New York City Rent Guidelines Board

2013 Mortgage Survey Report

March 14, 2013

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2013 Mortgage Survey Report

What's New

- ✔ Average interest rates for new multifamily mortgages decreased 0.22 percentage points, or 4.8%, to 4.37%.
- ✔ Average refinancing interest rates fell by 0.21 percentage points, to 4.44%.
- ✔ In 2012, 1,135 buildings containing rent stabilized units were sold citywide, up 60.1% from the prior year.
- ✔ Vacancy and collection losses increased from 3.50% last year to 4.07% this year.
- ✔ Average service fees for both new and refinanced loans fell, to 0.59 points for new loans and 0.40 points for refinanced loans.
- ✔ Average maximum loan-to-value ratios fell from 72.1% last year to 71.3% this year.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the NYC Rent Guidelines Board to consider the "costs and availability of financing (including effective rates of interest)" in its deliberations. To assist the Board in meeting this obligation, each winter the RGB research staff surveys lending institutions that underwrite mortgages for multifamily rent stabilized properties in New York City. (See Appendix 7 for a reproduction of the survey.) The survey provides details about New York City's multifamily lending market during the 2012 calendar year as well as the first few months of 2013.

The survey is organized into three sections: financing availability and terms for rent stabilized buildings; underwriting criteria; and additional mortgage questions, including vacancy and collection losses, operating and maintenance expenses, and portfolio performance information. In addition to the survey analysis, rent stabilized building sales data, obtained from the NYC Department of Finance, is also examined.

Summary

This year's Mortgage Survey illustrates another consecutive year of record low interest rates among both new and refinanced loans. In addition, the proportion of non-performing loans and foreclosures declined. However, vacancy and collection losses rose and maximum loan-to-value ratios fell. Furthermore, our analysis of rent stabilized building sales data showed an increase in rent stabilized building sales volume and median sales prices Citywide from 2011 to 2012, though they varied by borough and building size.

This report will more fully detail these issues by beginning with a discussion of the characteristics of the survey respondents, followed by both a cross-sectional and longitudinal analysis, then examine rent stabilized building sales data.

Survey Respondents

Fourteen financial institutions responded to this year's survey, the same number as last year. The survey sample is regularly updated to include only those institutions offering loans to multiple dwelling, rent stabilized properties in New York City. This year's respondents include a variety of traditional lending institutions, such as savings and commercial banks, as well as non-traditional lenders. The 14 responding lenders who make up the cross-sectional group will be discussed first, while the 11 lenders who completed the survey both this year and last make up the longitudinal group, and that analysis will be discussed later in this report.

Institutions holding deposits insured by the Federal Deposit Insurance Corporation (FDIC) supply details about their holdings on a quarterly basis, including their multifamily real estate holdings, and they vary considerably among the respondents. Eleven surveyed lenders report their multifamily real estate holdings to the FDIC, with values ranging between $20.3 million and $6.7 billion.[1] Five of this year's institutions reported multifamily holdings of over one billion dollars, while four institutions had holdings of less than $100 million. Compared with last year, the average multifamily real estate portfolio of our survey respondents increased by 7%, to $1.4 billion.

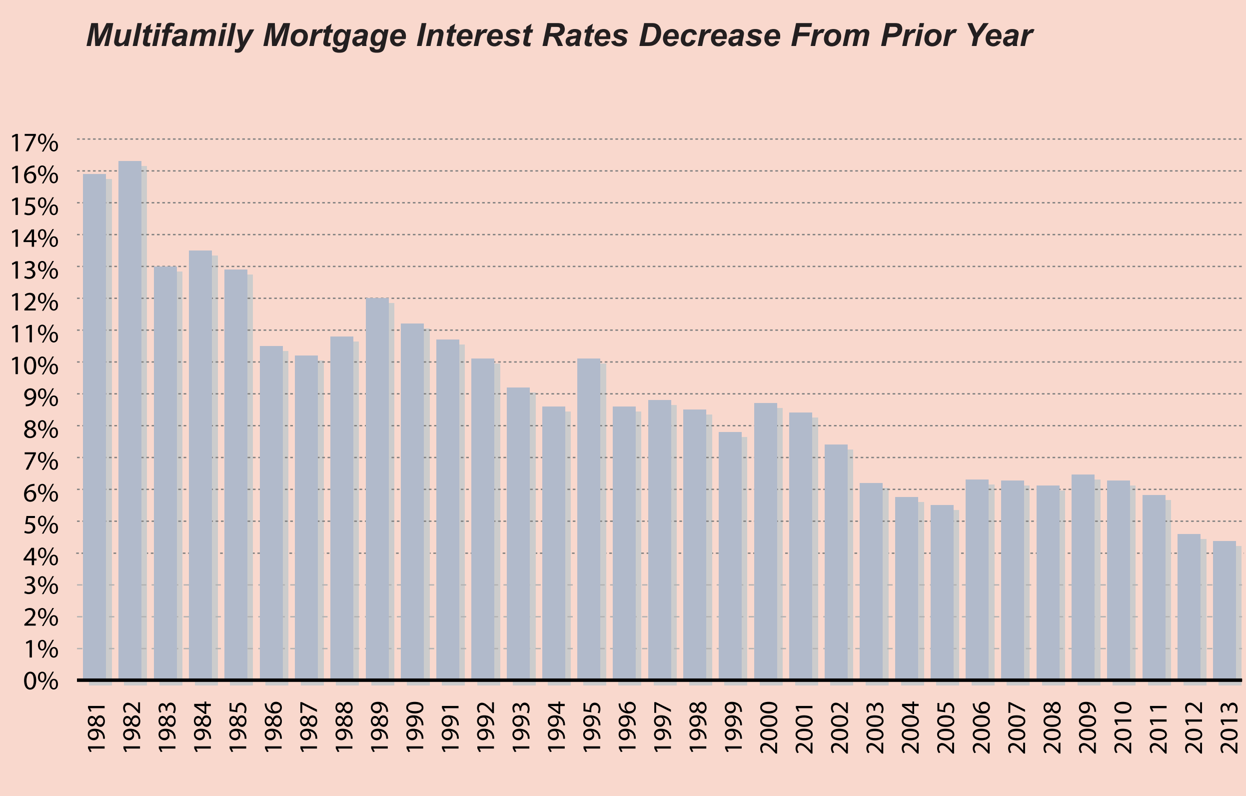
Cross-Sectional Analysis

Financing Availability and Terms

In February 2013, the average interest rate for new multifamily mortgages was 4.37%, a decrease of 0.22 percentage points, or 5%, from the previous February (see graph on this page and Appendix 1), representing the lowest rate in the history of our survey.

