The Rent Guidelines Board

2001 Mortgage Survey

March 27, 2001

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Summary

The 2001 Mortgage Survey reflects the continuation of a relatively stable and accessible lending market, despite the increasing concern about the possibility of a nationwide recession in the later part of the year.[1] Interest rates for both new and refinanced mortgages declined, and lending terms remained as flexible as in the prior year. New loan volume among banks surveyed remained stable, though refinancing volume declined slightly this year. Strict lending practices in effect in the early 1990s appear to have paid off as the number of non-performing loans and foreclosures declined significantly. The survey also found that participating lenders offer their services throughout the City, with, for the most part, little difference in lending practices and interest rates.

Introduction

Section 26-510 (b)(iii) of the Rent Stabilization Law requires the 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 January the RGB research staff surveys financial institutions that underwrite mortgages for multifamily rent stabilized properties in New York City. The survey provides details about New York City's multifamily lending during the 2000 calendar year. The survey is organized into five sections: new and refinanced loans, underwriting criteria, non-performing loans, characteristics of buildings in lenders' portfolios and geographical distribution of lending practices.

Survey Respondents

Twenty-seven financial institutions participated in the survey this year out of seventy-six surveys mailed. This was the same number of respondents as last year, despite the continuing trend of bank mergers and acquisitions. The survey sample is updated annually to include only those institutions offering loans for multiple dwelling, rent stabilized properties. New institutions were found through research in trade journals, directories, World Wide Web search engines and lists compiled by the Federal Deposit Insurance Corporation (FDIC). In addition, this year the staff added lenders to the survey by obtaining a list of mortgages filed for rent-stabilized properties over a recent six-month period with the City's Department of Finance. Of the twenty-seven respondents, all but one (a local housing services program) were traditional lending institutions: savings banks, S & L's and commercial banks.

What's New

- ✔ Average interest rate for new multifamily mortgages is 8.42% - a slight decrease from the prior year.
- ✔ Average interest rate for refinanced multifamily mortgages declined to 7.97% this year.
- ✔ Average fees (points) for new loans have remained at 0.99% - the lowest in the history of the survey.
- ✔ The past year saw a significant decline in the number of non-performing loans and foreclosures,continuing a trend seen over the past few years.
- ✔ Continued mortgage market stability illustrated by unchanged underwriting criteria (loan-to-value and debt service ratios) and lending terms.
- ✔ Lending practices remained similar between boroughs,but interest rates vary slightly.

The FDIC provided data about the multifamily real estate holdings of the survey respondents. There is significant variety in the dollar value of the holdings of the respondents, ranging from $602,000 to $3.3 billion in multifamily housing loans. Six had over a billion dollars in holdings, while three had under ten million. The average holding was $657 million.

As illustrated in previous surveys, a few large lenders again provided the majority of new and refinanced mortgages. Of the entire pool of respondents, four provided 66% of the total volume of new mortgages, and seven provided 81% of the total volume of refinanced loans of all respondents.

The report also compares information from the same group of lenders who have responded each of the last two years. By examining these longitudinal respondents, the staff is better able to distinguish between actual changes in the lending market versus fluctuations caused by different institutions responding to the surveys in consecutive years. Twenty-one institutions that responded this year also completed last year's *Mortgage Survey*. This increased the size of the longitudinal group by two respondents over last year.

The report begins by discussing findings from a cross-sectional study of all respondents to the 2001 *Mortgage Survey*, followed by an analysis of the longitudinal group.

