

BREAKDOWN OF THE HPD REGULATORY AGREEMENT DRAFT

SECTION	DETAILS
Required Reports	Each year, following docs must be approved by HPD: 1) Annual budget 2) financial statements prepared by independent accountant 3) Board certification that all shareholders have received budget and financial statements 4) list of all shareholders 5) list of tenants and what they pay 6) withdrawals from reserve fund 7) certification by Board of annual election 8) cert. of annual maintenance increase 9) training report and training plan.
Asset Limit	175% of AMI (\$154,000 for current year)
Owner Occupancy Requirements	Meets income guidelines (120% AMI or below), apt must be shareholders' sole primary residence, reside and sleep at apt no less than 270 days (except military). Purchaser who owns or leases any other residential property in or within 100 mile radius of NYC not applicable without affidavit. [Fleshed out on page 27 of draft agreement in Exhibit C form]
Sales	Require prior written approval of the Board and the Monitor. Must present documents to Monitor for approval. Sold to eligible household not to exceed maximum sale price.
Flip Tax	All Sales have flip tax to the HDFC with 30% of sale profit from any sale of shares by a SH to the HDFC after 3 years. If the apt. is sold in less than 3 years, 100% goes to the HDFC. All 60/40 agreements would be cancelled.
Maintenance	Increase of 2% per year.
Prohibited Event	If a prohibited event occurs in an apt., Monitor will give written notice to SH and give copy to HDFC. Apt. must pay prohibited event fee of \$200 until cure date. Additional actions can be taken if Monitor of HPD determines it is necessary to stop the prohibited event. Waiver may be obtained under special circumstances - defined on page 23 of the agreement.
Monitoring Contract	HDFC must enter into a monitoring contract with an organization approved by HPD[see page 4 of agreement]. Changes in contract and of monitor will require prior written consent of HPD.
Waiver of Management requirement and annual renewal	HDFC can self-manage if they get from HPD a waiver in writing. Otherwise, requirement that the HDFC hire a manager and enter into a management contract. During self-management, responsible for all functions, powers, and duties of the Manager. If HDFC does not pay all charges in a timely manner, maintain property in good condition to legal requirements, provide insurance, then HDFC will need a manager through request by HDFC to HPD or, if HPD denies request, HPD may perform as manager or designate another.
Management Contract	HDFC enters into a Management contract with HPD-approved managers. All changes in contract will be approved by HPD in writing after written request by HDFC.
Conflicts	HDFC can't enter into a management contract, monitoring contract, or other contract or agreement with any shareholder, immediate family member, entity with a legal or beneficial interest held by a SH or immediate family member of SH, or entity where SH or immediate family member of SH is a director, officer, or employee, without prior written approval of HPD.
Withdrawal of reserve funds, including for operating shortfalls	Must get HPD and Monitor written approval when withdrawing funds from any reserve account. To fund an operating shortfalls, HDFC must provide: <ol style="list-style-type: none"> 1. The most recent operating account bank statement and management report demonstrating a shortfall in meeting expenses for the property.