



New York City Energy Efficiency Corporation

GHPP Predevelopment Fund Term Sheet

The following Term Sheet is provided for convenience only and does not constitute a commitment to lend or borrow or an agreement to issue or accept a commitment on these or any other terms and shall not create a binding or legally enforceable obligation on the New York City Energy Efficiency Corporation (NYCEEC) or any other party in any way. The terms contained herein are of a summary nature and are not all-inclusive.

Summary: The Green Housing Preservation Program (GHPP) is a loan program administered by the New York City Department of Housing Preservation and Development (HPD) to assist owners of small- to mid-sized buildings (at least 5 units and less than 50,000 square feet) in financing energy and water efficiency improvements and moderate rehabilitations. An Integrated Physical Needs Assessment (IPNA), which integrates energy and water audit protocols into a full roof-to-basement physical needs assessment, will be required for this program. Buildings will enter into a regulatory agreement with HPD.

In response to potential need for owners to access funds prior to construction loan closing, and to facilitate participation in GHPP and other eligible HPD programs, NYCEEC has established the **GHPP Predevelopment Fund** (the Fund), which addresses this market gap.

Predevelopment Lender: NYCEEC

Predevelopment Lender Contact: Peter Erwin
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Eligible Sponsors: GHPP applicants (applicants to other applicable HPD programs may be considered on a case-by-case basis)

Eligible Borrowers: Special purpose entity (e.g. limited liability company or corporation), partnership or sponsor-individual

IPNA Requirements: HDC/HPD approved IPNA combines a standard Physical Needs Assessment with energy, water, and health audit protocols. For more information please visit: <http://www1.nyc.gov/site/hpd/developers/development-programs/integrated-physical-needs-assessment.page>.



	<ol style="list-style-type: none"> 1. The IPNA is to be performed using guidance provided by the ASTM E2018-01 Standard Guide for Property Condition Assessments: Baseline Proper Condition Assessment Process; and generally-accepted industry standards. 2. The audit component should adhere to the guidelines set forth in and Water Audit Protocol.
Eligible Costs:	<ol style="list-style-type: none"> 1. IPNA, property survey, lead and asbestos testing, scope of work development, architectural drawings, technical assistance services, as applicable and as required by HPD GHPP. 2. Phase 1 & Phase 2 Environmental Site Assessments (ESAs), property appraisal, and construction/permanent financing commitment and closing fees as required for private lender underwriting and due diligence.
Eligible Vendors:	<ol style="list-style-type: none"> 1. HDC or HPD-approved IPNA consultant; 2. Appraisers and Environmental Site Assessment firms, eligible per construction and permanent lender(s); or 3. Others as approved by HPD and relevant construction and permanent lender(s).
Program Facility Amount:	An aggregate amount of up to \$300,000 will be made available across all borrowers participating in the program.
Termination:	Earlier of (i) December 31, 2018 and (ii) unreimbursed development costs from Eligible Borrowers to NYCEEC exceed \$300,000 with the opportunity to extend for additional two-year periods as needed.
Maximum Amount per Project:	<p>Projects involving <u>1 building</u>:</p> <p>Up to \$8,000 as required for Draw 1 items. Up to \$20,000 aggregate as required for Draw 1 and/or Draw 2 items. Up to \$40,000 aggregate as required for Draw 1, Draw 2 and/or Draw 3 items.</p> <p>Projects involving <u>2-5 buildings</u>:</p> <p>Up to \$15,000 as required for Draw 1 items. Up to \$30,000 aggregate as required for Draw 1 and/or Draw 2 items. Up to \$60,000 aggregate as required for Draw 1, Draw 2 and/or Draw 3 items.</p> <p>Projects involving <u>6+ buildings</u>:</p> <p>Maximum draws determined on a case-by-case/project basis.</p>
Loan Term:	Maximum initial term of 18 months; optional 6-month extension upon request from borrower and HPD.
Servicer	The portfolio will be serviced by NYCEEC.



Draw Schedule:	Three draw-downs, with the second draw contingent on the results of the IPNA. If the IPNA does not identify sufficient energy efficiency measures, no further advances will be made. <ol style="list-style-type: none">1. Draw 1: IPNA costs;2. Draw 2: Other Eligible Costs as originally budgeted and required by HPD GHPP;1. Draw 3: Other Eligible Costs as required by construction and permanent lender(s).
Collateral:	Personal and/or corporate guaranty, depending on Sponsor and Borrower structure, from person/or entity with control and majority economics may be required.
Interest rates and fees:	<ol style="list-style-type: none">1. Draw 1: \$0 fee and 0% interest rate;2. Draw 2: \$250 fee and 0% interest rate;3. Draw 3: \$500 fee and 5% interest rate.
Repayment:	Principal due at earlier of: (i) construction loan closing; (ii) end of the term (as may be extended); and (iii) sale of the property.
HPD Process:	Prior to closing into the Fund: <ol style="list-style-type: none">1. Owner applies to the GHPP and identifies need for predevelopment financing. Information regarding the NYCEEC predevelopment fund is provided to all GHPP applicants. Interested potential borrowers contact NYCEEC to begin the financing process.2. Owner completes NYCEEC predevelopment loan application.3. A soft commitment letter from HPD to NYCEEC related to the project conveys that the owner has applied to the GHPP and the initial review indicates that the project meets program criteria. Upon receipt of the GPNA and further determination of eligibility, HPD will include project in the GHPP pipeline.