Cross-Sectional Analysis

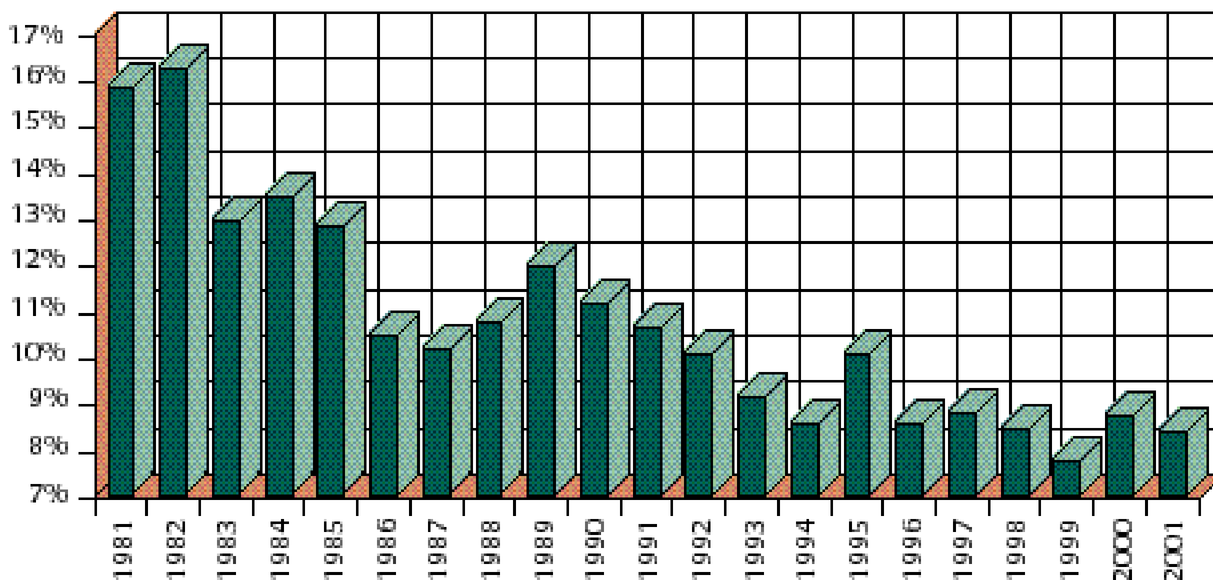
Financing Availability and Terms

For the third time in four years, average interest rates decreased this year. This year's average rate of 8.42% for new multifamily mortgages was a decrease of 0.29 percentage points, or 3%, from the previous year (see graph below). There are many factors that this decrease can be attributed to, most notably the actions taken by the Federal Reserve Board to lower interest rates in an attempt to stimulate the U.S. economy towards the end of the year.[2]

The vast majority of the institutions responding to the survey this year (24 out of 27) also offered refinanced mortgages, and usually on the same terms. While most charged the same rate for refinanced and new originations, five charged lower rates and none charged a higher rate for refinanced loans. The average

Multifamily Mortgage Interest Rates Decrease

(Average Interest Rates for New Loans to Rent Stabilized Buildings, 1981-2001)



Source: Rent Guidelines Board, Annual *Mortgage Surveys*.

rate for refinanced loans was 7.97%, a decrease of 0.65 percentage points, or 7.5%, from the previous year. Of the three respondents who did not offer loan refinancing, they offered new mortgages at noticeably higher interest rates, (on average 9.67%), than those offering both loan types.

Federal Reserve Board actions taken in 2000 and the beginning of 2001 help to explain the decrease in mortgage rates. From February to May of 2000, the Fed raised both the Discount Rate — the interest rate at which depository institutions borrow from the Federal Reserve Bank of New York — and the Federal Funds Rate — the rate banks charge each other for overnight loans — each by a total of 1%. Then, in response to the slowing growth and fear of a recession in the national economy, the Fed lowered both rates in January 2001 twice, each by a total of one percentage point.[3] Mortgage interest rates are influenced in large part by both anticipation and response to actions taken by the Fed. So with the slowing of the economy in the latter part of 2000, lenders were expecting rate cuts, stimulating a decline in mortgage rates in the later part of the year (see endnote 2).