Likewise, the average interest rate reported by lenders for the 2012 calendar year was 4.46%, a 0.55 percentage point (or 11%) decrease from calendar year 2011. As in prior years, a small number of large lenders provided the vast majority of the total volume of new and refinanced mortgages. Of all

Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2013



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

respondents, four lenders provided 89% of the total volume of new mortgages.

Average interest rates decreased during the year among the institutions surveyed, despite the fact that the Discount Rate — the interest rate at which depository institutions borrow from the Federal Reserve Bank of New York — hasn't changed since February, 2010, and the Federal Funds Rate — the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions — hasn't changed since December, 2008.[2] The Fed stated late last year that it intended to keep the Federal Funds Rate near zero until the unemployment rate falls sufficiently or inflation becomes a concern.[3]

Surveying institutions regarding their refinanced mortgages found that virtually all of them offered identical or similar terms to those for new loans. The average current rate charged for refinanced mortgages as of February 2013, 4.44%, was similar to the average current rate charged on new originations, 4.37%, and 0.21 percentage points lower than in February 2012. (See Appendix 1) In addition, at 4.55%, average 2012 refinancing rates were 0.55 percentage points lower than the prior year's refinancing rates.

In addition to falling interest rates, up-front service fees, called points, that were charged for new and refinanced loans also decreased from the prior year. Among survey respondents, they ranged from zero to 1.25 points, with six surveyed lenders charging no points on either new or refinanced loans.

The average service fee charged on new loans by lenders was 0.59 points, down from last year's average of 0.63. Average fees reported in the survey have remained around or below one point since the late 1990s (see graph on next page). Average points for refinanced mortgages were even lower, at 0.40, than that charged on new originations, and represent a drop from last year's average of 0.63.

Surveyed lenders, for the most part, remained flexible in the loan terms they offered their borrowers. Since survey respondents typically offer a wide range of terms rather than a single number, it is difficult to provide a precise average for the range of terms offered by institutions, but they remained similar to those offered in recent years. Mortgage terms reported by respondents fell within a wide 5- to 30-year range. Five lenders offered terms as long as 30 years, while one offered a maximum of five years. This continued mortgage term flexibility over recent years is in great contrast to terms found in the surveys of the early- to mid-1990s, when close to half of respondents offered maximum loan maturities of just five years.

For the sixth time in seven years, new loan volume decreased. An average of 30 new loans per institution were financed this past year, down from 43 in 2011.[4] While loan volume among all lenders on average decreased, the change in volume among each lender varied

Terms and Definitions

Actual LTV - the typical loan-to-value ratio of buildings in lenders' portfolios

Debt Service - the repayment of loan principal and interest

Debt Service Ratio - net operating income divided by the debt service; measures the risk associated with a loan; the higher the ratio, the less money an institution is willing to lend

Loan-to-Value Ratio (LTV) - the dollar amount institutions are willing to lend based on a building's value; the lower the LTV, the lower the risk to the lender

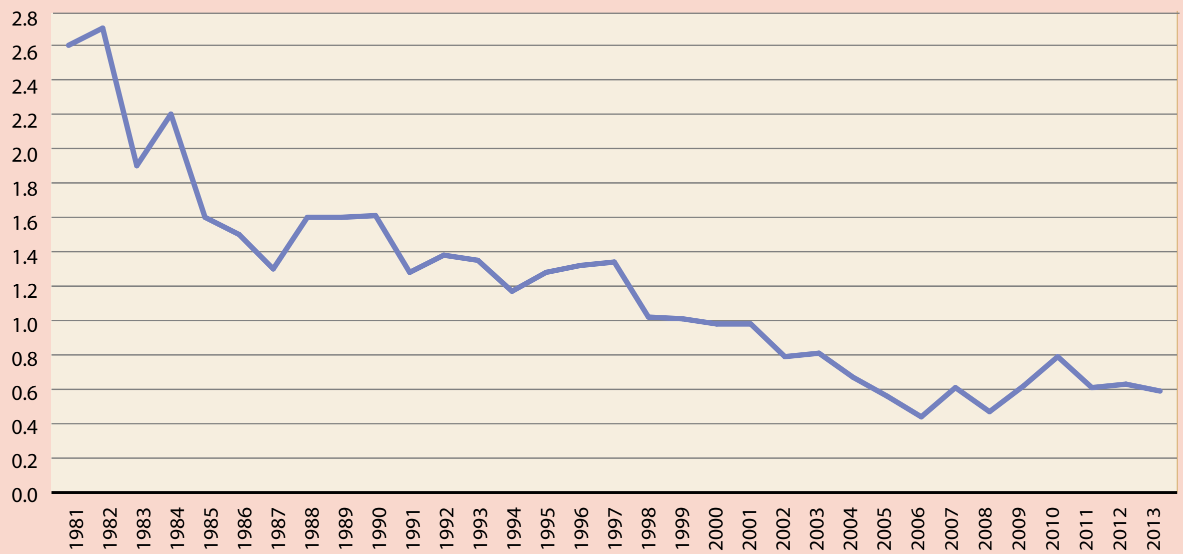
Maximum LTV - the loan-to-value ratio set by the lenders as part of their underwriting criteria

Points - up-front service fees charged by lenders as a direct cost to the borrowers

Terms - the amount of time the borrower has to repay the loan; generally, the term should not exceed the remaining economic life of the building

Service Fees for New Loans to Rent Stabilized Buildings, 1981-2013

Service Fees Decrease Over Prior Year



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

greatly. Among surveyed institutions, 43% said they saw loan volume increase; 36% reported that they saw no change in volume; and 21% reported a decrease from the prior year. There were too few institutions reporting refinanced loan volume to accurately report data.[5] New and refinanced loan volume averages remain far below the year 2004, when our survey found a peak in loan volume per institution, averaging 160 new loans and 173 refinanced loans.

