NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin EE
President

Date: March 30, 2021

Subject: HDC Down Payment Assistance Fund Term Loan Extension and Modification

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I am pleased to recommend that the Members approve the extension and modification of the terms for the Corporation's interest only $2,250,000 Term Loan made to the Down Payment Assistance Fund LLC ("DPAF" or the "Fund") and originally approved by the Members on November 29, 2018. (Attached as Appendix A is the 2018 Memorandum to the Board.) The DPAF is a lending institution created in February of 2019 via investments from HDC and four other foundations, in coordination with the New York City Department of Housing Preservation and Development ("HPD"), the New York City Acquisition Fund LLC ("NYCAF") and the Robin Hood Foundation that provides short term loans to non-profit entities to enable the production of supportive housing. The modifications to the terms of the loan will enable DPAF to expand their lending program to include predevelopment loans to non-profit entities. Corporation staff is recommending this action as the changes will enable a DPAF loan program that furthers HDC's goals for the creation of affordable housing in New York City. This memorandum will provide background to the proposal and a discussion of the economics, mechanics, and risks and mitigants.

Background

The New York City Down Payment Assistance Fund was launched on February 28, 2019. Its initial purpose was to finance down payments for properties being sold in the marketplace, removing an obstacle for non-profits seeking to build additional permanent supportive housing. Capital invested in DPAF is currently provided by five funders in the form of 5-year unsecured loans, of which HDC is the largest funder. The Corporation's staff has been advised by DPAF that they would like to add a loan program to pay for predevelopment expenses, as nonprofit organizations seeking to develop supportive and affordable housing have difficulty securing cash to pay for costs necessary to prepare a project for construction financing after private acquisition or the award of a City-owned site via a Request for Proposals.

DPAF's predevelopment loan program will provide eligible non-profit developers with predevelopment loans to fund project-related, predevelopment expenses for supportive housing projects. Such expenses must be deemed eligible for reimbursement by HPD or another construction loan take-out source. Applications for predevelopment loans will be accepted for a six-month period starting in April 2021 and will be open to non-profit organizations which are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and which currently develop permanently supportive or mixed supportive and affordable housing projects in New York City. In order to receive a predevelopment loan, the sites must meet the following criteria:

(i) applicant has site control, either through direct ownership, or designation by a New York City agency through an RFP/RFQ for a City-owned site;

(ii) in either case, applicant is currently in the development pipeline for construction financing through HPD; and

(iii) proposed projects must be supportive housing, defined as affordable housing matched with a government-funded social service contract for the provision of on-site social services. Priority projects will be those that intend to receive permanent financing through HPD's Supportive Housing Loan Program (SHLP), HPD's Senior Affordable Rental Apartments (SARA) program or HPD's Extremely Low and Low-Income Affordability (ELLA) program. For the latter two programs, a minimum 30% set-aside for supportive units will be required.

DPAF predevelopment loans will generally be capped at $500,000. At its discretion, the Fund may consider larger amounts not to exceed $1,000,000. DPAF may also elect to engage with one of its originating lenders in a participation structure in order to increase the size of the loan. No more than one predevelopment loan is permitted per developer until each loan is repaid. Loans will fund predevelopment expenses that are tied to a project budget reviewed by DPAF, which expenses are limited to those considered capitally eligible by HPD or otherwise eligible for reimbursement by the borrower's construction loan take-out source. DPAF will fund unpaid invoices from project vendors, or reimburse the borrower for payments previously made, all subject to satisfactory documentation.

<u>Requested Modifications</u>

The Members are being asked to authorize the following requested modifications:

1. Expand the DPAF loan program to include predevelopment loans;

2. Extend the maturity of the Corporation's existing DPAF Term Loan for an additional 18 months to on or about August 31, 2025;
3. Delegate authority to the Corporation's Credit Committee to approve one or more extensions of the maturity date of the Corporation's existing DPAF Term Loan for a combined duration not to exceed 5 years;
4. Reduce the interest rate on the Corporation's existing DPAF Term Loan from 1.0% to 0.5% during 2021; increase it back to 1% for the remaining term;
5. Permit the Fund to purchase participation interests in originating lenders' loans in addition to making direct loans to borrowers; and
6. Eliminate use of a prequalified list of borrowers; open eligibility to non-profit affordable housing developers of permanently supportive, or mixed affordable and supportive housing projects in New York City that meet DPAF criteria.

