
Housing Development Fund Corporation

RE: **Technical Assistance and Compliance Monitoring Contract**

Dear Board of Directors:

The City of New York acting by and through its Department of Housing Preservation and Development (“HPD”), wishing to ensure compliance with the provisions of that certain Regulatory Agreement, dated as of [_____] , 200__ (the “Regulatory Agreement”), which is attached herein as “**Exhibit A**,” by and between HPD and _____ Housing Development Fund Corporation (the “HDFC”), has requested that the Urban Homesteading Assistance (U-HAB) Inc., (“Agent”), an HPD approved Monitoring Agent, provide ongoing technical assistance and regulatory monitoring services to the HDFC mutually agreed to between the parties, the terms and conditions of which are described herein (hereinafter referred to as the “Agreement”). These services are separate from any other participation the Agent’s staff has, or plans to have, with the HDFC, if any.

This Agreement shall remain in full force and effect for the duration of the Restriction Period as defined in the Regulatory Agreement or until otherwise terminated or amended as discussed below. The fees for these monitoring services are attached herein as Exhibit “B” and are subject to an annual increase every year by 3% and are payable in full at the start of the year (the “Monitoring Fee”). If additional assistance is required beyond the services provided pursuant to this Agreement, a separate contract shall be entered into between UHAB and the HDFC. Any additional monitoring services agreed to above and beyond the services contained in this Agreement may result in additional fees or a onetime charge being imposed on the HDFC.

Upon commencement of this Agreement, Agent will assist the HDFC and its duly elected board of directors (the “Board”) to comply with the terms and conditions of: (1) the Regulatory Agreement, and (2) any other terms and conditions of funding sources involved, if any (hereinafter referred to as “Compliance Monitoring”). In an effort to ensure compliance, UHAB shall assist as follows:

Compliance Monitoring

The Regulatory Agreement

- Assist the HDFC to comply with its obligations under the Regulatory Agreement, including, but not limited to the following services: (i) prepare and deliver to the HDFC a checklist of its obligations under the Regulatory Agreement (ii) assist the HDFC to notify HPD or private lender of any significant changes, such as litigation, liens, etc.; and (iii) assist the HDFC with financial reporting and referrals, if necessary, to appropriate third-party financial service providers, such as managers, bookkeepers or accountants.

Corporate Governance

- Assist the Board in maintaining an acceptable level and quality of management of the HDFC and discuss any management concerns with the Board so that timely decisions can be made, including, but not limited to decisions related to the existing management company or exploring the possibility of self-management.

- Review annual financial statements (i.e. balance sheet, income statement, audited financial statements prepared by a CPA, etc.). The HDFC shall submit these to UHAB within ninety (90) days of the close of the HDFC's fiscal/tax year.
- Review the HDFC's financial statements for compliance with budget projections and maintenance collections, and monitor the financial records and other documentation of the management, operations, and activities of the HDFC. The HDFC's financial statements and any other financial documents shall be provided to the UHAB by the HDFC or its management company at UHAB's request.
- Assist the HDFC in the compilation, review and delivery of any and all documents requested by HPD pursuant to the Regulatory Agreement related to HDFC financials.
- Assist the Board to prepare a projected budget and maintenance/rent collection plan for the upcoming year within ninety (90) days of the close of each of the HDFC's fiscal/tax years; such projections shall be based on analysis/comparison of previous year's projections and the actual income and expenses of the HDFC.
- Meet with the Board at least once every year to review projected upcoming year budget and advise the Board on how to maintain financial feasibility of HDFC, which may include suggesting maintenance increases, and/or ways of reducing operating costs.
- Review certificate of insurance annually to ensure compliance with the lender's insurance requirements.

