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## **PURPOSE**

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The purpose of this program is to provide financing and banking services to eligible, qualified HDFCs (Housing Development Fund Corporations) organized under Article XI of New York State's Private Housing Finance.

We, Lower East Side People's Federal Credit Union (LES People's FCU), are a certified community development financial cooperative institution established in 1986. Our mission is to stimulate economic and community development by providing a safe, affordable, and democratic alternative to traditional banks, and by reinvesting our members' money in the communities we serve.

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## **HDFC LOAN DESCRIPTION**

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We provide loans to qualified HDFCs in New York City for the following purposes

- Capital Improvements
- Repairs
- Establishing/Increasing Reserve Accounts
- Tax Relief
- Other worthwhile purposes

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## **HDFC LOAN AMOUNT**

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Loans amounts will begin at \$10,000.<sup>1</sup> All loans that are originated by LES People's FCU – whether held in full by LES People's FCU, or shared in part with another credit union under loan participation – will be serviced by LES People's FCU, including escrowing for applicable taxes and insurance.

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## **HDFC LOAN TERMS**

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Loans terms will extend up to 15 years depending on the amount borrowed, the uses of funds and the repayment ability of the borrower. Longer amortization periods of 360 months may be offered based on the borrower's repayment ability; however, in these cases a balloon payment will be due in the 180<sup>th</sup> month.

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## **HDFC LOAN INTEREST RATES**

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All interest rates will be based on the 3-Year Treasury Rate rounded to the next highest quarter of one percent or a floor rate of 7.5% whichever is greater. Added to this index will be a margin ranging between 250 and 450 basis points depending on the overall creditworthiness of the borrower. Interest rates will be subject to change every three years based on current market rates and conditions.

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<sup>1</sup> The credit union maximum is determined by our regulatory agent National Credit Union Administration, at 15% of our net worth. When a loan request amount exceeds this limit, we look for other credit union partners to participate in the loan.

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## **HDFC LOANS PROCESSING TIME AND CLOSING**

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Loan Processing: It is our goal to process and reach a credit decision on all loan requests within a 30 day period for all complete application packages received by LES People's FCU.

Loan Closing: It is our goal to close all loans within a 45-60 day period following receipt of a signed commitment letter from the approved applicant.

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## **HDFC LOAN SECURITY AND SPECIAL COVENANTS**

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Article 8A Loans and loans from other private and public funders will need to be subordinated to the credit union's mortgage loan. In cases where another funder's loan cannot be subordinated, we will seek to "share" the first mortgage position "pari passu."

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## **INSURANCE PREMIUM FINANCE (IPF)**

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LES People's FCU finances up to 80% of the insurance premium, members are responsible for 20% of the remaining balance. Interest rates begin at 7.5% and are subject to change. IPF loan term limit is 9 months.

IPF loans are available to all HDFC members of the credit union. If you are not a member of the credit union yet, please visit our website [www.lespeoples.org/HDFC](http://www.lespeoples.org/HDFC), or call 212-529-8197 to learn how to become an HDFC member.

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## **RENT AND MAINTENANCE BOOKKEEPING**

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LES People's FCU helps members to take the hassle out of managing your buildings rent and maintenance. We collect rent and maintenance payments, deposit payments into savings or checking accounts, and provide monthly rent and maintenance roll reports and account statements.

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## **REMOTE DEPOSIT CAPTURE**

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LES People's FCU provides the Remote Deposit Capture device to HDFCs that have a loan and/or contract other credit union services to facilitate the deposit of checks remotely. Our equipment scans and transmits checks to a secure portal where the credit union officers are able to post checks to HDFC members' accounts.

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## **ADDITIONAL INFORMATION**

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