

# HPD PRESERVATION FINANCE UNDERWRITING CRITERIA

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## ARTICLE 8A LOAN PROGRAM

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| <b>1. PROGRAM DESCRIPTION</b>        | The Article 8A Loan Program provides low-interest loans to preserve affordability, to correct substandard or unsanitary conditions, and to prolong the useful life of multiple dwellings. Rehabilitation is generally limited to the upgrading or replacement of major building systems.   |
| <b>2. ELIGIBLE BORROWERS</b>         | Partnerships, corporations, joint ventures, limited liability corporations, 501©(3) corporations, individuals, and housing development fund companies. Borrowers must have been turned down by at least two institutional financing sources prior to application to the 8A Loan Program.   |
| <b>3. ELIGIBLE BUILDINGS</b>         | <ul style="list-style-type: none"><li>• Average Rents: Buildings must be affordable to low income tenants as demonstrated by overall average rents, which shall not exceed \$244 per room.</li><li>• Regulated Rents/Expenses: Rents must be stabilized or controlled, or the building must be a government-assisted cooperative.</li><li>• Building size: Buildings must consist of 3 or more units.</li></ul>  |
| <b>4. ELIGIBLE USES</b>              | System replacement/rehabilitation and the removal of housing violations and hazardous and unsanitary conditions. Rehabilitation is limited to residential work only.   |
| <b>5. HPD SUBSIDIZED LOAN AMOUNT</b> | Maximum HPD subsidy is \$35,000 per unit. Maximum subsidy amounts will be adjusted downward as appropriate for projects that utilize additional funding sources or programs.   |
| <b>6. RENT SETTING</b>               | After rehabilitation, rents may be adjusted to ensure repayment of debt service and there will be no change in the rent regulation status of the units.  |
| <b>7. HPD SUBSIDIZED LOAN TERMS</b>  | <ul style="list-style-type: none"><li>• Maximum loan term: 30 years or the useful life of the improvements, whichever is less.</li><li>• Interest Rate: 3%</li><li>• Minimum Debt Service Coverage Ratio: 1.25 if the 8A loan is the only financing on the building; and 1.15 combined if additional mortgages are outstanding.</li><li>• Minimum Expense Coverage Ratio for government-assisted coops: 1.05</li><li>• Prepayment prohibited for first 5 years of loan term.</li></ul> |
| <b>8. EQUITY REQUIREMENTS</b>        | <ul style="list-style-type: none"><li>• Minimum of 5% - 10% of total allowable development costs.</li></ul>  |

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### **9. HPD FEES**

- HPD Commitment Fee: 1%
- HPD Legal Fee: 0.5%
- Non-refundable application fee: \$150
- Construction signage fee: \$200
- All fees except signage fee are waived for non-profit owners.

### **10. OTHER**

- Real Estate Tax Benefits: Projects are typically eligible for property tax abatement through the J-51 program.
- Mitchell-Lama developments are prohibited from "buy-out" of the New York City Mitchell-Lama program for the entire 8A Loan term.
- All Housing Development Fund Company (HDFC) cooperatives must enter into a Regulatory Agreement providing, amongst other requirements, that the development must (1) have a minimum 80% shareholder owned units, (2) employ professional paid management, (3) maintain a monthly 5% building reserve account, and (4) remain an HDFC for the entire 8A-Loan term.

### **11. CONTACT**

Roger Ho  
Director, Article 8A Loan Program  
(212) 863-6415  
NYC Department of Housing Preservation and Development  
100 Gold Street, Room 9-U7  
New York, NY 10038

**APPLICATION FOR:  
ARTICLE 8A LOAN : HOUSING REHABILITATION LOAN**



**Department of  
Housing Preservation  
& Development**

Office Of Development  
Division of Housing Production And Finance  
Article 8A Loan  
100 Gold Street - 9Q  
New York, NY 10038  
212-863-6412

DATE: \_\_\_\_\_ LOAN # \_\_\_\_\_

GENERAL INFORMATION: (Print or type and answer all questions and complete pg. 1 thru 8. Blue or black ink only)

FEE OWNER:

BUILDING:

1 Name of Owner: (Check applicable type: Individual Partnership Corporation)  
Principal's Name Telephone

1A. Mailing Address (Include zip code):  
2. Property Address (include zip code and cross streets at both corners):

1B. Managing Agent's name, address, telephone:  
2B: Block: Lot:

1C. Owner's representative/attorney, if any: name, address and telephone:  
2C: Old Law: New Law:  
Other:

2D. Dimension of building and size of lot:

1E. Superintendent's name, telephone, apartment unit:  
2E. Assessed valuation (current):

