§ 696-d. Neighborhood improvement projects. 1. As used in this section the term "neighborhood improvement project" shall mean any non-residential use permitted by local zoning.

2. Notwithstanding the provisions of any general, special or local law, the agency in a city having a population of one million or more is hereby authorized to make or contract to make mortgage loans or to participate with another lender in the making of mortgage loans for the development of any neighborhood improvement project that such agency determines to be an improvement associated with the construction or rehabilitation of private or multiple dwellings. Real property assisted with a loan pursuant to this section shall be located: (i) in an urban development action area; (ii) in proximity to an urban development action area; or (iii) in proximity to an urban development action area project for which the area designation requirement was waived pursuant to section six hundred ninety-three of this article.

3. Any loan made in accordance with this section shall be secured by a note and mortgage upon the property improved. Such note and mortgage shall specify the term and manner of repayment of such loan, and may authorize the owner, with the consent of such agency, to prepay the principal of the loan subject to such terms and conditions as therein provided. Such note and mortgage may contain such other terms and conditions not inconsistent with the provisions of this article as such agency may deem necessary or desirable to carrying out the purposes and provisions of this article, including, but not limited to: provisions concerning the repayment of the loan, the interest, if any, thereon, and other charges in connection therewith.

4. After June thirtieth, two thousand twelve, authorization to make or contract to make loans or to participate in the making of loans pursuant to the provisions of this section and subdivision forty-one-d of paragraph a of section 11.00 of the local finance law shall be restricted to loans made only within targeted commercial corridors designated by the agency prior to June thirtieth, two thousand ten.