment assistance can fill gaps. Even earnest money can come from a documented gift.

27 Can the seller pay my closing costs?

Yes, and it is one of the most useful tools in a negotiation. It is usually easier to get a seller to pay costs than to cut the price, and it helps you more day one.

28 How much can the seller contribute toward my closing costs?

Depends on the program. Conventional allows 3% with less than 10% down, 6% between 10% and 25% down, 9% above that, and 2% on investment property. FHA and USDA allow 6%. VA allows the seller to pay all customary closing costs plus up to 4% in other concessions. Source: Fannie Mae Selling Guide · HUD Handbook 4000.1 · VA Lenders Handbook

29 Can I get money back at closing?

Not on a purchase. You can be refunded for things you already paid out of pocket, like the appraisal, but a purchase loan cannot hand you cash. That is what a cash-out refinance is for.

30 Can I use my tax refund for the down payment?

Yes. Let it hit the account, keep the return and the deposit record, and it documents itself.

31 Can I use money that has been sitting in my checking account?

Yes: that is the easiest money to use. Underwriting looks at roughly 60 days of statements, so anything that has been there longer needs no explanation at all.

32 How long does money have to be in my bank account before I can use it?

Generally 60 days, which is two statement cycles. Funds already there are considered seasoned. Anything that lands after that needs a paper trail showing where it came from.

33 What happens if I deposit a large amount of cash into my bank account?

It gets questioned, every time. Any deposit that does not match your payroll has to be sourced, and undocumented cash generally cannot be counted. If you have cash to deposit, do it more than 60 days before you apply.

34 Can I use cash I have saved at home?

Only with documentation, and it is the hardest money to use. FHA allows it in limited, well-documented cases. The clean fix is to deposit it early and let it season.

35 Can I use money from my 401(k) for the down payment?

Yes. Both a withdrawal and a loan against it are acceptable, as long as we document the plan terms, the amount available, and the money actually arriving in your account.

36 Can I use money from an IRA?

Yes. We document the vested balance and the distribution. Watch the tax side: that part is a conversation for your CPA, not your lender.

37 Can I borrow from my 401(k) instead of withdrawing?

Usually the better move. Payments on a loan secured by your own retirement account generally are not counted against your debt-to-income, though we confirm that on your specific file.

38 Can I use stocks or investments for my down payment?

Yes. Provide the statements, then evidence of the sale and the transfer into your account. Some programs count the full value and some discount it, so tell me what you have before you sell anything.

39 Can I use a gift and down payment assistance together?

Often yes, but the stacking rules are program-specific. Some assistance programs limit other contributions. This is exactly the kind of thing to structure up front rather than discover in underwriting.

40 Can I use cryptocurrency for my down payment?

Not in kind. It has to be converted to dollars, deposited into a documented account, and supported by exchange records showing it was yours. Plan on doing that early, not the week of closing.

41 How much money should I keep in reserves after closing?

Many primary-residence programs require none at all. Multi-unit and investment purchases commonly want two to six months of payments, and jumbo can want six to twelve. Regardless of the rule, keep two months. The first repair always arrives early.

42 Do I need money up front for the appraisal and inspection?

Yes, and those are the first real dollars you spend. Figure a few hundred each, paid during the contract period, long before closing.

43 What is earnest money, and do I get it back?

It is the good-faith deposit that goes with your offer, held in escrow and credited to you at closing. Whether it comes back if the deal dies depends entirely on the contingencies in your contract, which is your attorney and agent's department, and worth reading.

44 Which gifts can't be used for a down payment?

Family help is how a huge share of buyers get into a house, and the rules are more generous than most people assume. But there are gifts that don't work, and structuring one wrong can cost you the loan. The money is really a loan. If your family expects repayment, it's a loan and it has to be disclosed as debt. Signing a gift letter for money you intend to repay is mortgage fraud, not a technicality. Talk to Brian -> The donor isn't an eligible source. Conventional and FHA both restrict donors. An interested party to the transaction, the seller, the builder, the Realtor, the lender, generally cannot gift you the down payment. SONYMA + DPAL -> The donor can't or won't document where the money came from. Underwriting needs proof the funds came from the donor's

own account. A donor unwilling to share a bank statement usually means the gift can't be used. Talk it through -> It's cash handed to you. Currency has no paper trail. Cash needs to be deposited and seasoned, typically 60 days, before it becomes usable funds, and even then large cash deposits get questioned. Talk to Brian -> You need the gift to count as reserves on a program that won't allow it. Many jumbo and portfolio programs let gifts cover the down payment but require your own funds for reserves. Check before you plan around it. Jumbo loans -> Portfolio programs -> You're buying an investment property. Gift funds are generally restricted to primary residences and second homes. Investment purchases usually require your own money down.

