

NEW YORK STATE HOMES AND COMMUNITY RENEWAL'S 80/20 HOUSING PROGRAM

ELIGIBLE PROJECTS New construction of multifamily rental housing properties. Generally, HFA expects that applications for project loans under this program will be for at least \$50,000,000.

BORROWING ENTITIES Borrowers must be created as single purpose entities which include general or limited partnerships, trusts, corporations, limited liability companies. All principals must submit information for and successfully complete a background review process conducted by HFA.

Transfers of the Project and/or interests in the Borrower will be limited to entities approved by HFA in its sole discretion. HFA reserves the right to impose certain fees with respect to transfers.

FINANCING RESOURCES

Bonds Mortgage loans may be financed with HFA tax-exempt Private Activity Bonds and/or taxable bonds. Bonds may be issued in either a fixed or variable rate mode.

Credit Enhancement All financings must provide credit enhancement acceptable to HFA during the construction and permanent terms of the bond financed loan sufficient to achieve an investment grade rating on HFA's bonds. Acceptable credit enhancement must have credit ratings of at least "A" and a short term rating in the highest short term rating category from an acceptable national rating agency. Acceptable credit enhancement may include, but is not limited to: letters of credit from an institution with appropriate credit rating, or Fannie Mae or Freddie Mac credit enhancement instruments.

Borrowers must meet all credit enhancer requirements regarding loan terms, guarantees, debt coverage and income to expense ratios. Additionally, HFA may require where appropriate environmental guaranties, completion costs guaranties and a latent defects guaranty.

Tax Credits Projects for which at least 50% of the costs of development are funded with private activity bonds may be eligible for the allocation of 4% Federal Low Income Housing Tax Credits.

EQUITY REQUIREMENTS AND DEVELOPER FEES

Equity in the form of a deferred developer fee and/or cash in a total minimum amount of 10% of total development costs (TDC) will be required on all transactions.

Developer fees may not exceed 10% of TDC.

Cash equity requirement will vary from 2% to 4% of TDC depending upon the projected availability of project cash flow, the degree and mix of affordability of the projects' units and the agreed upon amount and timing of payment of the developer's fee.

PROJECT REQUIREMENTS

Regulatory Agreement All projects will be governed by a Regulatory Agreement which will articulate project specific requirements in addition to income restrictions, including, but not limited to: low income housing tax credit requirements; tenant certification requirements; lease up procedures and benchmarks; restrictions on transfers; inspections; and financial reporting requirements.

Occupancy At least 20% of the units in the project must be affordable to tenants earning no more than 50% of the Area Median Income (AMI), or 40% of the units must be affordable to tenants earning no more than 60% of the Area Median Income, or, in New York City only, 25% of the units to be affordable to tenants earning no more than 60% of the Area Median Income. Applicants are encouraged to include within their affordable set-aside, units for graduates of supportive housing.

Additional occupancy restrictions will be governed by applicable provisions of the Internal Revenue Code with respect to tax exempt financing requirements, Low Income Housing Tax Credits rules, applicable Agency policy and any local requirements.

Green Building /Smart Growth

Developers are strongly encouraged to participate in the New York State Energy Research and Development Authority Multifamily Performance Program, through which NYSERDA provides financial benefits for meeting certain energy efficiency measures.

All applicants must also confirm that their project will comply with each of the mandatory green building measures set forth in New York State Housing and Community Renewal's ("HCR") "Green Building Initiative" to the extent applicable. In addition, applicants are strongly encouraged to meet as many of the applicable optional sustainable development measures outlined in HCR's "Green Building Criteria Manual," a copy of which can be obtained by contacting HFA.

In addition, with the objective of reducing overall vehicle miles traveled in New York State, preference will be given to infill projects located in areas well served by public transportation, public infrastructure, educational and retail services.

FEES

Application Fees

\$45,000 (includes a \$5,000 non-refundable processing fee). The Application Fee is due upon submission of an application for financing and will be used for HFA out of pocket expenses. Any unused Application Fee, less the processing fee, will be refunded to the Borrower after the permanent loan closing and payment of any outstanding fees which the Borrower is obligated to pay HFA.

Fee for a Declaration of Intent

\$5,000 DOI processing fee, if applicable. This fee will be credited towards the non-refundable processing fee as described above in the Application Fees section.

Mortgage Origination Fee

The fee shall be 1% of the bond financed portion of the mortgage loan, plus 1% of any portion of the mortgage attributable to participation with a credit enhancer, if applicable.

The mortgage origination fee will be calculated for this purpose on the full amount of the bond mortgage portion but will be payable for multi-year tranche transactions based on the amount of bonds as they are issued.

**New York State Bond
Issuance Fee**

The below described fee is based on the amount of bonds issued per series.

| From | To | Issuance Fee |
|--------------------------|---------------|---------------------|
| \$ 1,000,000 | \$ 5,000,000 | 0.336% |
| \$ 5,000,001 | \$ 10,000,000 | 0.504% |
| \$ 10,000,001 | \$ 20,000,000 | 0.672% |
| More than \$ 20,000,000+ | | 0.84% |

The bond issuance fee for multi-year tranche transactions will be calculated based on the amount of tax exempt and taxable bonds as they are issued.

Multi-Year Processing Fee \$25,000 payable upon closing of first tranche of bonds to be issued.

Servicing Fee:

During Construction Phase

Annually 0.125% of the amount of bonds issued

During Permanent Phase

Annually .35% of the amount of bonds outstanding at the time of conversion to permanent.

The servicing fee for multi-year tranche transactions will be calculated based on the amount of bonds as they are issued.

Servicing Fees will be paid monthly with each mortgage payment.

Transaction Expenses HFA will pay its customary fees for bond counsel, printing, Rating agency and other ordinary out-of-pocket expenses. With respect to multi-year transactions only, upon closing of all other subsequent tranches, the Borrower will be required to pay for these expenses.

PROCESSING REQUIREMENTS

A Declaration of Intent must be requested for projects intending to incur costs prior to issuance of tax exempt

bonds in order to qualify any costs for reimbursement from bond proceeds.

Application for Agency financing will be available on line.

Third party reports such as an appraisal and market study will be required. Reports commissioned by the credit enhancement provider will be acceptable if addressed to HFA and completed within a reasonable period of time prior to the financing application to HFA.

All projects must submit documentation necessary to enable HFA to make an acceptable finding under the State Environmental Quality Review Act including a Phase I Environmental Assessment Report prepared by an independent environmental/engineering consultant and an impact determination from the New York State Historic Preservation Office.

All bonds issued by HFA are subject to the Tax Equity Fiscal Responsibility Act, which requires a public hearing prior to the issuance of the bonds, and to the approval of the Public Authorities Control Board (PACB). The hearing will be conducted and submission made to the PACB by HFA staff with the cooperation of the project principals.

Project selection shall take into consideration the recommendation of the relevant regional economic development council or the [Commissioner's] determination that the proposed project aligns with the regional strategic priorities of the respective region.

For further information please contact:

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