Please see Appendix B, which provides a comparison of the existing DPAF term sheet to the proposed DPAF term sheet.

Mechanics and Economics

HDC's contribution to the Fund would remain at $2.25 million, of which $1 million will continue to occupy a top loss position. No more than $500,000 of the $1 million top-loss tranche may be lost on a single loan. All other monies are treated on a pari passu basis with other funders.

Risks and Risk Mitigation

The primary risks associated with the predevelopment loans are similar to the original down payment loans and are repayment risk, top-loss guarantee risk, and borrower risk. These risks and their mitigants are discussed below.

Repayment Risk

DPAF loans will be unsecured short-term loans that will enable borrowers to fund expenses incurred prior to construction closing, and will be repaid upon receipt of construction financing. Loans will continue to be underwritten by experienced NYCAF originating lenders, with an eye to confirming that sites meet the criteria for NYCAF acquisition loans and for HPD/HDC lending programs. The four originating lenders are the Corporation for Supportive Housing, the Enterprise Community Loan Fund, the Local Initiatives Support Corporation and the Low Income Investment Fund. Applicants must be in possession of a soft commitment letter issued within the previous 18 months for construction financing from HPD's Supportive Housing Loan Program (SHLP), Senior Affordable Rental Apartments (SARA) program, or Extremely Low and Low-Income Affordability (ELLA) program.

The DPAF is governed by a credit committee and both HPD and HDC have seats on the DPAF Credit Committee. The credit committee will assess construction financing takeout prospects for any DPAF loan prior to the making of any loan, and the only recourse for non-payment of a DPAF loan will be the guarantee of the borrower. The maximum loan size for a predevelopment loan is expected to be $500,000, with some exceptions subject to DPAF Credit Committee approval. In no event will a DPAF loan be more than $1,000,000. Developers will only be able to have one DPAF loan outstanding at any time.

Top-Loss Guarantee Risk
The top-loss guarantee risk remains unchanged for HDC. $1.25 million of HDC's investment has been lent on a pari passu basis with other lenders with identical risks and returns. $1 million of HDC's investment occupies a top-loss position, wherein after a 180-day cure period up to $500,000 on any one loan would be lost before the rest of the DPAF lenders suffer losses. This commitment has enabled risk averse foundations to be able to make Program Related Investments into the DPAF that might otherwise be too risky for foundations to take on. This risk will be mitigated by the strength of the borrowers approved by DPAF, and by the fact that all deals will be in the pipeline to close and have the DPAF loans paid down within a relatively short timeframe.

Borrower Risk
Because the DPAF loans are unsecured, care will be taken to qualify potential borrowers that have the capacity to make the guarantees required in order to take on a DPAF loan. While applicants will not need to be prequalified through the RFQ process required for DPAF's down payment loans, the requirements of the borrowers remain the same and will be evaluated on an individual basis by DPAF's credit committee. The requirements are as follows: 1) applicants must have extensive property acquisition experience and a team with development experience, 2) applicants must have extensive portfolio management experience that are generally in compliance with all regulatory agreements and municipal obligations and 3) applicants must score highly on certain metrics designed to establish a generally high financial capacity. The financial metrics that are expected to be reviewed are: liquidity (cash and cash equivalents), current ratio, leverage (total liabilities/net assets), the value of unrestricted net assets, percentage net income to total revenue, revenue diversification, and the percentage of properties with positive cash flow.

Fees

The Corporation would continue to receive an annual return equal to 1% of the $2.25 million loan amount, payable quarterly after the end of 2021, and during 2021 would receive a reduced interest payment of 0.5%.

Action by Members

The Members are being asked to authorize the Requested Modifications as described above and in Appendix B, including delegation to the Corporation Credit Committee to approve one or more extensions of the maturity date of the Corporation's existing DPAF Term Loan for a combined duration not to exceed 5 years, and execution by an Authorized Officer of the Corporation of loan documents and any other documents necessary to accomplish the Requested Modifications.