Underwriting Criteria

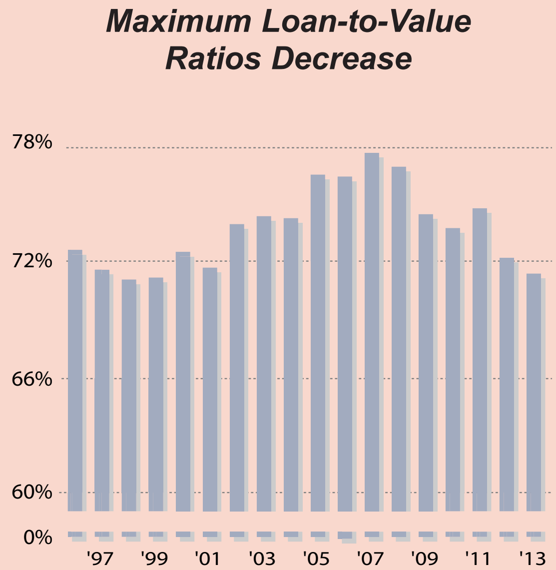
The survey asked lenders for their typical underwriting standards when approving new and refinanced mortgages to rent stabilized building owners. This year lenders, on average, modestly adjusted lending standards. For all institutions, the typical maximum LTV ratio — the maximum dollar amount respondents were willing to lend based on a building's value — ranged from 60% to 80%. The average was 71.3%, down from 72.1% in 2012 (see graph on next page).

Another important lending criterion is the debt service ratio — an investment's ability to cover mortgage payments using its net operating income (NOI). The higher the debt service coverage requirements, the less money a lender is willing to loan given constant net income. The debt service ratio (or NOI divided by the debt service) decreased this year, with an average debt service requirement of 1.25, down from 1.29 in 2011. Because the average debt service ratio fell, lenders have increased the amount of money they are willing to lend in relation to the net operating income of buildings. (See Appendix 2) Overall, debt service coverage at all institutions ranged between 1.15 and 1.35, and about a quarter of all surveyed lenders reported making changes in their underwriting standards since last year.

Lenders also noted additional standards they use when evaluating loan applications. The most commonly cited standards are good building maintenance and the size of the building, with 57% of lenders indicating each an important component when considering offering a mortgage.

Our survey asked lenders whether their lending standards differ for rent stabilized buildings as opposed to non-stabilized multifamily properties.

1996-2013 Cross-Sectional Average Loan-to-Value Standards



Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

Respondents were asked whether their new financing rates; refinancing rates; loan-to-value ratios; and debt service coverage requirements for rent stabilized properties were higher, lower, or the same as for other properties. Almost all lenders (85%) reported that standards were no different in all categories for rent stabilized buildings, a proportion little changed from last year.

Non-Performing Loans & Foreclosures

Fewer lenders reported that they had non-performing loans this year. Thirty-three percent of lenders reported having non-performing loans, down from 45% the prior year. In addition, those with non-performers saw them make up a lower proportion in their portfolios. Of those lenders with non-performers, they represented on average 1.3% of their lending portfolio this year, down from 4.0% the prior year.

Similarly, the proportion of institutions reporting foreclosures declined this year, from last year's 17% to 15% this year. Of those that did report foreclosures this year, they represented 0.5% of their portfolios, down from 1.3% the prior year.

Characteristics of Rent Stabilized Buildings

The typical sizes of buildings in surveyed lenders' portfolios vary. The most commonly reported building size in portfolios is either 11-19 units or 20-49 units, with 29% of lenders reporting each; while the remaining lenders reported an average of either 1-10 units (14%); 50-99 units (21%); or 100+ units (7%).

Vacancy and collection (V&C) losses increased after declining the previous two years, up from 3.50% last year to 4.07% this year. (See graph on next page.) Similarly, a higher proportion of lenders reported losses of 5% or more this year, up from 38% last year to 50% this year.

Average operating and maintenance (O&M) expenses and average rents among buildings in lenders' portfolios both rose, though rent rose at a faster rate. Expenses rose 8.4%, to $650 per unit, and average rents rose 12.5%, to an average of $1,261 per unit per month. (See Appendix 2) Because average rents rose faster than average expenses, the average O&M cost-to-rent ratio declined from 53.47% last year to 51.52% this year.[6]

The NYC Rent Guidelines Board, in our annual *Income and Expense (I&E) Study*, examines the average O&M cost-to-rent ratio as well. However, its findings should *not* be compared to the cost-to-rent ratio reported in this Mortgage Survey because both the sources and sample sizes are very different and the data studied in each report are from different time periods. In the 2012 *I&E Study*, which reported on data from the year 2010, the average O&M cost-to-rent ratio was 76.1%.[7]

The survey asks lenders whether they retain their mortgages or sell them to secondary markets. Among the lenders, 79% of respondents retain all their mortgages and 21% sell all their mortgages. Freddie Mac and Fannie Mae are the most frequent purchasers.

Lenders are asked whether the rent stabilized buildings which are offered mortgage financing contain commercial space. This is helpful so as to understand the extent of income for owners from sources other than residential tenants. This year, all surveyed lenders reported that buildings in their portfolio contain commercial space, though the average amount varies depending on the lender. On average, lenders report

Average Vacancy and Collection Losses, 1996-2013

Source: NYC Rent Guidelines Board, annual Mortgage Surveys.

that 27% of their portfolio contain commercial space, up from 23% reported the prior year.

Loan Expectations

The survey asks lenders about their portfolio's performance, compared with expectations at the time of initial loan origination, with regard to net operating income (NOI), debt service coverage, and O&M expenses. Little changed from last year, with the vast majority of lenders (77%) reporting that their expectations had been met or exceeded in all three areas among their rent stabilized portfolio. By contrast, 23% felt that not all of their expectations were met in 2012.

Specifically, 92% said NOI expectations were equalled or exceeded; another 92% said debt service expectations were met or exceeded; and 77% said O&M expenses were either equalled or better than expected.

