

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

**HomeFix Program
 Term Sheet**

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| Program Description | <ul style="list-style-type: none"> The HomeFix Program supports homeowners and their tenants of 1-4 unit homes across NYC through the financing of home repairs, physical improvements and support services. HomeFix provides financing options, including low- or no-interest and potentially forgivable loans, and partnership support through non-profit housing service providers. |
| Eligible Buildings | <ul style="list-style-type: none"> 1-4 unit homes located in New York City. Home must be the primary residence, occupied by the homeowner of the property. Household applicants whose properties have outstanding violations may participate in the HomeFix program providing that corrections are addressed before closing or are included in the scope or work funded by the HomeFix loan. |
| Eligible Borrowers | <ul style="list-style-type: none"> In order to be eligible for a HomeFix loan, a borrower must be the owner occupant of a 1-4 unit family home, with a maximum household income of 165% of AMI. Household must be current with their mortgage payments, and with Department of Environmental protection (DEP) and Department of Finance (DOF) charges, or on an active payment plan with those agencies. Household applicants with credit scores under 640 will be required to register for housing counseling assistance through HPD partner non-profit counseling agencies. A completion certificate will be required for loan processing. Households with post-rehab debt-to-income ratios of 45% and greater are required to participate in homeownership counseling through an approved HPD partner non-profit counseling agency. |
| Eligible Uses | <ul style="list-style-type: none"> Scope of work must address building system(s) or housing deficiencies or conditions which may be hazardous to occupants/residents. The program’s HomeFix administrator, which will be a qualified non-profit organization, will develop the scope of work, which must be acceptable to HPD. Eligible scope of work items may include, but are not limited to, roof, heating system, hot water heater, electrical system, plumbing system, sidewalks/paving, energy efficiency upgrades, etc. <p>Residents may also be eligible for home improvements through HomeFix to improve accessibility and help senior residents age in place, including bathroom and kitchen modifications.</p> |

HPD Loan Amount

- Loan amount will be based on the rehabilitation needs of the 1-4 unit home, with a maximum of \$60,000 for one-unit buildings, \$90,000 for two-unit buildings, \$120,000 for three-unit buildings, and \$150,000 for four unit buildings.

HPD Loan Terms: General

- Loan terms are based on factors including household income, in relation to area median income (AMI), debt-to-income ratio (DTI), credit score, and applicant age. These **HomeFix Lending Criteria** are used to identify initial loan terms. See chart at the bottom of this Term Sheet.
- In order to determine an affordable HomeFix loan payment, HPD considers household expenses in relation to net income in order to determine a household’s monthly cash flow. HPD requires a monthly cash flow of at least \$200 post-HomeFix loan.
- HPD calculates monthly expenses by adding IRS allowable living and transportation expenses, household costs (including mortgage payments, taxes, homeowner insurance, PMI (if applicable), car payments and utilities.
- HPD calculates monthly gross income by adding all sources of income (including rental income). Net income will be documented based on actual net income.
- HomeFix loans will be amortizing or deferred and offered at low or no interest rates, ranging from 0% to 5%, based on the **HomeFix Lending Criteria Chart:**

HomeFix Lending Criteria

| DTI | Credit Score | AMI | | | |
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| | | Less than 50% (Extremely Low Income and Very Low Income) | Between 51% and 80% (Low Income) | Between 81% and 120% (Moderate and Middle Income) | Between 121% and 165% (Middle Income) |
| Less than 62 years old | | | | | |
| <=45% | <640 | Deferred, forgivable loan | Amortized at 0% | Amortized loan at 3% | Amortized loan at 5% |
| | >=640 | Deferred, forgivable loan | Amortized at 0% | Amortized loan at 5% | Send to private market |
| >45% | <640 | Deferred, forgivable loan | Deferred, forgivable loan | Amortized at 0% | Amortized loan at 3% |
| | >=640 | Deferred, forgivable loan | Deferred, forgivable loan | Amortized at 0% | Amortized loan at 5% |
| 62 years old and older | | | | | |
| <=45% | <640 | Deferred & Forgivable | Deferred & Forgivable | Amortized at 0% | Amortized loan at 3% |
| | >=640 | Deferred & Forgivable | Deferred & Forgivable | Amortized at 0% | Amortized loan at 5% |
| >45% | <640 | Deferred & Forgivable | Deferred & Forgivable | Deferred & Forgivable | Deferred & Forgivable |
| | >=640 | Deferred & Forgivable | Deferred & Forgivable | Deferred & Forgivable | Deferred & Forgivable |