Attachments

A. Appendix A: 2018 Down Payment Assistance Fund Term Loan Memorandum
B. Appendix B: Proposed DPAF Term Loan Term Sheet

Appendix A:
2018 Down Payment Assistance Fund Term Loan Memorandum

[See attached]

NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin
President

Date: November 20, 2018

Subject: Down Payment Assistance Fund Term Loan

I am pleased to recommend that the Members approve the use of the Corporation's unrestricted reserves to make an interest only 5-year Term Loan to the Down Payment Assistance Fund LLC ("DPAF") in an amount not to exceed $2.25 million, of which $1 million will occupy a top loss position. The DPAF is an initiative being led by the New York City Department of Housing Preservation and Development ("HPD") and the New York City Acquisition Fund LLC ("NYCAF") in coordination with the Robin Hood Foundation that will provide short term loans in order to enable non-profit entities to make down payments on a land purchase prior to the finalization of acquisition financing. Corporation staff is recommending this action as the investment will further HDC's goals for the creation of affordable housing in New York City. This memorandum will provide background to the proposal and a discussion of the economics, mechanics, and risks and mitigants.

Background

The Corporation's staff has been advised that nonprofit organizations seeking to develop supportive and affordable housing have difficulty securing unrestricted cash to make down payments on land purchases and, consequently, often lose sites to better-financed for-profit buyers that may intend to develop market rate housing. To address this issue, the Robin Hood Foundation is working with the NYCAF, Supportive Housing Network of NY (SHNNY), HPD and HDC to create the DPAF to help pre-qualified nonprofit developers to make deposits when attempting to purchase vacant land or vacant buildings for the purpose of creating new affordable and/or supportive housing under the existing loan programs offered by HDC and HPD. HPD is expected to release a Request for Qualifications (RFQ) by December, 2018 to begin the process of pre-qualifying borrowers for the fund. DPAF will offer unsecured short term loans to these borrowers that are repayable in full upon closing of acquisition financing. The goal is to begin the program in the fourth quarter of 2018 with a five-year fund capitalized with approximately $5.25 million (including the $2.25 million investment from HDC). Assuming a revolving pool in which the average loan term is expected to be four months, the DPAF could provide up to 32 loans in the five-year period for a total approximately exceeding $20 million. Thus enabling as much as $200,000,000 in site purchases by eligible borrowers.

New York City Down Payment Assistance Fund LLC (DPAF)

The Down Payment Assistance Fund will offer pre-qualified non-profits with short-term loans to make deposits on land purchases when they sign a purchase and sale agreement. Loans are expected to range in size from $250,000 to $1,000,000 (which is the maximum size). Loans from the DPAF will be limited to projects creating new, permanent supportive or affordable housing developments. The anticipated source of repayment for a DPAF down payment loan will be a subsequent acquisition loan underwritten by NYCAF or another capital source of the borrower's choosing. The legal structure of the DPAF is expected to be a stand-alone LLC that is legally distinct from the NYCAF, but with the owners and management functionally identical to the NYCAF. As with NYCAF, the Enterprise Community Partners and the Local Initiatives Support Corporation will be the joint Members/Owners and the fund manager will be the Forsyth Street Advisors.

New York City Acquisition Fund LLC (NYCAF)

The NYCAF offers acquisition, predevelopment and moderate rehabilitation loans to experienced, for-profit and not-for-profit real estate developers of affordable, supportive, and mixed income rental housing in the five boroughs of New York City. Its members are Enterprise Community Partners (50%) and the Local Initiatives Support Corporation (50%), and the Fund has been managed by Forsyth Street Advisors since its inception. Made possible through a partnership between the City of New York, major foundations and New York's public and private investment groups, the Fund provides loans at capital advance rates of up to 130% loan to value for non-profit borrowers with loan terms of up to 3 years and limited recourse.

On June 5, 2018, the Members approved the use of $15 million of the Corporation's unrestricted reserves to make a loan to NYCAF to increase its resources for acquisition and predevelopment loans to borrowers. Recipients of DPAF down payment loans are not required to use NYCAF for acquisition financing but it is expected that many will.

