



Department of
Housing Preservation
& Development

nyc.gov/hpd

HPD's Home Improvement Program

Loan Application

HIP

*The Affordable 2.5% and 5% Loan
for One- to Four-Family Homes*

Masonry Repairs	Defective Roofing
Plumbing Repairs	New Windows
Electric Wiring	Vinyl Siding
Boiler/Furnace Replacements	Replacing Kitchen Cabinets

The City of New York
Bill de Blasio
Mayor

Alicia Glen
Deputy Mayor for Housing and
Economic Development

Maria Torres-Springer
Commissioner
NYC Department of Housing Preservation
and Development

nyc.gov/hpd

WHO IS ELIGIBLE?

To qualify for a HIP loan, an applicant must be:

- D A homeowner of a 1-4 unit home in one of the five boroughs of New York City
- o Owner-occupant of the home

Applicants must meet bank or credit union underwriting standards and the following income eligibility guidelines:

MAXIMUM ANNUAL ELIGIBLE INCOME*

Household Size 2.5% Loan 5% Loan

Household Size	2.5% Loan**	5% Loan**
1	\$50,750	\$88,800
2	\$58,000	\$101,500
3	\$65,250	\$114,200
4	\$72,500	\$126,875
5	\$78,300	\$137,000
6	\$84,100	\$147,175
7	\$89,900	\$157,325
8	\$95,700	\$167,475

* SOURCE: US HUD EFFECT 5/2016

**Effective interest rate when the bank loan and City's loan are combined (Actual interest rate paid by borrower).

WHAT TYPE OF HOME IMPROVEMENTS QUALIFY?

HIP loans must be used to correct substandard conditions such as masonry repairs, roofing, plumbing repairs, boiler/furnace replacements, and electrical rewiring. However, depending on the size of the loan, you may also be able to make other improvements, such as painting, replacing kitchen cabinets, and installing storm windows.

HOW MUCH CAN I BORROW?

You can borrow up to \$30,000, payable over a maximum term of 10 years.

HOW DO I APPLY?

Before submitting your application, you should do the following:

- Select your own contractor.
- Decide which of the designated improvements you need to make.
- Submit a completed application to the bank .

CAN I PERFORM THE WORK MYSELF?

Yes, as long as you first submit a cost estimate prepared by a licensed contractor, perform all construction work in accordance with NYC laws/codes and have the proper license(s). HIP will reimburse all costs for materials and supplies. Please note that HIP will not reimburse you for your labor.

HOW DO I SELECT A CONTRACTOR?

The NYC Department of Consumer Affairs distributes a booklet entitled "Guide to Home Improvements," which provides information on how to select a contractor. To request a free copy, you should write to: NYC Dept. of Consumer Affairs, 42 Broadway, New York, NY 10004. Your contractor(s) must be licensed and insured. HPD will not approve cost estimates submitted by unlicensed contractors. To find out if a contractor is licensed, visit the NYC Dept. of Consumer Affairs on line at nyc.gov/consumers.

WHAT DOES HPD PROVIDE?

In order to keep your monthly payments low, HPD provides part of the money needed to rehabilitate your property. You borrow this money at a 0% interest rate and may never have to repay it if you comply with all program requirements.

WHAT RESTRICTIONS APPLY TO HIP?

You must return 100% of the HPD HIP loan* to HPD if within three (3) years of receiving a HIP loan you:

1. Sell your home.
2. Refinance for an amount in excess of your existing mortgages plus closing costs.
3. Pre-pay the loan.
4. Fail to complete repairs as verified by HPD inspection and/or provide checks or money orders documenting the cost of the construction work completed.**

• *Portion of loan subsidized by HPD; 10% of subsidy subject to recapture after 36th month. Amount subject to recapture further reduces at rate of 8.33% per year.*

• *100% of HPD Loan subject to recapture over 10 years, if loan applicant violates these program guidelines*

HOW DO I RECEIVE MORE INFORMATION?

