

New York State Housing Acceleration Fund

Notice of Funding Availability – Questions and Answers

1. Can the selected co-lender be eligible or able to provide permanent debt on the project in addition to participating in the HAF?

Yes, in addition to the co-lender serving as the lending on the Housing Acceleration Fund Loan, the co-lender can also independently provide permanent debt on the same project. The HAF loan is a construction-period only construction loan and will not be included as permanent debt.

2. Is there flexibility on the 3% interest rate during the project UW (on a case-by-case basis) if a forward permanent product can be locked in for takeout at closing of the HAF funds into the construction project?

Each proposed project as part of the co-lender's application should adhere to the HAF Term Sheet, but exceptions may be made on a case-by-case basis if warranted, jointly decided between HCR and the co-lender.

3. If for any reason a construction loan is not ready to convert within the 36-month term, is there any type of extension consideration?

Each proposed project as part of the co-lender's application should adhere to the HAF Term Sheet, but exceptions may be made on a case-by-case basis if warranted, jointly decided between HCR and the co-lender.

4. Would HCR allow minimum equity requirements at 85-90%?

Each proposed project as part of the co-lender's application should adhere to the HAF Term Sheet, but exceptions may be made on a case-by-case basis if warranted, jointly decided between HCR and the co-lender. As part of the application, the list of prospective projects that are fitting targets for the HAF should include a proposed capital stack for each project. As part of the HAF Term Sheet, projects have an 80% Loan-to-Cost cap, including the senior construction loan and the HAF loan, as well as a 20% equity requirement. If there are other sources that could reduce the 20% equity requirement, those sources should be included specifically for each project in the application.

5. How involved does HCR want to be in the approval of each individual project and the “but for” analysis?

HCR will work jointly with the co-lender to decide to move forward with each individual project based on the “Project Priorities” listed in the term sheet. Approved eligible projects will be issued a joint Letter of Commitment from the co-lender and HCR before the project's construction closing. HCR will develop a standard pro forma template to perform a “but for” analysis to determine the applicability of the HAF Loan – the intent is for the HAF program to target projects where the participation of the HAF Loan enhances the

project's financial feasibility to a point where the project would not have been possible but for the involvement of the HAF Loan.

6. Would HCR allow co-lenders origination fees on subordinate debt? There could be significant work involved in originating and underwriting subordinate debt.

Co-lenders will not be permitted to charge an origination fee for the Project Loan. Co-lenders will be permitted to charge a servicing fee for the HAF Loan. The cost to the co-lender of the work required to originate and underwrite the HAF Loan should be included in the co-lenders overall interest rate.

7. If HCR is limiting to overall 80% LTV, would HCR consider coming in during construction as a low-cost subordinate participant in the first-mortgage construction loan?

The intent of partnering with co-lenders on the HAF program is to have the co-lender and HCR jointly commit capital together on a pari passu basis. The HAF Loan can technically be part of the first-mortgage construction loan rather than a separate subordinate mezzanine construction loan, as long as HCR and the co-lender are on a pari passu basis. For example, if a \$50 million first-mortgage construction loan at 80% LTC is originated by the co-lender, the first-mortgage construction loan can have two components – a \$40 senior component, and a \$10 million subordinate component that includes \$5 million of HCR capital and \$5 million of co-lender capital on a pari passu basis.

8. Might HCR allow their money to stay in the deal at permanent conversion to support deal economics and allow a payoff over time?

No. The intent of the Housing Acceleration Fund is to be a revolving loan fund where capital is returned upon permanent conversion. There is no flexibility in this requirement.

9. If there are no affordability requirements by the municipality, what affordability requirements will HCR require?

HCR will not require baseline affordability requirements. However, projects will be prioritized based on the number of affordable, income-restricted units that they are able to provide.

10. Can HAF be combined with Historic Tax Credit and Brownfield Tax Credit programs?

Yes.

11. Is there any limitation on timing of the draw down of the HCR funds? Will the full HFA portion of the loan be deposited with the co-lender at loan closing?

HFA can disburse up to a year of funding at once, deposited with the co-lender at initial construction loan closing.