Mechanics and Economics

The Members are being asked to authorize the investment of $2.25 million of the Corporation's unrestricted reserves into the DPAF by December 10, 2018, of which $1 million will occupy a top loss position. The Members previously authorized $2.25 million in funds for a guaranty for an initiative named Preserving City Neighborhoods ("PCN") at its July 2013 meeting. PCN has been terminated as a program and the DPAF would be funded by a reallocation of such monies. No more than $500,000 of the $1 million investment that occupies a top-loss position may be attributed to a single loan. All other monies will be treated on a pari passu basis with other funders. The Corporation and other lenders to the DPAF will earn 1% interest, paid quarterly, for a term of five years. Further details can be found in the attached DPAF term sheet. Apart from HDC, the DPAF is being funded through foundation investments from the following funders:

Capital Source		Amount	Status
HDC		$2,250,000	Pending
Robin Hood		$1,000,000	Committed
Charles Revson Foundation		$500,000	Committed
Oak Foundation		$1,000,000	Committed
Deutsche Bank		Up to $500,000	In Progress
	Total	**$5,250,000**	

Risks and Risk Mitigation

The primary risks associated with the DPAF investment are repayment risk, top-loss guarantee risk and borrower risk. These risks and their mitigants are discussed below. The DPAF will provide to investors quarterly portfolio status reports on all loans made from the Fund, as well as an annual report on DPAF performance.

Repayment Risk
DPAF loans will be unsecured short term loans that will enable borrowers to make a down payment prior to purchasing a site, and will be repaid upon receipt of an acquisition loan. Loans will be underwritten by experienced NYCAF originating lenders, with an eye to confirming that sites meet the criteria for NYCAF acquisition loans and for HPD/HDC lending programs. The four originating lenders are the Corporation for Supportive Housing, the Enterprise Community Loan Fund, the Local Initiatives Support Corporation and the Low Income Investment Fund. The DPAF will be governed by a credit committee akin to the existing NYCAF credit committee and both HPD and HDC will have seats on the DPAF Credit Committee. The credit committee will assess construction financing takeout prospects for any DPAF loan prior to the making of any loan. The only recourse for non-payment of a DPAF loan will be the guarantee of the borrower. The maximum loan size for a given deal will be the lesser of 10% of the purchase price or $1 million. Developers will only be able to have one loan outstanding at any time.

Top-Loss Guarantee Risk
$1.25 million of HDC's investment will be lent on a pari passu basis with other lenders with identical risks and returns. $1 million of HDC's investment will occupy a top-loss position wherein, after a 180-day cure period on any one loan, up to $500,000 of this top loss guarantee would be lost before the rest of the DPAF lenders suffer losses. This commitment enables risk averse foundations to be able to make investments into the DPAF that might otherwise be too risky for foundations to take on.

Borrower Risk
Because the DPAF loans are unsecured, care is being taken to pre-qualify potential borrowers that have the capacity to make the guarantees required in order to take on a DPAF loan. A Request for Qualifications process will be administered by HPD, with special care taken to qualify only those high-capacity non-profits who meet the following criteria: 1) applicants must

have extensive property acquisition and a team with development experience, 2) applicants must have extensive portfolio management experience that are generally in compliance with all regulatory agreements and municipal obligations and 3) applicants must score highly on certain metrics designed to establish a generally high financial capacity. The financial metrics that are expected to be reviewed are: liquidity (cash and cash equivalents), current ratio, leverage (total liabilities/net assets), the value of unrestricted net assets, percentage net income to total revenue, revenue diversification, and the percentage of properties with positive cash flow.

Fees

The Corporation would receive an annual return equal to 1% of the $2.25 million loan amount, payable quarterly.

Action by Members

The Members are requested to approve the use of the Corporation's unrestricted reserves to make an interest only 5-year Term Loan to the Down Payment Assistance Fund LLC ("DPAF") in an amount not to exceed $2.25 million, of which $1 million will occupy a top loss position, and the execution by an authorized Officer of the Corporation of related documents and any other documents necessary to accomplish the this investment.

Attachments

A. Draft DPAF Term Loan Term Sheet

New York City Down Payment Assistance Fund (DPAF)

Proposed Term Sheet for Capital Funders

[updated 11.6.18]

This summary Term Sheet is provided for discussion purposes only and does not constitute a commitment to issue securities, to lend or an agreement to issue a commitment on these or any other terms or to arrange any financing and shall not create a binding or legally enforceable obligation of the Fund entity or the stakeholders defined below in any way. The terms contained herein are of a summary nature and are not all-inclusive.