Longitudinal Analysis

Information regarding rent stabilized buildings can be examined longitudinally to more accurately assess changes in the lending market, since many respondents reply to the Mortgage Survey in at least two successive years. This longitudinal comparison helps to clarify whether changes highlighted in the cross-sectional analysis reflect actual variations in the lending market or simply the presence of a different group of lenders from year to year. Among the fourteen respondents that completed the survey this year, eleven also responded last year. These eleven make up

Selected 2013 Cross-Sectional Data Compared to 2013 Longitudinal Data

Changes in Average Interest Rates, Loan Volume, Points, Loan-to-Value Ratios, Debt Service Coverage, and Vacancy & Collection Losses

(Averages)	NF Interest Rate	RF Interest Rate	NF Loan Volume	RF Loan Volume	NF Points	RF Points	Max LTV Ratio	Debt Service Ratio	V&C Losses
2013 Cross-Sectional Data	4.37%	4.44%	30	NA	0.59	0.40	71.3%	1.25	4.07%
2013 Longitudinal Data	4.20%	4.28%	37	NA	0.60	0.42	72.0%	1.26	3.91%

NF= New Financing RF= Refinancing LTV=Loan-to-Value V&C=Vacancy and Collection

Source: NYC Rent Guidelines Board, Annual Mortgage Surveys NA: See endnote 5

the longitudinal group, and their responses from both this year and last are compared in this section to illustrate changes between the two years.

Financing Availability and Terms

This year's longitudinal analysis reveals data that is similar to this year's cross-sectional sample.[8] The average interest rate among the longitudinal group for new loans, as of February 2013, was 4.20%, down 0.50 percentage points from February 2012, when the average interest rate was 4.70% for new financing. Likewise, the refinancing rate fell from 4.79% last year to 4.28% this year, a 0.51 percentage point decline (See Appendices 3 and 4).

Among the longitudinal group, average points offered by lenders fell for both new and refinanced loans. This sample reports an average of 0.60 points for new loans and 0.42 for refinanced loans, both down from last year's 0.68 for both types of loans.

Underwriting Criteria and Loan Performance

The average maximum loan-to-value (LTV) ratio changed little this year, increasing to 72.0% among the longitudinal group, compared to 71.8% last year. Likewise, the average debt service ratio changed little, at 1.26 this year versus 1.27 last year. (See Appendix 5) And like the cross-sectional analysis, vacancy and collection (V&C) losses among the longitudinal group rose, from 3.41% last year to 3.91% this year.

Looking at the rate of delinquencies among the longitudinal group, non-performing loans fell to 1.0% among the three lenders reporting them, down from 4.0% last year. Foreclosure rates also fell, down from 1.3% last year to 0.5% this year among the two lenders reporting foreclosures in their portfolios. For additional comparisons between the cross-sectional and longitudinal groups, see table on this page.

Sales Data Analysis

For several years, the NYC Department of Finance has offered online public property sales information. Similar to prior years, we examined sales data from 2012 and compared it with 2011 data. This year's sales data analysis include buildings listed as sold in 2012 in the Department of Finance database. These are matched to buildings that have filed 2011 DHCR building registrations; have not converted to co-ops/condos; and have sold for at least $1,000.

Building Sales Volume

In 2012, 1,135 buildings containing rent stabilized units were sold in New York City, 60% more than in the prior year. Sales volume increased the most in Manhattan, up 86%; followed by the Bronx, up 57%;

Comparison of Building Sales in 2011 vs. 2012

Sales Volume Change Varied by Borough from the Prior Year

	2011	2012	Change
Bronx	130	204	57%
Brooklyn	258	396	53%
Manhattan	225	419	86%
Queens	96	116	21%
Citywide	**709**	**1,135**	**60%**

Note: Citywide figures exclude Staten Island
Source: NYC Department of Finance

Brooklyn, up 53%; and Queens, up 21%. As in prior years, Staten Island was not included in this analysis because there were too few rent stabilized building sales to meaningfully measure change from year to year.[9] (See the table on this page for a numerical breakdown in the change in the number of buildings sold in each borough and Citywide.)

Among the smallest rent stabilized buildings sold in 2012 (6-10 units), sales volume was up 50% Citywide, and rose in each borough. Sales rose the most in the Bronx, up 79%; followed by Manhattan, up 65%; Brooklyn, up 59%, and Queens, up 8%.

Sales volume also increased Citywide among 11-19 unit buildings, up 55%. By borough, it rose 87% in Brooklyn and 74% in Manhattan. In the Bronx, sales remained unchanged.[10]

Among 20-99 unit buildings, sales volume rose Citywide by 73%. Sales volume also rose in all boroughs, more than doubling in Queens and Manhattan. Sales also increased 63% in the Bronx and 26% in Brooklyn.

Among the largest buildings, which contain 100 or more units, sales volume increased 50% Citywide. However, we are unable to analyze sales data by borough because of the small number of buildings sold each year. However, these buildings sales are included in the totals by borough and Citywide.[11]

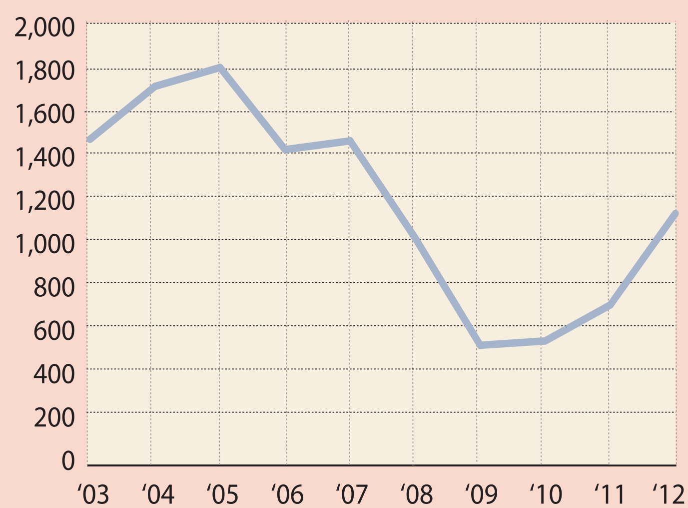
Building sales data shows that for the period from 2003 to the present, sales volume reached its peak in 2005, but by 2009, sales Citywide were at their lowest level of the ten-year period for which we have data. Since then, sales volume Citywide has increased each year, reaching its highest level Citywide this year since 2007. See the graph on this page and Appendix 8 for annual sales volume Citywide since 2003.

Building Sales Prices

Examining the change in rent stabilized building sales prices, the median Citywide sales price was $2,380,000 in 2012. The highest median sales price was in Manhattan ($4,325,650), followed by the Bronx ($2,410,177), Queens ($1,125,000) and Brooklyn ($1,060,000).