Building Management

- Provide an annual walk-through of the public areas of the building to discuss the physical maintenance of the building; suggest engagement of a professional inspector/engineer on an as-needed basis. The cost of engaging a third-party professional shall be incurred by the HDFC.
- Ensure that the Board maintains waitlists of qualified applicants to fill any and all vacancies that arise in the building.
- Assist the HDFC to review all Board approvals of sublets, sales of shares, and, if applicable, rental of non-residential space for compliance with the terms of the Regulatory Agreement, Certificate of Incorporation and By-Laws. UHAB as Agent shall approve (or disapprove) all sales, rentals and sublets as required by the Regulatory Agreement and shall ensure that the Board certifies that all applicants came from approved waitlists maintained by the Building.
- Attend annual Board elections and ensure that such elections are certified to.
- Assist the HDFC in building up and maintaining capital improvement and operating reserve accounts as required in the loan documents. UHAB must approve any withdrawal of HDFC-held operating reserves.
- UHAB will prepare an annual report summarizing all of UHAB's observations of the HDFC's financial, physical and organizational conditions. The report will include certifications made by the HDFC Board as to the annual Board election, the distribution of annual financial statements and the approval of the annual budget and rent plan. A copy of the complete annual report shall be provided to the HDFC.

Termination

- Termination of this Agreement by the HDFC shall require the prior written approval of HPD. The HDFC must then promptly notify UHAB with written proof of HPD’s consent.
- In the event that the HDFC fails to comply with any of the provisions of this Agreement or pay the monitor fee and such failure continues for fifteen (15) days after notice is provided to the HDFC by UHAB, UHAB reserves the right to terminate this Agreement by providing written notice of such termination to the HDFC and HPD.
- In the event the HDFC fails to comply with any of the provisions of this Agreement or pay the Monitoring Fee, UHAB may institute Enforcement Proceedings as further described in the Regulatory Agreement.

No Provision of this Agreement supersedes any provision or clause of the attached Regulatory Agreement. If any clause or portion of this Agreement contradicts the Regulatory Agreement, then the Regulatory Agreement shall control.

UHAB’s representative assigned to work with the HDFC, for the present, will be _____ . UHAB can substitute for its representative at UHAB’s discretion. In the event of a change in UHAB’s representative, UHAB shall notify the Board in writing.

UHAB shall not be held liable for any actions taken or omitted under this Agreement so long as it has acted in good faith and without gross negligence.

This Agreement shall not be changed or modified except by written agreement signed by both UHAB and the HDFC .

Please sign below to indicate your acceptance of this Agreement.

_____	_____
[U-HAB, Inc., Executive Director]	Date
_____	_____
HDFC	Date
_____	_____
HDFC	Date

Exhibit A

Regulatory Agreement

Exhibit B**Schedule of Annual Monitoring Fees****Buildings without Commercial Units**

1-15	\$3,500
16	\$3,600
17	\$3,700
18	\$3,800
19	\$3,900
20	\$4,000
21	\$4,100
22	\$4,200
23	\$4,300
24	\$4,400
25	\$4,500
26	\$4,600
27	\$4,700
28	\$4,800
29	\$4,900
	\$5,000
50	\$5,100
51	\$5,200
52	\$5,300
53	\$5,400
54	\$5,500
55	\$5,600
56	\$5,700
57	\$5,800
58	\$5,900
59	\$6,000
60	\$6,100
61	\$6,200
62	\$6,300
63	\$6,400
64	\$6,500
65	\$6,600
66	\$6,700
67	\$6,800
68	\$6,900
69	\$7,000
70	\$7,100
71	\$7,200
72	\$7,300
73-99	\$7,400
100+	\$7,500

Buildings with Commercial Units

1-25	\$4,500
26	\$4,600
27	\$4,700
28	\$4,800
29	\$4,900
30-49	\$5,000
50	\$5,100
51	\$5,200
52	\$5,300
53	\$5,400
54	\$5,500
55	\$5,600
56	\$5,700
57	\$5,800
58	\$5,900
59	\$6,000
60	\$6,100
61	\$6,200
62	\$6,300
63	\$6,400
64	\$6,500
65	\$6,600
66	\$6,700
67	\$6,800
68	\$6,900
69	\$7,000
70	\$7,100
71	\$7,200
72	\$7,300
73-99	\$7,400
100+	\$7,500