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## New York City Energy Efficiency Corporation

### GHPP Predevelopment Fund Term Sheet

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*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 or to arrange any financing 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.*

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**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. A Green Physical Needs Assessment (GPNA), which integrates energy and water audit protocols into full a 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, NYCEEC has established the **GHPP Predevelopment Fund** (the Fund), which addresses this market gap.

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**Predevelopment Funder:** NYCEEC

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**Predevelopment Funder Borrower Contact:** Lauren Macksoud  
[lmacksoud@nyceec.com](mailto:lmacksoud@nyceec.com)  
646 797 4620

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**Eligible Sponsors:** GHPP applicants

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**Eligible Borrowers:** Special purpose entity, i.e. limited liability corporation, partnership or sponsor-individual

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**GPNA Requirements:** HDC / HPD approved GPNA combines a standard Physical Needs Assessment with energy and water audit protocols. For more information please visit:  
<http://www1.nyc.gov/site/hpd/developers/request-for-qualifications/GPNA>.

1. The GPNA 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 the HPD
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Energy and Water Audit Protocol.

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**Eligible Uses:**

1. GPNA, property survey, lead and asbestos testing and engineering, as applicable and as required by HPD GHPP.
2. Phase 1 & Phase 2 Environmental Site Assessments (ESAs), property appraisal, and construction/permanent financing commitment fees as required for private lender underwriting and due diligence.

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**Eligible Vendors:**

1. HDC or HPD-approved GPNA 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).

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**Program Facility Amount:** An aggregate amount of up to \$300,000 will be made available across all borrowers participating in the program.

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**Termination:** Earlier of (i) April 30, 2017 and (ii) unreimbursed development costs from Eligible Borrowers to NYCEEC exceed \$30,000 with the opportunity to extend for additional two year periods as needed.

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**Maximum Amount per Project:**

Up to \$8,000 as required for items under Draw Schedule 1.

Up to \$15,000 aggregate as required for items under Draw Schedule 1 and 2.

Up to \$40,000 aggregate as required for items under Draw Schedule 1,2 and 3.

The maximums may be adjusted for projects that are seeking financing for multiple buildings.

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**Funding Term per Project:** Maximum initial term of 12 months; optional 6 month extension at NYCEEC's discretion

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**Servicer** The portfolio will be serviced by NYCEEC.

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<b>Draw schedule:</b>	Three draw-downs, with the second draw contingent on the results of the GPNA. If the GPNA does not identify sufficient energy efficiency measures <sup>1</sup> no further advances will be made: <ol style="list-style-type: none"><li>1. GPNA costs;</li><li>2. Other predevelopment costs as originally budgeted and required by HPD GHPP; and</li><li>3. Predevelopment costs as required by construction and permanent lender(s).</li></ol>
<b>Collateral:</b>	Personal and/or corporate guaranty, depending on Sponsor and Borrower structure, from person/or entity with control and majority economics.
<b>Interest rates and fees:</b>	<ol style="list-style-type: none"><li>1. \$0 fee and 0% interest rate for draw 1 items</li><li>2. \$500 fee and 0% interest rate for draw 2 items</li><li>3. \$1,000 fee and 5% interest rate for draw 3 items.</li></ol>
<b>Repayment:</b>	Principal due at earlier of: (i) construction loan closing; and (ii) funds repayment date.
<b>HPD Process:</b>	Prior to closing into the Fund: <ol style="list-style-type: none"><li>1. Owner submits application 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.</li><li>2. 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.</li></ol>

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<sup>1</sup> Sufficient Energy Measures defines as [reserved]