Rent Stabilized Building Sales, 2003-2012

Building Sales Citywide Up 60% from Prior Year



Source: NYC Dept. of Finance
Note: Figures exclude Staten Island

In order to compare sales prices from one year to the next, staff examined sales by building size as well as by borough. This analysis takes into account the borough and size of the building that was sold. It does not take into consideration the condition of the building being sold or the specific neighborhood within each borough, important factors that cannot be accurately studied using this data set. Nevertheless, this analysis does reveal the general trends in building sale prices Citywide and throughout the boroughs between 2011 and 2012.

Examining the smallest buildings (6-10 residential units), median sales prices rose slightly, up 1% Citywide. Median sales prices increased 6% in the Bronx and 4% in Brooklyn. In Manhattan, median prices remained unchanged, and in Queens, they fell 5%.

Among 11-19 unit buildings, median prices rose 76% Citywide. By borough, median prices rose the most in Manhattan, up 68%; followed by Brooklyn, up 31%; and in the Bronx, up 3%. Data for Queens is not available. (See Endnote 10.)

Among 20-99 unit buildings, median prices rose Citywide, up 8%, and were up in each borough except the Bronx. Median prices rose the most in Brooklyn, rising 31%; followed by Queens, up 22%; and Manhattan, up 2%. By contrast, the Bronx saw median prices fall 10%.

And as was stated in the building sales volume section above, there were too few sales among buildings containing 100 or more residential units to accurately measure changes in building prices from year to year. See Appendix 9 for the median sales prices in each borough as well as the change from the prior year among different sized buildings.

Summary

In conclusion, interest rates charged for new and refinanced loans declined to the lowest levels since our survey began in 1981, and terms remained favorable to borrowers. Concurrently, rent stabilized building sales volume increased Citywide to its highest level in five years. ❐

Endnotes

1. Federal Deposit Insurance Corporation (FDIC) website: http://www3.fdic.gov/sdi/main.asp
2. Federal Reserve Bank of New York website: http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html
3. "The Fed Drives Best at Higher Speeds," by Christina D. Romer, *New York Times*. January 13, 2013.
4. The total volume of loans reported by lenders who participated in this survey was 300. However, three participants whose portfolios each exceed a billion dollars did not provide the number of new loans.
5. Only five institutions reported refinanced loan volume. Therefore, average loan volume may not accurately reflect volume at a majority of institutions in the survey. Of the five institutions, average refinanced loan volume was 57.
6. The per unit, per month O&M expense and rent figures reported in the Mortgage Survey reflect a very small, non-random sample of the City's regulated stock and are included for informational purposes only. The rent and expense figures in the NYC Rent Guidelines Board's *Income and Expense Study* are derived from a much larger sample of stabilized buildings and can be viewed as more authoritative.
7. The O&M cost-to-rent ratio from the 2013 Mortgage Survey reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately February 2013. The average ratio is calculated from just ten respondents. By comparison, the latest available O&M cost-to-rent ratio from the *Income and Expense Study (I&E)*, in which average rent was $1,037 and average unaudited cost was $790, reflects rents and expenses reported by owners for calendar year 2010. Average monthly costs per unit in the Mortgage Survey this year are lower than those reported in the I&E. This may be due to differences in the two data sources: Lenders' estimated average of buildings in an institution's portfolio vs. a weighted average of a large sample of owner-reported data; the large variance between the two sample sizes; and the difference between the buildings studied in each analysis. (Buildings required to file Real Property Income and Expense (RPIE) forms must have an assessed value greater than $40,000 and eleven or more units, while the Mortgage Survey does not exclude these buildings).
8. The cross-sectional and longitudinal groups are very similar because all but three lenders responded both years.
9. The data reflects sales prices for buildings that are registered with the New York State Division of Housing and Community Renewal (DHCR) as containing rent stabilized units. It excludes those buildings where the sales price was listed as less than $1,000. It also excludes those buildings listed as co-ops. Furthermore, all of Staten Island is excluded from all analysis due to the small number of buildings sold.
10. There were too few 11-19 unit buildings sold in Queens to accurately report data.
11. All 100+ unit building borough categories are excluded due to the small number of buildings sold in their respective categories. However, while these categories are not discussed, these buildings are included in the overall statistics and analysis.

Appendices

1. Interest Rates and Terms for New and Refinanced Mortgages, 2013

Lending Institution	New Mortgages: Rate (%)	Points	Term (yrs)	Type	Volume	Refinanced Mortgages: Rate (%)	Points	Term (yrs)	Type	Volume
14	3.25%	0	5&5, 7&5	adj	NR	3.25%	0.00	5&5, 7&5	adj	NR
15	NR	0.5	5, 7, 10, 15, 20, 30	both	NR	NR	0.50	5, 7, 10, 15, 20, 30	both	NR
16	3.75%	0	5 & 7	fxd	NR	3.75%	0.00	5 & 7	fxd	NR
28	3.85%	0	5, 7, 10	both	2	4.00%	0.00	5, 7, 10	both	8
30	4.25%	1.00	30 yr	fxd	16	4.00%	1.00	10 or 7/30	fxd	NR
33	4.50%	0.00	5, 10, 15	adj	41	4.50%	0.00	5, 10, 15	adj	29
35	3.50%	0.00	7 plus 5 on 30 yr §	adj	36	3.50%	0.00	7 plus 5 on 30 yr §	adj	15
37	6.75%	1.00	10 yrs	fxd	NR	6.75%	1.00	10 yrs	fxd	NR
40	5.63%	1.25	10/25 * or 15 yr	fxd	2	5.63%	1.25	10/25 * or 15 yr	fxd	NR
117	3.13%	NR	5 yrs	fxd	155	3.13%	0.00	5 yrs	fxd	230
209	4.25%	0.00	5/30	adj	6	4.25%	0.00	5/30	adj	NR
301	3.40%	0.35	10 yrs	fxd	5	NR	0.00	NR	NR	NR
401	5.50%	0.75	30 yr	fxd	34	5.50%	0.10	NR	fxd	NR
402	5.00%	1.00	15 yrs	adj	3	5.00%	1.00	15 yrs	adj	4
AVERAGE	**4.37%**	**0.59**	**†**	**†**	**30**	**4.44%**	**0.40**	**†**	**†**	**NA**

§ Amortization **Adj** = adjustable rate mortgage † No average computed **NR** = no response to this question * Balloon

NA = See endnote 5

Note: The average for interest rates and points is calculated by using the midpoint when a range of values is given by the lending institution.