45 What kinds of gift funds actually work?

A gift isn't income: it's an asset. But which gifts qualify as usable assets, and how much of your down payment they can cover, varies by program. Gifts that work: A gift from family: Parents, grandparents, siblings, spouse, domestic partner, aunt, uncle, in-law. On FHA the definition extends further, including a documented close friend with a clear interest in your welfare. 100% of the down payment on FHA. FHA allows the entire down payment and closing costs to be gifted. Conventional allows full gifting on a primary residence at most loan amounts. A gift of equity from a family seller, When a relative sells you their home below market, the difference can serve as your down payment, no cash changes hands at all. One of the most underused tools in the business. Wedding or graduation gift funds. Usable with documentation of the event and the source, typically deposited and documented within a defined window. An employer or union grant. Some employers and unions offer housing assistance. Usable with the proper documentation. Funds wired directly to the title company, Often the cleanest path, the gift never has to season in your account at all. Gifts that create problems: A gift with an expectation of repayment: That's a loan. It must be disclosed, and the payment counts in your DTI. Cash with no deposit trail: Currency can't be sourced. Deposit and season it, and expect questions on a large amount. A gift from an interested party. Seller, Realtor, builder, or anyone else with a financial interest in the transaction. A gift from a business account without documentation. Funds from the donor's company need additional paperwork establishing ownership and that the business isn't harmed. Crypto transferred directly: Liquidate it into the donor's bank account first, then gift the cash with a proper trail. A gift that arrives after the file closes underwriting: Timing matters. Late funds trigger re-verification and can delay your closing. The paperwork is simple: a one-page gift letter and proof the money came from the donor's account. I draft the letter and tell your donor exactly what to send. They'll spend about ten minutes on it.

46 Why do gift-funded files get denied?

Gift funds cause more last-minute closing problems than almost anything else, and every one of them comes from sequencing the money wrong. The gift letter is missing or wrong. No letter, an unsigned letter, or one missing the required language about no expectation of repayment. Underwriting won't accept the funds. What I do: I draft the letter, send it to the donor with instructions, and get it signed before the money moves. It takes ten minutes and it prevents a week of delay. The donor's account statement wasn't provided. Underwriting needs evidence the funds came from the donor. A donor who won't share a statement means the gift can't be used, often discovered days before closing. What I do: I tell you up front exactly what the donor will be asked

for. If they're uncomfortable, we address it early, sometimes wiring directly to title solves the concern. The money moved at the wrong time. Funds landed in your account before the gift was documented, or arrived after underwriting closed. Either creates an unsourced deposit or a re-verification. What I do: We plan the transfer date around the underwriting timeline. Either it seasons properly first or it goes straight to the title company, never a surprise deposit mid-file. Cash was deposited without seasoning. A borrower deposits currency from family and it becomes a large unsourced deposit. Underwriting subtracts it from available funds. What I do: We deal with cash at pre-approval, on a 60-day seasoning schedule, so it's clean by the time it matters. If it's already deposited, we document what we can and plan around the rest. The donor turned out to be ineligible. A gift from the seller, the listing agent, or a party with an interest in the transaction. Program rules prohibit it and the funds get excluded. What I do: I confirm donor eligibility for your specific program before anything moves. FHA's donor list is broader than conventional's, and knowing which applies can save the deal. A gift of equity wasn't structured correctly. A family sale where the equity gift isn't reflected properly on the contract and settlement statement. Both the appraisal and the closing documents have to tell the same story. What I do: On family sales I write the structure with your attorney at the contract stage. Purchase price, gift of equity, and settlement statement all aligned before the appraisal is ordered.

Call or text me. I answer my own phone, and I'll tell you straight whether it works and what it costs, before anyone pulls your credit.

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