Note: Non-senior applicants with household income above 120%AMI, debt-to-income ratios below 45%, and credit scores above 640 may not be eligible for a HomeFix loan under the above Criteria and will be referred to Private Market

- The initial term of the mortgage is set as follows:
 - Loans up to \$15,000 will be set at 60 months (5 years),
 - Loans greater than \$15,000 will be set at 180 months (15 years)
 - Loan term shall not exceed 30 years.
- HPD loans may be fully amortized, partially, or fully deferred. If the initial loan terms, as provided above, are not affordable, HPD may

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| | <p>adjust the loan terms in the following sequential order to achieve affordability:</p> <ol style="list-style-type: none"> 1. The <i>initial</i> loan term may be extended by up to 360 months; 2. The initial interest rate set may be lowered at sequential quarter basis points to as low as 0%; 3. Capital lent may be deferred so that monthly payment obligation is lowered. |
| HPD Equity Requirements | <ul style="list-style-type: none"> • A lien will be placed on homeowner property, to secure lending interest. • For lending of less than \$15,000, a UCC-1 may be recorded. |
| Design and Construction Requirements | <ul style="list-style-type: none"> • Projects must meet HPD Design Guidelines and plans must be approved by the Homefix administrator and be acceptable to HPD. • The Homefix administrator must approve General Contractors, engineers, architects and/or any other third party associated with HomeFix projects. • The Homefix administrator will monitor construction. • HPD may require extended warranty coverage be provided. • Projects must be in full compliance with the design requirements of all applicable laws, including, but not limited to, the New York City Zoning Resolution, the New York City Building Code, the New York City Housing Maintenance Code, the New York State Multiple Dwelling Law, the Fair Housing Act, and Section 504 of the Rehabilitation Act of 1973. Projects receiving New York State Homes and Community Renewal (HCR) funding must also comply with the HCR Design Guidelines. |
| Fees and Closing Costs | <ul style="list-style-type: none"> • A administrator fee will be included in loans made through HomeFix HDFC to cover required development expenses incurred through home repair financing. • Note that homeowners will be required to pay a fee in the event that subordination or satisfaction of mortgage is required in the future. |
| Regulatory Requirements | <ul style="list-style-type: none"> • Borrower must maintain ownership of the property as a primary residence for term of the loan. Homeowners are required to sign a primary residence affidavit and demonstrate primary residency to receive a loan satisfaction. If the applicant sells the home or refinances during the loan term, the loan must be repaid. • If a homeowner has rental units with a loan above \$50,000 where tenant habitability will be affected by the repair work, the homeowner must enter into a regulatory agreement with the City of New York for a term/regulatory restriction period of 10 years from commencement of the repairs or until satisfaction of the loan, whichever is first, provided that the term shall not be less than 5 years regardless of repayment. The regulatory agreement will include the following provisions for the duration of the regulatory restriction period: |

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| | <ul style="list-style-type: none"> ○ For vacant apartments, unless otherwise approved by HPD, the unit must be rented at or below 120% of the Area Median Income upon initial lease-up. ○ Rent must not be increased by more than 2% annually; ○ Family members occupying the unit may be exempt from these provisions. ○ Homeowners are required to keep tenant leases demonstrating compliance with the rent restrictions and may be required to submit leases to HPD upon request. |
| Application Process | <ul style="list-style-type: none"> ● Homeowners interested in participating in HomeFix must submit an Intake form to one of HPD's HomeFix partner organizations. |
| HPD Contact | <ul style="list-style-type: none"> ● Homeownership Programs; 100 Gold Street, New York, NY 10038, attention: Ashley Fleming |