Average points — up-front service fees charged by lenders — were 0.99% for new loans this year, the same as last year. Average points reported in the survey have remained low, near 1%, for the past four years (see graph below). Points for new mortgages ranged from 0 to 2%, with most respondents offering 1%. This year, the average points charged for refinanced loans was 1.06%, up slightly from last year's figure of 1.01%.

Lenders remained flexible in the loan terms they offered this year, comparable to the results from last year's *Mortgage Survey*. While term lengths are difficult to analyze (survey respondents normally provide a wide range of terms rather than a single number), the range of terms offered this year

Definition of Terms

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

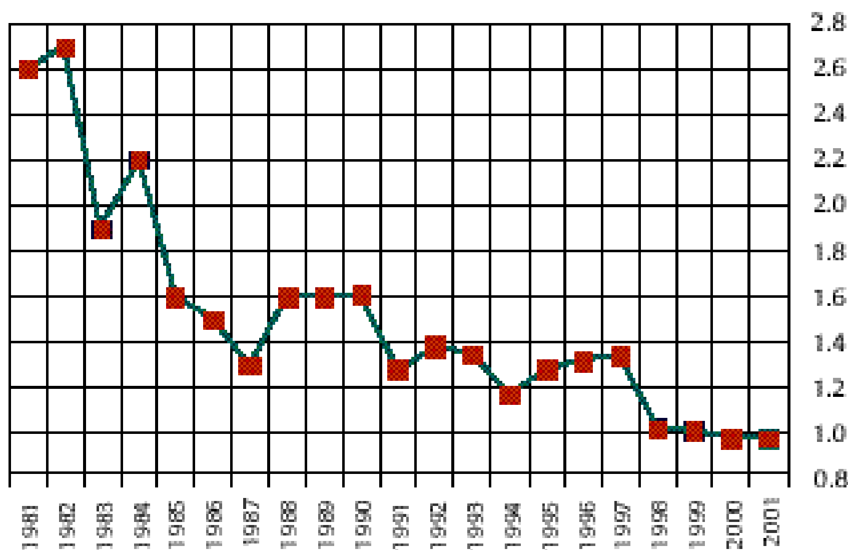
Maximum LTV - the loan-to-value ratio set by the lenders as part of their underwriting criteria

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 Remain Low

(Average Points Charged for New Loans, 1981-2001)



Source: Rent Guidelines Board, Annual *Mortgage Surveys*.

Average service fees for new loans remained at 0.99% - the lowest in the history of the survey.

narrowed a bit from last year. Mortgage terms reported by respondents fell within a 3- to 25-year range, and most lenders offered 5 to 15 years. This continued mortgage term flexibility over recent years is in great contrast to terms found in the surveys of the mid-1990s, which indicated that close to half of respondents offered maximum loan maturities of just five years.

Loan volume for both new and refinanced mortgages remained relatively strong this year. However, this year's survey saw a slight abatement of the trend of increases in loan activity that prevailed since the mid-1990s. An average of 60 new loans per institution were financed this past year, virtually unchanged from the previous year's count of 61. In comparison, the 1997 survey showed an average of 37 new mortgages per lender, and the 1998 survey showed 41. Refinancing activity also slowed, but somewhat more rapidly this year. The average number of refinanced loans (59) was 9% lower than the average of 65 found in the previous year, but more than the average of 33 in 1998 and 50 in 1999. It is important to keep in mind, however, because of the trend in bank mergers, borrowers have fewer institutions to choose from. Therefore, the average institutional loan volume reported by remaining lenders may be inflated for this reason.

Most lenders (58%) reported little or no change in loan volume this year, up from 39% last year. This year, however, fewer lenders (27%) reported a ***significant*** increase in the volume of new and refinanced loan applications compared to the year before (42%). Slightly lower than last year, about 15% of lenders saw a decrease in volume this year, due primarily to a drop in applications filed, while one institution reported that their rate of approvals had also decreased.