Circular 230 Notice. Any U.S. tax advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding U.S. tax penalties that may be imposed on the taxpayer; any such advice was written to support the promotion or marketing of the transactions described herein; and each taxpayer is therefore strongly urged to seek U.S. tax advice based on the taxpayer's particular circumstances from an independent tax advisor.

THE FUND:	With a projected February 2019 launch, the New York City Down Payment Assistance Fund ("DPAF") is a new capital resource designed to enable seasoned not-for-profit developers of supportive and affordable, low-income housing to move more rapidly into contract for vacant properties. DPAF will provide down payment loans for site acquisitions, with full recourse to the developer. Such a product represents a greater level of risk than traditional capital sources, accustomed to receiving collateral, are willing to support. DPAF will expect repayment of the full down payment loan amount at the closing of an acquisition loan. DPAF will be set up as an independent Limited Liability Company, jointly owned by Enterprise Community Partners ("Enterprise") and the Local Initiatives Support Corporation ("LISC"), who are Co-Members and Co-Managers of the New York City Acquisition Fund ("NYCAF"). Forsyth Street, NYCAF's Fund Manager, will oversee DPAF's daily operations. NYCAF has a 12-year track record of successfully deploying capital to projects that house low and very-low income households, including homeless and special needs populations. To date, NYCAF has lent over $415 million dollars to 71 affordable and supportive housing projects, generating new production or preservation of 12,360 units. With only one defaulted loan, NYCAF has recorded a cumulative default rate of 0.76%. The new entity is currently raising approximately $5 million from philanthropic and municipal sources as lending capital for this new product. DPAF will not be reliant on capital or credit enhancement from NYCAF, and will have its own separate governance and credit review process to originate loans. Additionally, lenders and funders of the new LLC will not have recourse to NYCAF or to Enterprise and LISC.
DPAF SUMMARY:	The Down Payment Assistance Fund will offer pre-qualified non-profits with short-term loans, to make deposits on land purchases when they sign a purchase and sale agreement. Such purchases must advance new production of permanent supportive housing residences, or affordable, low-income residences with specified set-asides for homeless, governed by NYC HPD term sheets. The anticipated source of repayment for a DPAF loan will be a subsequent acquisition loan underwritten by NYCAF or another capital source of the borrower's choosing.
DPAF Ownership:	DPAF will be established as a Limited Liability Company, whose Co-Members are Enterprise Community Partners (50%) and the Local Initiatives Support Corporation (50%).
FUND MANAGER:	Forsyth Street, NYCAF's Fund Manager, will be responsible for DPAF's day-to-day operations.

DPAF GOVERNANCE:	A Credit Committee consisting of one representative from HDC, one from HPD, and one or more of DPAF's initial funders will review and approve DPAF loan requests.
ORIGINATING LENDERS:	The DPAF will delegate its loan originations to the four current Originating Lenders from NYCAF, including the Corporation for Supportive Housing (CSH), Enterprise Community Loan Fund (ECLF), Local Initiatives Support Corporation (LISC), and Low Income Investment Fund (LIIF). DPAF borrowers would select one of these to underwrite their down payment loans, and the same for their subsequent acquisition loans (should they work with NYCAF on the latter.)
DPAF SOURCES OF CAPITAL:	The Down Payment Assistance Fund will be capitalized with below-market rate investments from NYC government and philanthropic investors that are willing to lend on an unsecured basis. After proof of concept, demonstrated demand, and initial success, the Fund Manager would expect to raise additional capital. As of November 13, commitments have been obtained from the Robin Hood Foundation ($1 million), Revson Foundation ($500,000), and Oak Foundation ($1 million).
ELIGIBLE PROJECT TYPES:	1. Vacant, privately owned sites or vacant buildings to construct permanent supportive rental housing; 2. Vacant, privately owned sites or vacant buildings to construct affordable low-income rental housing with homeless set-asides. 3. Vacant, privately owned sites or vacant buildings to construct mixed supportive and affordable rental housing.
ELIGIBLE SPONSORS:	**Pre-qualified, non-profit affordable housing developers** of permanently supportive or mixed supportive and affordable housing projects in New York City.
COLLATERAL:	Down Payment Loans will be unsecured.
RECOURSE:	Investments in the Down Payment Assistance Fund will be nonrecourse to the New York City Acquisition Fund LLC, DPAF, and DPAF's Co-Members, Enterprise Community Partners, Inc., and Local Initiatives Support Corporation. Funders will have recourse to non-profit borrowers through a repayment guarantee.
TERM:	5 years, with renewal at the discretion of the funders.
INTEREST RATE:	1%, paid quarterly
REPORTING:	1. **Investor Reporting.** Quarterly and annual reporting distributed 60 and up to 150 days respectively after the end of the respective reporting period. 2. **Project Level Reporting.** DPAF will provide quarterly portfolio status reports to the funders.