2F. Elevator (yes/no):

3. Apartment Distribution:

Number of stories above basement: \_\_\_\_\_ Total number of units: \_\_\_\_\_  
Number of vacant: \_\_\_\_\_ Number occupied: \_\_\_\_\_ Basement unit/rms: \_\_\_\_\_  
List how many units of each of the following: Commercial/Professional units: \_\_\_\_\_  
1 Rm: \_\_\_\_\_ 2Rms: \_\_\_\_\_ 3Rms: \_\_\_\_\_ 4Rms: \_\_\_\_\_  
5Rms: \_\_\_\_\_ 6Rm: \_\_\_\_\_ 7Rms: \_\_\_\_\_

Does your building contain apartments with residents who utilize Section 8 Vouchers?

If so, what type of Section 8 Voucher and how many units utilize each type?

NYCHA \_\_\_\_\_

HPD \_\_\_\_\_

4. Check proposed work: Boiler/burner: [ ] Plumbing: [ ] Electrical [ ]  
Roof: [ ] Masonry: [ ] Waterpfg: [ ] Intercom [ ]  
Elevator: [ ] Concrete [ ] Gas/Steam Repipe: [ ] Mailboxes [ ]  
Compactor: [ ] Structural [ ] Kitchen Rehab [ ] Doors (apt/bldg) [ ]  
Bath Rehab [ ] Windows: [ ] Other (specify): \_\_\_\_\_

5. What heating fuel is used? [ ] Oil [ ] Gas [ ] Electric [ ] Steam  
What grade of oil used? [ ] Grade 2 [ ] Grade 4 [ ] Grade 6  
Type of cooking equipment [ ] Gas [ ] Electric

6. Building purchased on: \_\_\_\_\_ by \_\_\_\_\_  
Date (Purchase/Foreclosure/Inheritance/Other)

Amount paid in cash: \$ \_\_\_\_\_  
Paid by assuming existing mortgages: \$ \_\_\_\_\_  
Paid by purchase (Bank) mortgages: \$ \_\_\_\_\_  
Other (paid taxes, liabilities, others): \$ \_\_\_\_\_  
Total purchase price \$ \_\_\_\_\_

Refinanced recently? If so, when? Provide details on separate attachment [ ] No [ ] Yes

Made insurance claims in last five years? Provide details on attachment [ ] No [ ] Yes

I hereby certify under the certification penalty provided by law, that all the information included in or annexed to this application is true to the best of my knowledge and belief.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print name: \_\_\_\_\_

Title: \_\_\_\_\_

## Income and Expense Statement

	Previous Year Actual (12 months)		Current Year Estimated (12 months)
<b>Income</b>			
Co-op Units: Rents	\$ _____	Co-op Units: Rents	\$ _____
Co-op Units: Loss/Vacancy	\$ _____	Co-op Units: Loss/Vacancy	\$ _____
Rent Stabilized Units: Rents	\$ _____	Rent Stabilized Units: Rents	\$ _____
Rent Stabilized Units: Loss/Vacancy	\$ _____	Rent Stabilized Units: Loss/Vacancy	\$ _____
Rent Controlled Units: Rents	\$ _____	Rent Controlled Units: Rents	\$ _____
Rent Controlled Units: Loss/Vacancy	\$ _____	Rent Controlled Units: Loss/Vacancy	\$ _____
De-controlled Units: Rents	\$ _____	De-controlled Units: Rents	\$ _____
De-controlled Units: Loss/Vacancy	\$ _____	De-controlled Units: Loss/Vacancy	\$ _____
Commercial: Rents	\$ _____	Commercial: Rents	\$ _____
Commercial: Loss/Vacancy	\$ _____	Commercial: Loss/Vacancy	\$ _____
Parking Income	\$ _____	Parking Income	\$ _____
Miscellaneous Income	\$ _____	Miscellaneous Income	\$ _____
<b>Expenses</b>			
<b>Operating</b>			
Staff salaries	\$ _____	Staff salaries	\$ _____
Management fees	\$ _____	Management fees	\$ _____
Supplies and Exterminating	\$ _____	Supplies and Exterminating	\$ _____
Heating fuel	\$ _____	Heating fuel	\$ _____
Gas and Electric	\$ _____	Gas and Electric	\$ _____
Elevator Contract	\$ _____	Elevator Contract	\$ _____
Repairs and Replacements	\$ _____	Repairs and Replacements	\$ _____
Painting	\$ _____	Painting	\$ _____
Legal	\$ _____	Legal	\$ _____
Accounting	\$ _____	Accounting	\$ _____
Other Expenses	\$ _____	Other Expenses	\$ _____
<b>Debt Service</b>			
Existing Mortgages	\$ _____	Existing Mortgages	\$ _____
New Mortgages	\$ _____	New Mortgages	\$ _____
Other Debt Service	\$ _____	Other Debt Service	\$ _____
<b>Tax &amp; Insurance</b>			
Real Estate Taxes	\$ _____	Real Estate Taxes	\$ _____
Water/Sewer Charges	\$ _____	Water/Sewer Charges	\$ _____
Property Insurance	\$ _____	Property Insurance	\$ _____
<b>Reserves</b>			
Reserves	\$ _____	Reserves	\$ _____