- You can download a complete HIP application by visiting HPD's Web site (nyc.gov/hpd), or you can contact HPD at (212) 863-6700
- Or complete the HIP application, attach the required documentation, and mail it directly to the bank.

PLEASE MAIL YOUR APPLICATION PACKAGE TO THE FOLLOWING ADDRESS:

BROOKLYN COOPERATIVE FEDERAL CREDIT UNION

1474 Myrtle Avenue (Between Menahan & Grove Sts.)

Brooklyn, NY 11237

(718) 418-8252/53

OR

834 DeKalb Avenue

Brooklyn, NY 11221

Please contact Brooklyn Cooperative Federal Credit Union for information on membership eligibility/credit services

HIP Loan Interest Rates
2.5% or 5% depending on household income

HIP Loan Explained

When a borrower receives a HIP loan, the bank first calculates the monthly payment based on a loan-amortization formula (loan principal + loan interest). A \$30,000 HIP loan with a monthly interest rate of 2.5 % will require a monthly payment of \$283.00* over a period of 10 years.

Because the bank is a private lender, and as such cannot lend funds below its commercial lending rate, the monthly payment of \$283 is treated as a payment at the bank's commercial rate, say 12%**.

At 12%, \$283 will only amortize (pay off) \$19,712 of the \$30,000 loan. HPD then provides the additional \$10,288 to enable the borrower to receive the full \$30,000.

$$\begin{array}{r} \$19,712.00 + \$10,288.00 = \$30,000 \\ (12\%) \quad (0\%) \end{array}$$

The borrower receives one loan from two sources: a bank loan at the bank's interest rate and a City subsidy at 0% interest rate. While the borrower is actually making payments to the bank at the commercial rate, say 12%, the monthly payment represents a monthly payment at 2.5% on the full \$30,000 loan

The monthly payment on a \$19,712 loan at 12%, \$283, is the SAME amount required to pay off a \$30,000 loan at 2.5%.

$$\begin{array}{l} \$19,712 @ 12\% = \$283 \text{ (Monthly Payment)} \\ \$30,000 @ 2.5\% = \$283 \text{ (Monthly Payment)} \end{array}$$

$$\begin{array}{l} \$22,178 @ 5\% = \$318 \text{ (Monthly Payment)} \\ \$30,000 @ 12\% = \$318 \text{ (Monthly Payment)} \end{array}$$

Note: By providing a public subsidy, HPD is able to reduce the interest rate of the total loan from market rate to the HIP effective rate of either 2.5% or 5%, depending on the applicant's income.

*\$282.81

** 12% used in example. Current rates vary between 11% and 14%

A COMPLETE HIP APPLICATION CONSISTS OF THE FOLLOWING DOCUMENTS:

- | | | |
|-------|---|---|
| 1 | Brooklyn Cooperative
Credit Union Application (1 Page) | D |
| 2 | Original Contractor's Cost Estimate(s)
(SEE ATTACHED CONTRACTOR'S PAGE) | D |
| 3 | Original Page from Utility Bill mailed to
your home (to verify owner-occupancy) | D |
| 4 | Copy of Property Deed | D |
| 5 | Copy of latest IRS 1040 Tax Returns | D |
| 6 | Copy of W-2 | D |
| 7 | Copy of 2 Pay Stubs | D |
| ----- | | |
| 8 | Certificate of Housing Deficiencies
(This document is enclosed)
<i>Check off needed repairs and Sign</i> | D |
| 9 | Financial & Credit Information
Release Form
(This document is enclosed)
<i>Fill in and sign</i> | D |
| 10 | <u>Contractor Information Page*</u>
(This document is enclosed)
<i>PLEASE FILL IN AND SUBMIT WITH
YOUR LOAN APPLICATION</i> | D |

**YOUR HIP APPLICATION WILL NOT
BE CONSIDERED COMPLETE WITHOUT
THESE DOCUMENTS.**

*IF YOU ARE HIRING MORE THAN ONE CONTRACTOR, PLEASE FILL OUT
ONE CONTRACTOR INFORMATION PAGE FOR EACH CONTRACTOR

Financial and Credit Information Release Form

Loan Application No. (if known) _____

Bank Name (Name of Bank/Credit Union Selected)

Address of Property

In view of the Loan Amount that may be provided by the Department of Housing Preservation and Development of the City of New York ("HPD") for the above-referenced loan, I hereby authorize the release to HPD, or its designated agent(s), such financial and credit information, as may be requested by HPD, or its designated agent(s), which has been obtained by the Lender in order to evaluate my application for a loan.