Appendix B:
Proposed DPAF Term Loan Term Sheet

[See attached]

Repurposing of the New York City Down Payment Assistance Fund (DPAF)

Proposed Term Sheet for Capital Funders[1]

[January 20, 2021]

The New York City Down Payment Assistance Fund ("DPAF" or "Fund") was launched on February 28, 2019. Its purpose is to finance down payments for properties being sold in the marketplace ("Down Payment Loans"), removing an obstacle for non-profits seeking to build additional permanent supportive housing. Capital invested in the Fund is currently provided by five funders ("Capital Funders" or "Funders") in the form of 5-year unsecured loans. In 2021, DPAF plans to add another loan product to stimulate supportive housing production, this time to cover predevelopment costs ("Predevelopment Loans"). DPAF's Predevelopment Loans will be targeted to supportive housing providers who already have site control and are in the City of New York's development pipeline for construction financing.

This document presents a side-by-side comparison of DPAF's original Capital Funder lending terms, with an updated term sheet reflecting the Fund's repurposing in 2021 to broaden its product offerings. The new set of terms will be presented to the Funders' respective boards for approval in the first quarter of 2021.

[1] This summary Term Sheet is provided for discussion purposes only and does not constitute a commitment to issue securities, to lend or an agreement to issue a commitment on these or any other terms or to arrange any financing and shall not create a binding or legally enforceable obligation for the Fund entity or the stakeholders defined below in any way. The terms contained herein are of a summary nature and are not all-inclusive.

	Original Funder Lending Terms 2019	Revised Fund Lending Terms 2021
DPAF SUMMARY:	The Down Payment Assistance Fund will provide pre-qualified, non-profits with short-term loans, to make deposits on land purchases when they sign a purchase and sale agreement. Such purchases must advance new production of permanent supportive or affordable housing developments. The anticipated source of repayment for a Down Payment Loan will be a subsequent acquisition loan underwritten by NYCAF or another capital source of the borrower's choosing.	Beginning in 2021, in addition to Down Payment Loans, DPAF will provide eligible non-profit developers with Predevelopment Loans to fund project-related, predevelopment expenses for supportive housing projects. Such expenses must be eligible for reimbursement by HPD or other construction loan take-out source. Applications for Predevelopment Loans will be accepted for a six-month period starting in April 2021 and will be open to non-profit organizations meeting the following criteria: (i) applicant has site control, either through direct ownership, or designation by a New York City agency through an RFQ for a City-owned site; and (ii) in either case, applicant is currently in the development pipeline for construction financing through the NYC Department of Housing Preservation and Development (HPD). The anticipated source of repayment for a Predevelopment Loan is construction financing through HPD.
DPAF OWNERSHIP:	DPAF is set up as a Limited Liability Company, whose Co-Members are Enterprise Community Partners (50%) and the Local Initiatives Support Corporation (50%). Enterprise Community Partners is the Manager, and LISC the Co-Manager.	Unchanged.
FUND MANAGER:	Forsyth Street Advisors.	Forsyth Street Asset Management, an affiliate of Forsyth Street Advisors.