Source: 2013 NYC Rent Guidelines Board Mortgage Survey

2. Typical Characteristics of Rent Stabilized Buildings, 2013

Lending Institution	Maximum Loan-to-Value Standard	Debt Service Coverage	Vacancy & Collection Losses	Typical Building Size	Average Monthly O&M Cost/Unit	Average Monthly Rent/Unit
14	75%	1.20	5%	20-49	$1,200	$1,200
15	80%	1.25	5%	20-49	$1,260	$1,980
16	75%	1.35	4%	50-99	NR	NR
28	75%	1.30	3%	50-99	NR	NR
30	80%	1.25	5%	20-49	$585	$900
33	75%	1.30	5%	11-19	$542	$1,200
35	65%	1.15	3%	11-19	$300	$1,200
37	65%	1.20	3%	11-19	$375	$1,250
40	68%	1.30	5%	1-10	$588	$1,500
117	75%	1.25	4%	20-49	$575	$1,100
209	70%	1.25	5%	11-19	NR	NR
301	60%	1.35	1%	50-99	NR	NR
401	75%	1.15	3%	100+	$622	$1,230
402	60%	1.25	6%	1-10	$450	$1,050
AVERAGE	**71.3%**	**1.25**	**4.07%**	**†**	**$650**	**$1,261**

NR indicates no response to this question † No average computed.

Note: Average loan-to-value (LTV) and debt service coverage ratios were calculated using the midpoint when a range was given by the lending institution.

Source: 2013 NYC Rent Guidelines Board Mortgage Survey

3. Interest Rates and Terms for New Financing, Longitudinal Study, 2012-2013

	Interest Rates		Points		Term		Type	
Lending Inst.	2013	2012	2013	2012	2013	2012	2013	2012
14	3.25%	3.75%	0.0	0.0	5&5, 7&5	5&5	adj	adj
15	NR	NR	0.5	1.5	+	+	both	both
16	3.75%	4.00%	0.0	0.0	5 & 7	5 yr	fxd	fxd
28	3.85%	4.50%	0.0	0.0	5, 7, 10	5, 7, 10 yrs	both	both
30	4.25%	4.65%	0.0	1.0	30 yr	30 yr	fxd	fxd
33	4.50%	4.25%	0.0	0.5	5, 10, 15	5+5 yrs	adj	adj
35	3.50%	5.00%	0.0	0.5	7 plus 5 on 30 yr §	15 yr	adj	fxd
37	6.75%	7.25%	1.0	1.0	10 yrs	10 yrs	fxd	fxd
40	5.63%	6.25%	1.3	2.5	10/25 * or 15 yr	15 yr or 10/25 *	fxd	fxd
117	3.13%	3.85%	NR	0.0	5 yrs	5 yrs	fxd	fxd
301	3.40%	3.50%	0.4	0.5	10 yrs	7 yr	fxd	fxd
AVERAGE	**4.20%**	**4.70%**	**0.60**	**0.68**	†	†	†	†

NR indicates no response to this question
Adj = adjustable rate mortgage
† No average computed
+ 5, 7, 10, 15, 20, 30 yrs
§ Amortization
* Balloon

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values is given by the lending institution.

Source: 2012 and 2013 NYC Rent Guidelines Board Mortgage Surveys

4. Interest Rates and Terms for Refinanced Loans, Longitudinal Study, 2012-2013

	Interest Rates		Points		Term		Type	
Lending Inst.	2013	2012	2013	2012	2013	2012	2013	2012
14	3.25%	3.75%	0.0	0.0	5&5, 7&5	5&5	adj	adj
15	NR	NR	0.5	1.5	5, 7, 10, 15, 20, 30	5, 7, 10, 15, 20, 30	both	both
16	3.75%	4.00%	0.0	0.0	5 & 7	5 yrs	fxd	fixed
28	4.00%	4.50%	0.0	0.0	5, 7, 10	5, 7, 10 yrs	both	both
30	4.00%	5.00%	1.0	1.0	10 or 7/30	10 yrs/ 30 yr §	fxd	fixed
33	4.50%	4.50%	0.0	0.5	5, 10, 15	5, 10, 15 yrs	adj	adj
35	3.50%	5.00%	0.0	0.5	7 plus 5 on 30 yr amort	15 yr	adj	fixed
37	6.75%	7.25%	1.0	1.0	10 yrs	10 yrs	fxd	fixed
40	5.63%	6.25%	1.3	2.5	10/25 bal or 15 yr	15 yr or 10/25 *	fxd	fixed
117	3.13%	3.85%	NR	0.0	5 yrs	5 yrs	fxd	fixed
301	NR	3.75%	NR	0.5	NR	7 yr	NR	fixed
AVERAGE	**4.28%**	**4.79%**	**0.42**	**0.68**	†	†	†	†

NR indicates no response to this question
Adj = adjustable rate mortgage
† No average computed
§ Amortization
* Balloon

Note: Averages for interest rates and points are calculated by using the midpoint when a range of values were given by the lending institution.

Source: 2012 and 2013 NYC Rent Guidelines Board Mortgage Surveys

5. Lending Standards and Relinquished Rental Income, Longitudinal Study, 2012-2013

	Max Loan-to-Value		Debt Service Coverage		V&C Losses	
Lending Inst.	2013	2012	2013	2012	2013	2012
14	75%	70%	1.20	1.15	5%	1%
15	80%	80%	1.25	1.25	5%	5%
16	75%	75%	1.35	1.40	4%	4%
28	75%	75%	1.30	1.30	3%	2%
30	80%	80%	1.25	1.25	5%	5%
33	75%	NR	1.30	1.30	5%	5%
35	65%	65%	1.15	1.25	3%	3%
37	65%	65%	1.20	1.20	3%	3%
40	68%	68%	1.30	1.30	5%	5%
117	75%	75%	1.25	1.25	4%	2%
301	60%	65%	1.35	1.35	1%	3%
AVERAGE	**72.0%**	**71.8%**	**1.26**	**1.27**	**3.91%**	**3.41%**

NR indicates no response to this question

Note: Average loan-to-value and debt service coverage ratios are calculated using the midpoint when a range is given by the lending institution.

