

**HDC MITCHELL-LAMA REPAIR LOAN PROGRAM**  
**Term Sheet**

<b>Purpose:</b>	To preserve aging Mitchell Lama (ML) housing stock as a valuable housing resource through capital investment in building repairs and improvements.
<b>Use of Proceeds:</b>	Approved capital repairs to maintain properties in good working order. Repairs must be approved by HDC in advance of making the loan.
<b>Structure:</b>	The New York City Housing Development Corporation (“HDC”) will underwrite, originate and monitor loans for eligible projects (the “Loans”). Loans will not be secured by a mortgage if senior mortgage is FHA insured.
<b>Minimum Loan Amount:</b>	\$100,000
<b>Maximum Loan Amount:</b>	Not to exceed \$10,000,000
<b>Borrower:</b>	The borrower will be a Mitchell Lama owner or limited partnership, or co-op board with a mortgage held by HDC.
<b>Lender:</b>	HDC
<b>Maximum Maturity:</b>	Co-terminus with current 1 <sup>st</sup> mortgage (estimated to be 15-18 years)
<b>Amortization:</b>	All loans will be self-amortizing; amortization will be monthly
<b>Interest Payments:</b>	Fixed rate, payable monthly
<b>Interest rate on Loans:</b>	6% (HDC may subsidize this rate for the first one to three years based upon HDC’s analysis of the property’s financial condition and current rent levels)
<b>Servicing:</b>	HDC to service the permanent loans and remit payments to the fund (including timely payments on delinquent loans) by the 10 <sup>th</sup> business day after payments are due.
<b>HDC Annual Servicing Fee:</b>	25 basis points to be included in the permanent mortgage interest rate.

## **Loan**

**Prepayment:** A premium of 5% will be charged for any loan repaying within the first 10 years of loan closing. After 10 years, no prepayment penalty.

**Recourse:** HDC may require personal guarantees of one or more members of the Borrower.

**Disbursement:** Draws to be approved by HDC inspectors and will be based on completed work in place. Loans are expected to be fully advanced in 12 months

**Additional Financing:** HDC 1<sup>st</sup> mortgage or HPD or HDC 2<sup>nd</sup> permitted. Other financing in the form of subordinate loans/grants will be permitted in HDC's discretion.

**Expenses:** The borrower will be responsible for all third-party expenses of the lender or its agent including, but not limited to: legal fees, audit services, engineering and environmental consultants, appraiser, etc.

**Assignability:** The loan will not be assignable/assumable by any other party without the express written consent of HDC.

## **Conditions Precedent to Loan Closing:**

- HUD Programmatic Approval
- Approval of rent increases by HUD or HPD, where applicable
- Commitment signed by Borrower
- No uncured defaults on 1<sup>st</sup> mortgage
- Approved work plan

**Other Conditions:** Borrower must commit to remain in the Mitchell-Lama Program for the duration of the term of the loan or a minimum of 10 years.

## **Documentation:**

- Loan Agreement
- Note
- Guarantee

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\*\* Lower rate may be available for projects that demonstrate financial need.