Premises: \_\_\_\_\_

**RENT REGISTRATION INFORMATION FORM**

**TO:** BOROUGH DIRECTOR; DHCR DISTRICT OFFICE  
DIVISION OF HOUSING AND COMMUNITY RENEWAL  
RENT ADMINISTRATION, REGISTRATION UNIT, 5th Floor  
Jamaica, NY 11433

Registration Docket Number (If known) \_\_\_\_\_

**RE:** \_\_\_\_\_  
PREMISES

\_\_\_\_\_  
BOROUGH & ZIP CODE

Dear Borough Director:

I, the owner of the above premises, have registered the captioned premises with the NYS, Division of Housing and Community Renewal. I hereby authorize you to provide access to, and written copies of, any rent and service registration requested by the NYC, Dept of Housing Preservation and Development in connection with its Article 8A Loan Program.

In particular, the forms they need are:

- 1) Annual Registration Summary (Form #RR-IS).
- 2) Print-out of latest Apartment Registration Listing.

Very truly yours:

\_\_\_\_\_  
Print: Owner's name

**Please Mail Requested Forms To:**

Department of Housing Preservation & Development  
8A Loan Program  
100 Gold Street - 9U  
New York, NY 10038

\_\_\_\_\_  
Signature of Owner

\_\_\_\_\_  
Date

DO NOT SUBMIT FORM TO IRS - SUBMIT FORM TO REQUESTING AGENCY

9/07 Revision

CITY OF NEW YORK  
SUBSTITUTE FORM W-9:  
REQUEST FOR TAXPAYER IDENTIFICATION NUMBER & CERTIFICATION

TYPE OR PRINT INFORMATION NEATLY. PLEASE REFER TO INSTRUCTIONS FOR MORE INFORMATION.

Part I: Vendor Information

1. Legal Business Name: (As it appears on IRS EIN records, CP575, 147C - or - Social Security Admin records, Social Security Card, certified Form SSA7028)

2. If you use DBA, please list below:

3. Entity Type (Check one only):

- Non-Profit Corporation
- Corporation/ LLC
- Government
- City of New York Employee
- Joint Venture
- Partnership/ LLC
- Single Member LLC (Individual)
- Resident/Non-Resident Alien
- Church or Church-Controlled Organization
- Personal Service Corporation
- Individual / Sole Proprietor
- Trust
- Non-United States Business Entity
- Estate

Part II: Taxpayer Identification Number (TIN) & Taxpayer Identification Type

1. Enter your TIN here: (DO NOT USE DASHES)

--	--	--	--	--	--	--	--	--	--	--	--

2. Taxpayer Identification Type (check appropriate box):

- Employer ID No. (EIN)
- Social Security No. (SSN)
- Individual Taxpayer ID No. (ITIN)
- N/A (Non-United States Business Entity)

Part III: Primary 1099 Vendor & Remittance Address

1. Primary 1099 Vendor Address:

Number, Street, and Apartment or Suite Number

City, State, and Nine Digit Zip Code or Country

2. Remittance Address:

Number, Street, and Apartment or Suite Number

City, State, and Nine Digit Zip Code or Country

Part IV: Exemption from Backup Withholding

For payees exempt from Backup Withholding, check the box below. Valid explanation required for exemption. See instructions.

Exempt from Backup Withholding

Part V: Certification

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Under penalties of perjury, I certify that the number shown on this form is my correct Taxpayer Identification Number (TIN).

Sign Here:

\_\_\_\_\_  
Signature Phone Number Date

\_\_\_\_\_  
Print Preparer's Name Phone Number

Contact's E-Mail Address: \_\_\_\_\_

FOR SUBMITTING AGENCY USE ONLY

Submitting Agency Code: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Contact's E-Mail Address: \_\_\_\_\_ Telephone Number: ( ) \_\_\_\_\_

Payee/Vendor Code: \_\_\_\_\_

DO NOT FORWARD W-9 TO COMPTROLLER'S OFFICE. AGENCIES MUST FAX COMPLETED W-9 FORMS TO THE VALIDATION UNIT.