DPAF GOVERNANCE:	As proposed, a Credit Committee will be formed to approve program guidelines and lending standards, and authorize individual loans. At the time of DPAF's 2019 closing, the membership included three Capital Funders and a representative of HPD.	Unchanged. The Credit Committee currently has five members, including four Capital Funders and a representative of HPD.
ORIGINATING LENDERS:	DPAF will delegate the underwriting of its loans to four community development financial institutions (CDFIs), including the Corporation for Supportive Housing (CSH), Enterprise Community Loan Fund (ECLF), Local Initiatives Support Corporation (LISC), and Low Income Investment Fund (LIIF). DPAF Borrowers would select one of these to underwrite their Down Payment Loans, and the same for their subsequent acquisition loans (should they work with NYCAF on the latter.)	Unchanged.
DPAF SOURCES OF CAPITAL:	The Down Payment Assistance Fund will be capitalized with below-market rate investments from NYC government and philanthropic investors that are willing to lend on an unsecured basis.	Unchanged.
ELIGIBLE PROJECT TYPES:	1. Vacant, privately owned sites or vacant buildings to construct permanent supportive rental housing; 2. Vacant, privately owned sites or vacant buildings to construct mixed supportive and affordable rental housing.	Same eligible project types, in addition to publicly-owned sites.
ELIGIBLE SPONSORS:	**Pre-qualified, non-profit affordable housing developers** of permanently supportive, or mixed affordable and supportive housing projects in New York City.	Same eligibility criteria, except that developers do not need to be pre-qualified. In addition, all applicants must have ownership of a site, or have been awarded a publicly-owned site through a City RFP.
COLLATERAL:	None. Down Payment Loans are unsecured.	Unchanged.

RECOURSE:	Investments in the Down Payment Assistance Fund will be nonrecourse to the New York City Acquisition Fund LLC and nonrecourse to DPAF's Co-Members, Enterprise Community Partners and LISC. The DPAF will have recourse to nonprofit borrowers through a repayment guarantee.	Unchanged.
TERM OF CAPITAL FUNDER LOANS:	5 years for each Capital Funder, as of the closing date of their respective loans.	Extended in all Capital Funder loan agreements, to **August 31, 2025** (18 months from the Fund's original February 28, 2019 closing date)
LOAN ORIGINATION PERIOD:	3-year draw period ending with maturity.	For <u>Down Payment Loans</u>, the loan origination period will continue to run through February 28, 2024. For <u>Predevelopment Loans</u>, the origination period will begin on April 1, 2021 and run 6 months through September 30, 2021.
INTEREST RATE PAID TO FUNDERS:	1% per annum, paid quarterly.	0.5% per annum for 2021, increasing to 1.0% per annum for the remainder of the Fund's term, paid quarterly.
REPORTING:	1. **Investor Reporting.** Quarterly and annual reporting distributed 60 and up to 150 days respectively after the end of the respective reporting period. 2. **Project Level Reporting.** DPAF will provide quarterly portfolio status reports to the funders.	Unchanged.
LOAN PARTICIPATIONS:	N/A – this section refers to participations in predevelopment loans that are proposed as part of the expansion of DPAF's use.	As an additional option, Funders will consider purchasing a participation in predevelopment loans to be originated by any of DPAF's Originating Lenders, subject to the following parameters and DPAF's Credit Committee approval (i) The predevelopment loan would be underwritten by and closed on the balance sheet of an Originating Lender.

		(ii) The loan request must be in excess of $500,000. (Loans up to $500,000 will be singly made by DPAF.) (iii) DPAF's participation will comprise 50% of the loan amount. (iv) Terms of the loan participation would be outlined in a master Loan Participation Agreement entered into with the Originating Lender, the form of which will be pre-approved for all participations with the Originating Lender going forward. (v) The loan must close with a borrower no later than September 30, 2021, and the terms of the loan, borrower eligibility, and project eligibility must conform to DPAF's requirements as outlined in this Term Sheet. (vi) The interest rate to borrowers for DPAF's portion will be 4%, irrespective of the Originating Lender's rate.
KEY TERMS FOR BORROWERS:		
MAXIMUM LOAN AMOUNT FOR DPAF BORROWERS:	For Down Payment Loans, the lesser of (i) 10% of the purchase price and (ii) $1,000,000	Unchanged for Down Payment Loans. For Predevelopment Loans, $500,000, with higher amounts of up to $1,000,000 with approval of DPAF's Credit Committee
LENDING TERM FOR BORROWERS:	The term of all Down Payment Loans will mature on the earlier of (i) 1 year from DPAF's loan closing date and (ii) the date of the borrower's acquisition loan closing, but no later than February 28, 2025	Unchanged for Down Payment Loans. Predevelopment loans will have three year terms, and loan extensions with approval of DPAF's Credit Committee, provided loans repay no later than February 28, 2025.
INTEREST RATE TO BORROWERS:	For Down Payment Loans, 3.0% fixed	For Down Payment Loans and Predevelopment Loans, 4.0% fixed.

Signature:

Email: eenderlin@nychdc.com