



Manufactured Home Park Preservation Program Term Sheet

DESCRIPTION: The Manufactured Home Park Preservation Program offers financing resources for (1) the acquisition of manufactured home (“MFH”) parks by qualified, mission-driven organizations interested in preserving the MFH parks as affordable, (2) the creation of MFH park cooperatives, (3) capital improvements of infrastructure in MFH parks, and/or (4) the repair or replacement of substandard manufactured homes in MFH parks. Through this program, NYS Homes and Community Renewal (HCR) provides low interest loans in the form of subsidy. Participating private institutional lenders provide construction and permanent financing sources.

ELIGIBLE BORROWERS: Resident owned cooperatives; not-for-profit and for-profit affordable housing companies; and individuals or companies that own MFH parks. Borrowers must demonstrate experience in owning and managing affordable residential units or be able to hire/partner with an entity that has experience owning and managing affordable residential units.

ACCEPTABLE PROPERTY TYPES: MFH parks with site-capacity of five (5) or more residential units.

ELIGIBLE USES: One or all the following uses may be eligible for financing:

1. Acquisition of real property;
2. Conversion of MFH parks to cooperative ownership;
3. Rehabilitation and/or demolition of infrastructure that serves the MFH park residents including, but not limited to, sewer, water and electrical systems, storage facilities, roads, and other infrastructure; and
4. Repair or replacement of manufactured homes.

GEOGRAPHY: Financing will promote a statewide geographic distribution.

MINIMUM AFFORDABILITY: The household income of residents shall not exceed one hundred twenty percent (120%) of the local HUD Metro FMR Area Median Income (“AMI”), as adjusted for family size, at the time of loan origination.

HCR shall use data published periodically by the U.S. Department of Housing and Urban Development (HUD) as a guideline for measuring median income levels in specific regions of the state, and further for determining affordability levels for those regions.

LOAN AMOUNT: No loan minimums or maximums established by HCR.

MAXIMUM LTV: Eight percent (80%) of private debt, based upon the as-improved appraised value from an independent appraisal commissioned by at least one participating lender and acceptable to HCR.

MINIMUM DEBT SERVICE COVERAGE RATIO: Minimum of 1.15 of the combined debt of the participating lender(s) and HCR.

HCR SUBSIDY LOAN INTEREST RATE: Up to three percent (3%), interest-only or amortizing, as determined by HCR.

HCR SUBSIDY LOAN TERM: Not to exceed 30-years.

HCR SUBSIDY LOAN AWARD MAXIMUM: \$40,000 multiplied by the number of occupied homes in the MFH Park. Exceptions may be made based on anticipated occupancy levels, as determined by HCR.

ENTERPRISE SUBSIDY AWARD: Additional subsidy funds may be available as a grant through Enterprise Community Partners, Inc. ("Enterprise"). Any grant shall be subject to terms and conditions acceptable to Enterprise and HCR.

EQUITY REQUIREMENTS: None established by HCR.

PAYMENTS: Monthly amortizing principal and interest payments in addition to escrows for taxes and insurance (as applicable).

PRE-PAYMENT: Flexible pre-payment options may be available.

SECURITY: HCR's subsidy loan may be subordinate to the participating lender(s)' security.

ALLOWABLE COSTS:

- Origination Fee cannot exceed two percent (2%) of the loan amount;
- Developer Fee cannot exceed ten percent (10%) of allowable projects costs;
- Co-op Technical Assistance Advisor Annual Fee cannot exceed one-half of one percent (0.5%) of the loan amount;
- Servicing Fee of the HCR subsidy loan cannot exceed one-quarter of one percent (0.25%) of the loan amount.

STANDARD OPERATING RESERVES: Three months of maintenance and operating expenses, and permanent debt service.

MORTGAGE INSURANCE: If permanent mortgage insurance is to be provided, the insurer must be acceptable to HCR.

APPRAISAL REPORT: The project's acquisition cost must be the lesser of the actual acquisition cost or the value supported by an as-is value from an independent appraiser licensed to practice in the State of New York and acceptable to HCR. The appraisal must be consistent with HCR's analysis of rents and operating expenses. If needed, HCR may request an independent market study be conducted.

REGULATORY AGREEMENT: Borrowers will be required to enter into a Regulatory Agreement to ensure compliance with HCR policy for a minimum of the term of the loan. Exceptions may be made upon approval by HCR. Requirements include, but are not limited to:

- Ground leases must:
 - Renew automatically and can only be terminated by the MFH park owner due to an egregious violation of the lease;
 - Initially be set at, and shall not exceed, fair market rent for MFH parks in the county or metropolitan area, which ever is higher;
 - Thereafter, annual ground lease rents may increase by no more than the three percent (3%) annually; and
 - The combined rent and lease payments shall not increase by more than three percent (3%) annually.
- Restrictions on transfers and resales, as approved by HCR;
- Restrictions on take-outs by participating lenders, as approved by HCR.

- Annual financial reporting, upon request by HCR.

The Regulatory Agreement must be executed on or prior to construction closing and shall be recorded prior to the lien of any mortgage. Requirements imposed by other loan and/or subsidy sources may be more restrictive but must be consistent with the HCR Regulatory Agreement.

ADDITIONAL REQUIREMENTS FOR CO-OPS:

- The Co-op shall provide a certified rent roll at closing that shall confirm that at least sixty percent (60%) of residents within the MFH park are members of the Cooperative.
- The Co-op Offering Plan must be a Non-Eviction Plan approved by the NYS Attorney General's office.

PROPERTY MANAGEMENT: For MFH parks with thirty (30) or more residential units, a professional property management firm must be engaged to manage the property, subject to HCR approval. Exceptions may be made for MFH park owners with a minimum of five (5) years of experience self-managing a MFH parks. In addition, if Co-op ownership, a Technical Assistance Advisor is required for the term of the loan, funded by property operations.

AFFIRMATIVE FAIR HOUSING MARKETING PLAN REQUIREMENT: Projects must comply with all HCR marketing guidelines and submit an Affirmative Fair Housing Marketing Plan acceptable to HCR's Office of Fair Housing and Equal Opportunity, which must be approved prior to construction closing. More information online: <http://www.nyshcr.org/AboutUs/Offices/FairHousing/AffirmativeMarketing.htm>

HCR, in its sole discretion, may, at any time and without prior notice, terminate the effectiveness of this Term Sheet, amend or waive compliance with any of its terms, or reject any or all proposals for funding.