Premises: \_\_\_\_\_

### MORTGAGES

Number of Mortgages on the building: \_\_\_\_\_

#### First Mortgage:

Mortgagee's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Original Amount : \_\_\_\_\_ Int. Rate: \_\_\_\_\_ Orig.Date: \_\_\_\_\_

Self- Amortizing [ ] Or Balloon [ ] Term of Mortgage: \_\_\_\_\_

Payment: [ ] Monthly \$ \_\_\_\_\_ [ ] Quarterly \$ \_\_\_\_\_

Amt. toward Principal & Interest: \_\_\_\_\_

Amt. toward Taxes: \_\_\_\_\_ (paid by mortgagee)

Amt. toward Insurance: \_\_\_\_\_ (paid by mortgagee)

Current balance: \_\_\_\_\_ As of (date) \_\_\_\_\_

#### Second Mortgage:

Mortgagee's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Original Amount : \_\_\_\_\_ Int. Rate: \_\_\_\_\_ Orig.Date: \_\_\_\_\_

Self- Amortizing [ ] Or Balloon [ ] Term of Mortgage: \_\_\_\_\_

Payment: [ ] Monthly \$ \_\_\_\_\_ [ ] Quarterly \$ \_\_\_\_\_

Amt. toward Principal & Interest: \_\_\_\_\_

Amt. toward Taxes: \_\_\_\_\_ (paid by mortgagee)

Amt. toward Insurance: \_\_\_\_\_ (paid by mortgagee)

Current balance: \_\_\_\_\_ As of (date) \_\_\_\_\_

#### Third Mortgage:

Mortgagee's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Original Amount : \_\_\_\_\_ Int. Rate: \_\_\_\_\_ Orig.Date: \_\_\_\_\_

Self- Amortizing [ ] Or Balloon [ ] Term of Mortgage: \_\_\_\_\_

Payment: [ ] Monthly \$ \_\_\_\_\_ [ ] Quarterly \$ \_\_\_\_\_

Amt. toward Principal & Interest: \_\_\_\_\_

Amt. toward Taxes: \_\_\_\_\_ (paid by mortgagee)

Amt. toward Insurance: \_\_\_\_\_ (paid by mortgagee)

Current balance: \_\_\_\_\_ As of (date) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**MORTGAGE INFORMATION RELEASE FORM**

TO: \_\_\_\_\_

Mortgage Number (if known) \_\_\_\_\_

RE: \_\_\_\_\_  
\_\_\_\_\_

PREMISES

Dear Mortgage Officer:

I, the owner of the above premises, have given a mortgage to you. I hereby authorize you to provide, in writing, any mortgage information requested by the Department of Housing Preservation & Development in connection with its Article 8A Loan Program, including the attached form.

Very truly yours,

\_\_\_\_\_  
Owner (s) (Please print)

\_\_\_\_\_  
Signature of Owner

**AFFIDAVIT on INABILITY to OBTAIN PRIVATE FINANCING**

State of New York                    )  
County of                            ) ss.:

(Name) \_\_\_\_\_  
being duly sworn, deposes and says:

1. I reside at \_\_\_\_\_  
and am personally familiar with the facts set forth below:

2. I am the owner  
(if the owner is an individual) \_\_\_\_\_  
OF \_\_\_\_\_

I am the General Partner of \_\_\_\_\_, the owner  
(if the owner is a partnership) \_\_\_\_\_  
OR \_\_\_\_\_

I am the (Vice) President of \_\_\_\_\_, the owner  
(if the owner is a corporation) \_\_\_\_\_

**of the premises known as** \_\_\_\_\_

3. I make this affidavit to induce the City of New York, acting by and through its Department of Housing Preservation & Development (hereafter "HPD"), to make a loan for the rehabilitation and/or improvement of the multiple dwelling (s) at the above premises, and I know that HPD will rely on the veracity of this Affidavit in making decisions concerning the loan transaction.

4. **Within the prior (6) months, I, (acting on behalf of the owner ) in good faith, made separate applications for a loan in the amount of \$ \_\_\_\_\_ for the rehabilitation and/or improvement at the prevailing interest rates with the above premises as security, from the following "two" lending institutions which normally provide such financing.**

<u>Name of Institution</u>	<u>Date</u>	<u>Amount Requested</u>
First _____	_____	_____
Second _____	_____	_____

Each lending institution declined to make such loan.