Source: 2012 and 2013 NYC Rent Guidelines Board Mortgage Surveys

6. Retrospective of New York City's Housing Market, 1982-2013

Year	Interest Rates for New Mortgages	Permits for New Housing Units in NYC and northern suburbs	Permits for New Housing Units in NYC only
1982	16.3%	11,598 **b**	7,649
1983	13.0%	17,249 **b**	11,795
1984	13.5%	15,961	11,566
1985	12.9%	25,504	20,332
1986	10.5%	15,298	9,782
1987	10.2%	18,659	13,764
1988	10.8%	13,486	9,897
1989	12.0%	13,896	11,546
1990	11.2%	9,076	6,858
1991	10.7%	6,406	4,699
1992	10.1%	5,694	3,882
1993	9.2%	7,314	5,173
1994	8.6%	6,553	4,010
1995	10.1%	7,296	5,135
1996	8.6%	11,457	8,652
1997	8.8%	11,619	8,987
1998	8.5%	13,532	10,387
1999	7.8%	15,326	12,421
2000	8.7%	18,077	15,050
2001	8.4%	19,636	16,856
2002	7.4%	21,423	18,500
2003	6.2%	23,778	21,218
2004	5.8%	27,695	25,208
2005	5.5%	33,606	31,599
2006	6.3%	32,609	30,927
2007	6.3%	34,514	31,902
2008	6.1%*	34,715	33,911
2009	6.5%	6,665	6,057
2010	6.3%	7,406	6,727
2011	5.8%	10,326 ◆	8,936
2012	4.6%	11,170 Ø	10,334 Ø
2013	4.4%	•	•

b Prior to 1984, Bergen Co., NJ permit figures are included.

Ø Figures are preliminary.

◆ This figure has been revised from the preliminary figure reported last year to reflect the final adjusted count.

* The 2008 figure has been revised from that which was originally published due to the exclusion of one government lender

Notes: Interest rate data was collected in January-February and represents a 12-month average of the preceding year. Permit data is for the entire 12-month period of the shown year. The northern suburbs include Putnam, Rockland, and Westchester counties.

Sources: NYC Rent Guidelines Board, Annual Mortgage Surveys; U.S. Bureau of the Census, Manufacturing & Construction Division, Residential Construction Branch.

7 . 2013 Survey of Mortgage Financing for Multifamily Properties

I. Financing Availability and Terms for Multifamily Buildings

1a. Do you currently offer **new permanent financing** (*i.e.*, loans secured by a property not previously mortgaged by your institution) for *rent stabilized buildings?*

❑ **Yes** *(Indicate typical terms and conditions at right.)*

❑ **No**

Interest rate : ________ % (current) ________ % (12 mo. average for 2012)

Points : ________

Terms : ________

Type: Fixed / Adjustable *(circle one)*

Special conditions: ________________

1b. How many loans were made by your institution in 2012 for new permanent financing of *rent stabilized buildings?*

Number of loans: ________________

2a. Do you currently offer **refinancing** of mortgages on *rent stabilized buildings?*

❑ **Yes** *(Indicate typical terms and conditions at right.)*

❑ **No** *(Skip to question 4a if you do not offer refinancing.)*

Interest rate : ________ % (current) ________ % (12 mo. average for 2012)

Points : ________

Terms : ________

Type: Fixed / Adjustable *(circle one)*

Special conditions: ________________ (if any)

2b. How many loans did your institution **refinance** in 2012 for *rent stabilized buildings?*

Number of loans: ________________

3a. In the past year, has the **total volume of new and refinanced loans** underwritten by your institution changed significantly (by at least 5%)?

❑ Yes, we have experienced a significant ________ (increase / decrease) of about ______ %.

❑ No, it is about the same. *(Please skip Question 3b).*

3b. If **loan volume** has changed significantly, is the change attributable to:

(Please check and fill in all applicable choices.)

❑ A significant ________________ (increase / decrease) in the volume of loan **applications** of about _____ %.

❑ A significant ________________ (increase / decrease) in the rate of application **approvals** of about _____ %.

Are there any **trends** related to financing availability and terms on which you wish to comment?

____

____

____

____

1

II. Underwriting Criteria for Rent Stabilized Buildings

4a. What **standards** does your institution employ when assessing loan applications for *rent stabilized buildings?*

*(Provide the **maximum** criteria.)*

		N.A.
Loan-to-Value Ratio:	________________	❑
Debt Service Coverage:	________________	❑
Appraised Value of Building:	________________	❑

4b. Please provide any **other standards** your institution employs when assessing loan applications. If you do not employ the standard given, place an "X" in the "N.A." column.

*(Indicate an **average, minimum, or maximum** criteria.)*

		N.A.
Number of Units in Building:	__________	❑
Building Age:	__________	❑
Borrower Lives in Building:	__________	❑
Overall Building Maintenance:	__________	❑
Co-op / Condo Conversion Potential:	__________	❑
Other *(Please Specify)*:	__________	❑

5. Did your institution change its **underwriting practices** for financing or refinancing *rent stabilized buildings* over the past year?

❑ Yes.

❑ No. *(If no, please skip to Question 7).*

6. Yes, we changed our **underwriting practices** for *rent stabilized buildings* to:

(Please check and fill in all applicable choices.)

❑ Use ________ (more / less) stringent approvals.

❑ Require ________ (higher / lower) fees (i.e., points or fees).

❑ ________________ (Increase / Decrease) loan-to-value ratio.

❑ ________________ (Increase / Decrease) monitoring requirements.

❑ ________________ (Discontinue / Reduce / Expand) lending to rent stabilized buildings.

❑ Other : ________________

III. Additional Mortgage Questions

7. How many **dwelling units** are contained in the average *rent stabilized building* financed by your institution? *(Please check only one.)*

❑ 1 -10 ❑ 11 - 19 ❑ 20 - 49
❑ 50 - 99 ❑ 100 or more

8. Which of the following best describes the average **vacancy and collection loss** for *rent stabilized buildings* during the past year? *(Please check only one.)*

❑ < 1% ❑ 1% ❑ 2%
❑ 3% ❑ 4% ❑ 5%
❑ 6% ❑ 7% ❑ > 7%

9. Approximately what percentage of your loans to *rent stabilized buildings* are **currently non-performing**?

❑ None

❑ Approximately ________ %.

2

10. Approximately what percentage of your loans to *rent stabilized buildings* are **currently in foreclosure**?

❑ None

❑ Approximately ________ %.

11a. Does your institution **retain the mortgages** you offer or do you sell any to secondary markets?

❑ We retain all the mortgages sold. *(If so, please skip to question 12.)*

❑ We sell all our mortgages to secondary markets.

❑ We sell ____% of our mortgages to secondary markets.

