



Manufactured Home Advantage Program

Term Sheet

DESCRIPTION: The Manufactured Home Advantage Program (“MHAP”) offers financing resources for (1) the acquisition of manufactured home communities (“MHC”) by qualified, mission-driven organizations interested in preserving the MHC as affordable, (2) capital improvements of infrastructure, and/or (3) the repair or replacement of substandard manufactured homes. 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. To advance New York State’s commitment to sustainable development, projects that propose environmentally conscious and energy conservation-focused infrastructure and housing solutions will be eligible for higher subsidy levels.

ELIGIBLE BORROWERS: Not-for-profit and for-profit affordable housing organizations; individuals or organizations that own MHCs; and resident-owned cooperatives. Borrowers must demonstrate experience 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: MHCs 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. Rehabilitation and/or demolition of infrastructure that serves residents including, but not limited to, sewer, water and electrical systems, storage facilities, roads, and other infrastructure; and
3. Repair, replacement or siting of new manufactured homes.

GEOGRAPHY: Financing will promote a statewide geographic distribution.

MINIMUM AFFORDABILITY: Financing for home improvements is available for households with incomes that do not exceed one hundred twenty percent (120%) of the local HUD Metro FMR Area Median Income (“AMI”), as adjusted for family size. Financing for infrastructure improvements is available where the majority of households do not exceed one hundred twenty percent (120%) of the local HUD Metro FMR Area Median Income (“AMI”), as adjusted for family size.

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. Participating lenders may establish minimums and maximums.

MAXIMUM LTV: Eighty 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: Up to \$40,000 per manufactured home unit for community infrastructure and home improvements or replacements.

SUSTAINABLE DEVELOPMENT INCENTIVE: HCR is committed to sustainable development and to enhancing the status of MHCs as an important source of affordable homeownership opportunity in NYS. Projects that seek to make environmentally conscious and energy efficient infrastructure improvements, including, but not limited to, the installation of solar, wind or other renewable power sources, and/or weatherizing or replacing homes that meet Energy Star standards or better, and/or increasing the flood/wind resiliency of homes and infrastructure, the maximum HCR subsidy per manufactured home unit shall be \$60,000.

EQUITY REQUIRMENTS: In general, a ten percent (10%) contribution shall be required from the borrower. Limited exceptions may be granted for non-profit applicants or in critical scenarios, as determined by HCR.

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

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 five percent (5%) of allowable projects costs
- Co-op Technical Assistance Advisor Annual Fee cannot exceed the lesser of one-half of one percent (0.5%) of the loan amount or \$10,000;
- 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.

REPLACEMENT RESERVES: If any of the homes in the MHC are owned by the MHC owner and reserved for rental, a \$250 replacement reserve for each rental unit must be contributed to a reserve account each year.

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 and Section O of the 2019 Tenant Protection Act 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 MHC owner due to an egregious violation of the lease;

- Initially be set at, and shall not exceed, fair market rent for MHCs 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 MHC 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 MHCs 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 MHC owners with a minimum of five (5) years of experience self-managing an MHC. In addition, if the MHC is a resident owned cooperative, a Technical Assistance Advisor is required for the term of the loan, funded by property operations, and a professional property management firm must be engaged, regardless of the size of the MHC.

ENVIRONMENTAL REVIEW: Projects must comply with all applicable local and state environmental laws. The NYS HCR Environmental Assessment Unit will perform a comprehensive review.

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.