Name(s) of Owner(s) *(Please Print)*

Signature

NYC DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

HOME IMPROVEMENT PROGRAM

CERTIFICATE OF HOUSING DEFICIENCIES

(Please read this form carefully)

Dear Homeowner:

Please be informed that you must use the proceeds from your Home Improvement Program ("HIP") loan to correct housing deficiencies listed in Category A. If you receive a HIP loan which exceeds the cost of correcting the deficiencies you have checked in Category A, you may include items from Category B in your scope of work.

If none of the housing deficiencies listed in Category A exist in your home, you are NOT eligible to apply for a HIP loan.

Please check that the items you will be correcting using the proceeds of the HIP loan. Your contractor's scope of work/cost estimate must reflect the items you check, as well as any additional eligible improvements (see Category 8) you intend to make on your home. When applying for a HIP loan, you must include this SIGNED and DATED Certificate of Housing Deficiencies and your contractor's scope of work.

CATEGORY A - SEVERE HOUSING DEFICIENCIES (Please check the items below which are in need of repair in your home)

Electrical

- Broken or frayed electrical wires
- Un-insulated wiring

- Loose/improper wire connections
- Exposed fuse box connections
- Overloaded circuits
- Insufficient room outlets (less than 2)

Exterior

- Seriously deteriorating foundation
- Broken, rotted stairs, porches, balconies
- Deteriorating stoop (loose or missing bricks)
- Defective chimneys (leaning, deterioration of parts)
- Serious chipping, loose paint

- Rotting corroded gutters, leaders, soffits
- Buckling, sagging or leaking roof

Exterior (cont'd)

- Exterior surfaces characterized by severe buckling, sagging, leaking or holes

Plumbing

- Major Leaks
- Serious Pipe Corrosion
- Improperly connected/inoperative drains
- Inoperative bathroom toilet(s)
- Broken sewer/rain/sewer back-up
- Missing or non-working sink(s) (Kitchen/Bathroom)

Ceilings/Walls/Floors

- Severe buckling
- Large holes or cracks; falling material
- Major floor movement
- Air infiltration
- Chipping, peeling or cracking paint
- Water stains caused by leaks
- Asbestos

Lead Paint

LI

Heating

- Inoperative heating system
- Inoperable/defective hot-water heater
- Inoperative/defective heat source (radiator, hot-air register, baseboard heaters)

Doors/Windows

- Severe deterioration of window frame
- Missing or broken, dangerously loose window panes
- Windows/doors that do not close
- Windows/doors lacking reasonably tight seal/inadequate window(s) door lock
- Inadequate ventilation (bathroom)

CERTIFICATE OF HOUSING DEFICIENCIES CONT'D)

CATEGORY B - OTHER ELIGIBLE ITEMS

The following items may be financed with the proceeds of your HIP loan provided that (1) the deficiencies checked off under Category A above will be corrected and (2) part of the proceeds of your HIP loan remain unspent.

- Items listed in Category A which require upgrading but are not severely deteriorated.
- Building-wide systems, fifteen years old or older, in need of repair.
- Repairs or improvements which correct violations of the New York City Housing Maintenance and New York City Building Code (e.g., sidewalk repair or installation of smoke detectors where none previously existed.)
- Repairs or improvements which contribute to energy conservation (e.g., insulation, storm windows and doors, weather-stripping and caulking).
- Repairs or improvements necessitated by other eligible work undertaken (e.g., installation of ceramic tiles around a new bathtub or kitchen cabinets where walls have been repaired or storage was inadequate).