11b. To whom do you **sell your mortgages**? *(Please check and fill in all applicable choices.)*

❑ Fannie Mae

❑ Freddie Mac

❑ Other: ________________

12. In your sector, who are your **major competitors** in multi-family lending?

____

____

13. Do the mortgages offered to *rent stabilized buildings* include any **commercial space**?

❑ No

❑ Yes. Approximately what percentage of buildings in your portfolio have commercial space? ________%

14. What is your best estimate of average **operating and maintenance costs** per unit per month in the *rent stabilized buildings* financed by your institution?

$ ______________ ***per unit per month***

(Include the following operating and maintenance costs in your estimate: Real Estate & Other Taxes, Labor, Fuel, Utilities, Contractor Services, Administration — including Legal, Management and other costs — Insurance, Parts & Supplies, and Replacement Costs.)

15. What is your best estimate of **average rent per unit per month** in the *rent stabilized buildings* financed by your institution?

$ ______________ ***per unit per month***

16. Do any of your **lending or underwriting standards differ** for *rent stabilized buildings* as opposed to non-stabilized multifamily properties? *(Please check all that apply)*

New Financing Rates:	❑ Higher	❑ Lower	❑ Same
Refinancing Rates:	❑ Higher	❑ Lower	❑ Same
Loan-to-Value Ratio:	❑ Higher	❑ Lower	❑ Same
Debt Service Coverage:	❑ Higher	❑ Lower	❑ Same

17. On average, how does your portfolio of *rent stabilized buildings* **perform** as compared with expectations at the time of the initial loan originations? *(Please check all that apply)*

Net Operating Income:	❑ Better	❑ Worse	❑ Same
Debt Service Coverage:	❑ Better	❑ Worse	❑ Same
O&M Expenses:	❑ Better	❑ Worse	❑ Same

3

18. Please estimate, *on average*, what percentage of Net Operating Income (NOI) goes towards **payment of debt service**:

__________%.

19. Please estimate the **average mortgage loan payment per unit per month** for a typical building in your portfolio:

$ __________.

20. Are there any **additional trends** relating to underwriting criteria, non-performing loans & foreclosure, or the mortgage market in general on which you wish to comment?

____

____

____

____

____

Thank you for taking the time to complete the survey. Findings will be published in the 2013 *Mortgage Survey Report*, which will be released by the end of March.

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8. Rent Stabilized Building Sales Volume, Citywide and by Borough, and Percent Change, 2003-2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Citywide	**1,481**	**1,728**	**1,816**	**1,433**	**1,474**	**1,021**	**521**	**541**	**709**	**1,135**
% Change from Prior Yr	**-**	***16.7%***	***5.1%***	***-21.1%***	***2.9%***	***-30.7%***	***-49.0%***	***3.8%***	***31.1%***	***60.1%***
Bronx	203	269	264	224	319	171	100	131	130	204
% Change from Prior Yr	-	*32.5%*	*-1.9%*	*-15.2%*	*42.4%*	*-46.4%*	*-41.5%*	*31.0%*	*-0.8%*	*56.9%*
Brooklyn	678	730	750	593	520	426	199	185	258	396
% Change from Prior Yr	-	*7.7%*	*2.7%*	*-20.9%*	*-12.3%*	*-18.1%*	*-53.3%*	*-7.0%*	*39.5%*	*53.5%*
Manhattan	418	480	598	403	470	243	146	144	225	419
% Change from Prior Yr	-	*14.8%*	*24.6%*	*-32.6%*	*16.6%*	*-48.3%*	*-39.9%*	*-1.4%*	*56.3%*	*86.2%*
Queens	182	249	204	213	165	181	76	81	96	116
% Change from Prior Yr	-	*36.8%*	*-18.1%*	*4.4%*	*-22.5%*	*9.7%*	*-58.0%*	*6.6%*	*18.5%*	*20.8%*

Note: Staten Island buildings are excluded due to the small number of buildings sold.

Source: NYC Department of Finance

9. Rent Stabilized Building Median Sales Price and Sales Volume, by Borough and Building Size, and Percent Change, 2011-2012

	2011 Median Sale Price	2012 Median Sale Price	Percent Change from 2011-12	2011 # of Sales	2012 # of Sales	Percent Change from 2011-12
Citywide						
All buildings*	$1,800,000	$2,380,000	-	709	1,135	60.1%
6-10 units	$825,000	$836,500	1.4%	290	436	50.3%
11-19 units	$1,622,000	$2,850,000	75.7%	115	178	54.8%
20-99 units	$3,687,500	$4,000,000	8.5%	286	494	72.7%
100+ units	-	-	-	18	27	50.0%
Bronx						
All buildings*	$2,170,000	$2,410,177	-	130	204	56.9%
6-10 units	$591,250	$626,500	6.0%	19	34	78.9%
11-19 units	$1,149,604	$1,180,000	2.6%	17	17	0%
20-99 units	$3,400,000	$3,067,105	-9.8%	91	148	62.6%
Brooklyn						
All buildings*	$967,500	$1,060,000	-	258	396	53.5%
6-10 units	$720,000	$750,000	4.2%	155	247	59.4%
11-19 units	$1,325,000	$1,737,500	31.1%	30	56	86.7%
20-99 units	$3,215,240	$4,202,500	30.7%	70	88	25.7%
Manhattan						
All buildings*	$3,500,000	$4,325,650	-	225	419	86.2%
6-10 units	$2,900,000	$2,900,000	0%	52	86	65.4%
11-19 units	$2,458,732	$4,125,000	67.8%	53	92	73.6%
20-99 units	$4,500,000	$4,584,061	1.9%	111	226	103.6%
Queens						
All buildings*	$995,250	$1,125,000	-	96	116	20.8%
6-10 units	$803,000	$760,000	-5.4%	64	69	7.8%
11-19 units	-	-	-	-	-	-
20-99 units	$3,687,500	$4,501,102	22.1%	14	32	128.6%

Notes: The percent change in median sales price citywide and by borough were not calculated due to the variation in the median building size from year to year. Staten Island buildings; Queens 11-19 unit buildings; as well as all 100+ unit buildings, except sales volume Citywide, are excluded due to the small number of buildings sold.

* "All buildings" totals include buildings with 100 or more units. Therefore, these figures may not equal the sum of their subsets. In addition, Citywide figures do not contain Staten Island building sales.

Source: NYC Department of Finance