

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Preservation Finance

**Neighborhood Pillars
Down Payment Assistance Fund
Term Sheet**

Program Description	<p>The Neighborhood Pillars Down Payment Assistance Fund provides financial and technical assistance to not-for-profit housing organizations with the acquisition of unregulated and/or rent stabilized multifamily properties in New York City for preservation through the New York City Department of Housing Preservation and Development (HPD) Neighborhood Pillars Acquisition/Rehab Program. The Neighborhood Pillars Down Payment Assistance Fund is administered by Restored Homes Development LLC, an affiliate of Neighborhood Restore HDFC, with oversight from HPD.</p> <p>Qualified not-for-profit borrowers may access the Neighborhood Pillars Down Payment Assistance Fund to use as a down payment/deposit on a contract to acquire properties as well as to cover limited pre-acquisition costs. Restored Homes Development LLC will also assess building condition and capital needs, and may also provide assistance in identifying properties to bid on, underwriting the project, and moving towards an acquisition loan closing with the New York City Acquisition Loan Fund.</p>
Eligible Projects	<p>Multiple dwellings with three or more units that are rent stabilized or unregulated and that meet the terms of HPD's Neighborhood Pillars Acquisition/Rehab Program. Properties that have current regulatory agreements with New York City, New York State, or the federal government restricting rents or household incomes are not eligible for the Program.</p> <p>Properties that have previously received State or City Low Income Housing Tax Credits (LIHTCs) are not eligible for acquisition through the Neighborhood Pillars Down Payment Assistance Fund and should contact the HPD Year 15 Program (hpdyear15@hpd.nyc.gov). Projects that have previously received HUD-assistance are not eligible for the Neighborhood Pillars Down Payment Assistance Fund and should contact the HPD HUD Multifamily Program (hpdhudmf@hpd.nyc.gov).</p>
Eligible Borrowers	<p>Only not-for-profit organizations that responded to the Preservation Buyer Request for Qualifications issued by HPD, were selected to be a Qualified Preservation Buyer, and who have been reviewed and approved by a New York City Acquisition Loan Fund Originating Lender.</p>
Eligible Uses	<p>Down payments/deposits toward the acquisition of multiple dwellings for purposes of rehabilitation and preservation of affordable housing under HPD's Neighborhood Pillars Acquisition/Rehab Program.</p> <p>Eligible uses including the contract down payment/deposit of up to 10% of the purchase price as well as limited pre-acquisition costs, including third party reports and some legal costs associated with closing on the acquisition, per the terms outlined below. Any use of the Neighborhood Pillars Down Payment Assistance Fund must be approved by the Neighborhood Pillars Price Review Committee (Price Review Committee).</p>
Terms	<p>Interest Rate: 3% on the outstanding loan balance (accrued until repayment). Maximum Term: 18 months, with the possibility of 1 six-month extension.</p> <p>Additional terms will depend on whether the not-for-profit organization contributes equity to the down payment/ deposit, as detailed below:</p>

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	Option 1		Option 2	
Eligible Costs	NFP	Fund	NFP	Fund
<i>Contract Deposit/Down payment of up to 10%</i>	25%	75%	0%	100%
<i>Third Party Reports</i>	0%	100%	0%	100%
<i>Acquisition Legal Costs</i>	100%	0%	0%	100%
Recourse and Guarantee Requirements	No Recourse or Guarantee		Partial Guarantee: 50% of the loaned amount	

Origination and Services Fee: \$35,000 per project

- At the time the fund is used for down payment/deposit: \$15,000 (fee is accrued to the loan balance).
- At acquisition closing: \$20,000 (fee is accrued to the loan balance or paid by an acquisition loan).

If the borrower is unable to close on an acquisition within the timeframe allowed in the contract of sale, contract maintenance fees or other penalties are the responsibility of the borrower, unless otherwise approved by the Price Review Committee.

In the event that a borrower fails to close on an acquisition after using the Neighborhood Pillars Down Payment Assistance Fund, the borrower must make every effort to recover the down payment/ deposit, and the funds must be returned to the Neighborhood Pillars Down Payment Assistance Fund.

If the borrower fails to close on the acquisition for a reason that is the responsibility of the borrower and the down payment/deposit is forfeited, then the borrower must repay the Neighborhood Pillars Down Payment Assistance Fund loan pursuant to the terms outlined above.

Additionally, the funds must be used for projects that will be financed through HPD's Neighborhood Pillars Program, except as otherwise approved by HPD. The funds may be used in conjunction with the New York City Acquisition Loan Fund.

Requirements

Use of the Down Payment Assistance Fund is contingent on the approval of the price and property from the Price Review Committee. This approval will require, at minimum, the following:

- Borrower must use a building consultant identified by Restored Homes Development, LLC to complete a walkthrough of the building and produce a property condition report.
- Borrower must use the Restored Homes Development, LLC underwriting template.
- Contract/ Purchase and Sale Agreement must contain terms consistent with the Restored Homes Development, LLC standards and/or include the Restored Homes Development, LLC rider.
- Borrower must enter into a loan agreement with Restored Homes Development, LLC.
- Borrower must create a single purpose entity to acquire the property.
- Borrower's Board of Directors must pass a resolution authorizing the Borrower's participation in the Neighborhood Pillars Program.

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Contact

Non-profits interested in using the fund may contact:

Restored Homes Development, LLC
(212) 584-8981
info@neighborhoodrestore.org