5. I believe my loan applications were declined not because of prior mortgage defaults, poor credit histories or requests for funds which exceeded the value of the security, but rather because for the neighborhood, the age of the building, the reasons set forth below or other factors not known to me.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Signature of Owner

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Print Name and Title

Date: \_\_\_\_\_

**LANDLORD'S NOTIFICATION TO TENANT**

Date: \_\_\_\_\_

RE: Premises: \_\_\_\_\_  
\_\_\_\_\_

Dear Tenant:

This letter is to advise you that the NYC Department of Housing Preservation and Development has received an application from me for a rehabilitation loan on the building you are living in. If granted, the loan would be for the following improvements:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

It is anticipated that this work will take 6 - 9 months to complete. The workers will have to obtain access to your apartment. You will be notified well in advance in order to be prepared to give us access to the apartment.

As a result of this improvement, all rent stabilized and rent controlled tenants may be subject to specifically limited rent increases in keeping with the terms of the final agreement. If the rents are to be increased, rent orders will issued after HPD's notification following the completion of the approved work.

Questions pertaining to the Loan Application and possible rent increase should be directed to Coordinator:

\_\_\_\_\_ at: 212- \_\_\_\_\_

Address: The City of New York - Dept. of Housing Preservation and Development  
100 Gold Street, Rm. 9U, New York, NY 10038

Very Truly Yours,

\_\_\_\_\_  
Signature of Landlord

\_\_\_\_\_  
Print Name and Title

**AFFIDAVIT OF NOTIFICATION TO TENANTS**

State of New York )  
County of New York ) SS.:

I, \_\_\_\_\_ being duly sworn depose (s) and say (s):

1. I/We reside at \_\_\_\_\_ and am/are personally familiar with the facts set forth below.

2. I/We am/are the owner (s) (if the owner is an individual)  
OR  
I/We am/are General partner (s) of the owner (If the owner is a partnership)  
OR  
I am the (Vice) President of \_\_\_\_\_ the owner (If the owner is a corporation)  
of the Premises known as \_\_\_\_\_

3. I/We make this Affidavit to induce The City of New York, acting by and through its Department of Housing Preservation and Development (hereafter "HPD") to make a loan for the rehabilitation and/or improvement of the above premises, to be financed under its Article 8A Loan Program, and I/we know that HPD will rely on the veracity of this Affidavit in making decisions concerning the loan transaction.

4. I/We have given all tenants residing in the premises written notification of the proposed rehabilitation and /or improvement and the possibility of rent increases if any, in the form of specified or approved by HPD, a copy of which is attached hereto.

5. On or before \_\_\_\_\_ said written notification was given to each tenant by check one

[ ] Ordinary mail postage prepaid, deposited in a U.S. post office or other official depository address to each tenant at his or her apartment at the above premises.

[ ] Other (Please specify) \_\_\_\_\_  
\_\_\_\_\_

Date:  
\_\_\_\_\_  
Signature

Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Print owner/landlord's Name

**MORTGAGEE'S CONSENT**

I am the \_\_\_\_\_ (Title) of \_\_\_\_\_ (the "Mortgagee") and am authorized to make the following statements on behalf of the Mortgagee, knowing such statements to be true and making such statements knowing that The City of New York, acting by its Department of Housing Preservation and Development, its successors and assigns ("HPD"), will rely thereon:

- 1 The Mortgagee is the holder of a mortgage (the "Mortgage") covering the premises (the "Premises") known as \_\_\_\_\_.
- 2 \_\_\_\_\_ (the "Owner") is the mortgagor under the Mortgage and/or listed on the Mortgagee's records as the owner of title to the Premises subject to the Mortgage.
- 3 The Owner is not in default under any term, covenant or provision of the Mortgage, nor has the Owner committed any act, or failed to act, which act or failure, with the passage of time and/or the giving of notice, would constitute a default under the Mortgage.
- 4 The unpaid principal balance secured by the Mortgage as of the date hereof is \$ \_\_\_\_\_. The Mortgage is not a credit line mortgage, nor does it provide for or permit future advances.
- 5 The Mortgage has not in any respect been assigned, modified, extended, restated, reinstated, consolidated, spread, increased or partially released.
- 6 The Mortgagee consents to the Owner securing a construction loan from HPD under its Article 8A Loan Program in a principal amount not to exceed \$ \_\_\_\_\_ which loan will finance the cost of improvements to the Premises and secured by a mortgage against the Premises subject and subordinate in lien to the Mortgage held by the Mortgagee.
- 7 The Mortgagee agrees that it will give HPD written notice of any default under the Mortgage and a reasonable period of time after the default which HPD may, at HPD's option, cure the default.

Dated: \_\_\_\_\_

Mortgagee: \_\_\_\_\_  
Title: \_\_\_\_\_  
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_

(To Be Used When Instructed)