CATEGORY C - INELIGIBLE ITEMS

Only the items listed in Categories A and B can be paid for with the proceeds of the HIP loan. The items which MAY NOT be repaired, replaced, installed, constructed, or improved using the HIP loan include, but are not limited to: patios, garages, home additions, additional apartments, electronic security systems, refrigerators, stoves, washing machines and/or dryers, dishwashers, jacuzzis, carpeting and landscaping.

I (We) hereby certify that if I (we) receive a Home Improvement Program (HIP) loan, the proceeds will, in the first instance, be devoted to the repair or replacement of the housing deficiencies I (we) have indicated on the checklist in Category A above.

I (We) further promise to permit the Department of Housing Preservation and Development ("HPD") and its authorized agents and designees (including but not limited to HPD personnel) to enter upon the premises at any reasonable time for the purpose of verifying any and all of the representations, warranties, and promises made in this Certification. I (We) promise to retain for a period of Six (6) years after the date of the signing of the Subsidy Agreement all cancelled checks and/or money orders used in connection with the work and produce them at the request of HPD for the purpose of verifying the cost thereof.

MULTIPLE DWELLING*

D Yes D No

_____	_____		
Address of Property	Borough	# of Bedrooms	Handicap Accessible

_____	_____
Applicant's Name (Please Print)	Co-Applicant's Name (Please Print)

_____	_____
Applicant's Signature	Co-Applicant's Signature

Date

*If property is a multiple dwelling

NYC Dept of Housing Preservation and Development

HOME IMPROVEMENT PROGRAM
(HIP)

CONTRACTOR INFORMATION PAGE

(This document must be submitted with your HIP application and can be filled out by you, the homeowner, or by your contractor(s). If you have any questions, please contact HPD. Thank you.)

Name of Organization: _____

Address: _____

Name(s) of Ownes): _____

(Enter where applicable)

NYC Dept of Buildings License # _____

NYC Dept of Consumer Affairs HIC # _____

—

NYC County/Other State License # (Please specify County/State) _____

___ EIN# _____

Tel.Contact ----- **Fax** _____ **E-Mail** _____

THIS INFORMATION WILL NOT BE MADE AVAILABLE FOR PUBLIC USE

Loan Application

NYC HOUSING PRES. & DEY.

 100 Gold St LIIP

 New York NY 10011

LOAN AMOUNT _____ PURPOSE HOME IMPROVEMENT PROGRAM

 _____ (HIP)

1. Personal Information _____ Member #

 Name _____

 Home telephone _____ Cellular telephone _____

 Social security # _____ Date of birth _____

 Current address _____

 Name of a relative not living with you _____ Telephone _____

 Address _____

 How many dependents do you have? ____

 Have you had any judgement, garnishment, or legal proceedings filed against you? ____

 Have you ever been through bankruptcy? ____ Are you a co-maker or co-signer in other loans? ____

2. Personal References

 Name _____ Telephone _____

 Name _____ Telephone _____

 Do you know a current credit union member who can provide a reference? ____

3. Employment and Income Information _____ Monthly Income

 Employer _____

 Address _____

 How long have you worked there? _____ Telephone _____

 Please estimate your monthly salary \$ _____

 Public assistance \$ _____

 Other source of income (_____) \$ _____

Total monthly income \$ _____

4. Expenses and Debt

 Rent or mortgage \$ _____

 Alimony /child support \$ _____

 Credit cards and other loans (_____) \$ _____

Total monthly expenses and debt \$ _____

5. Applicant's Signature

 All statements made above are true and complete and submitted for the purpose of obtaining credit. In considering this application Brooklyn Cooperative FCU may contact my personal references, employer and evaluate reports from outside credit reporting agencies. I may request to know whether the credit union obtained such reports, and if so, from whom.

Signature _____ Date _____

Record of action (for internal use)

 Date of Action _____ Approved Not Approved Counteroffer

 Amount Approved \$ _____ Security _____ Type _____

 Notes _____

 Signatures of Loan Officers _____