The reduction in refinancing activity seen in this year's survey may be caused by several reasons. Because interest rates for refinanced loans were higher in January 2000 (8.62%) than in January 2001 (7.97%), these somewhat higher rates may have diminished demand for refinancing for at least part of the year surveyed. Reflecting this, institutions reported that about half (51%) of their loans refinanced this year were offered at lower rates, versus 90% the year before. In addition, since the mid-1990s, rates for refinancing have largely been lower than 9%, it is possible that most owners who wished to take advantage of the lower rates have already done so over this period.

Finally, fewer small buildings were refinanced at lower rates during the past year. To determine if small building owners are taking advantage of refinancing options, lenders were asked how many refinanced loans were offered at lower rates to buildings with twenty or fewer units. Respondents reported that about a third (35%) of existing loans to smaller buildings were refinanced at lower rates. This is a decline from last year, when 47% of refinanced loans were offered to small buildings at lower rates. (For all data in this section, see Appendix A.)

Underwriting Criteria

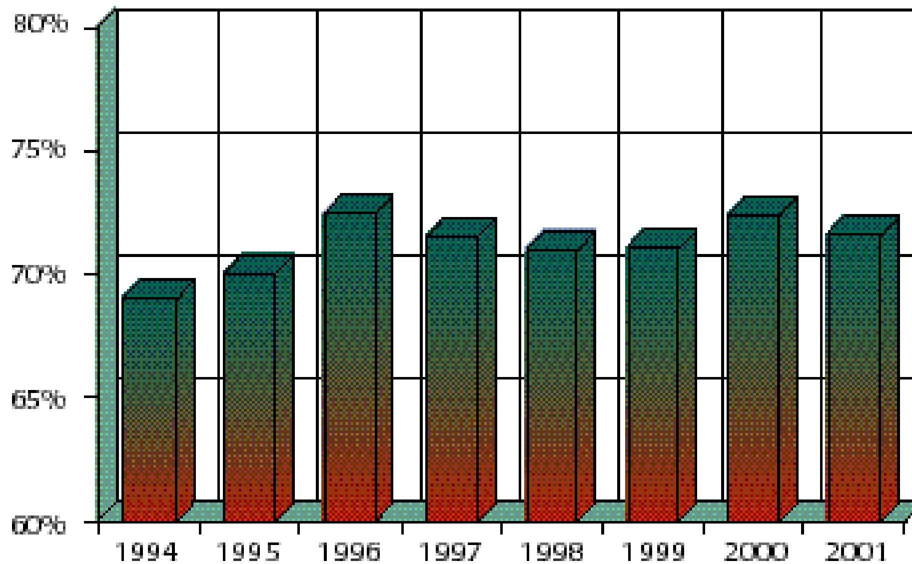
This year's survey found little change in the lending practices of institutions, similar to the last few years. This trend reflects a period of low delinquencies and defaults that resulted from stricter requirements in effect during the early 1990s. As recent surveys have indicated, this year's findings provide additional evidence that while lenders are always cautious, this past year represented a continued era of ample loan availability and a continuation of the less stringent underwriting policies seen for the last several years.

While most lenders reported little variation, four respondents reported multiple changes in their underwriting practices. Two lowered the points and fees for borrowers looking for mortgages, two increased the monitoring requirement, two offered expanded lending to rent stabilized buildings and one reported increased expenses as a reason for a change in their underwriting practices. In terms of approvals, two respondents reported more stringent criteria due to increased demand for mortgages.

Other areas of origination practices and standards measured by the *Mortgage Survey* also remained similar to the past few years. Criteria for maximum loan-to-value ratios, debt service coverage, and building characteristics, such as age and condition, varied little from last year's survey.

Little Change Found in Maximum Loan-to-Value Ratios

(1994-2001 Cross-Sectional Average Loan-to-Value Standards)



Source: Rent Guidelines Board, Annual *Mortgage Surveys*.

The average maximum loan-to-value ratio (LTV), the dollar amount ceiling respondents were willing to lend based on a building's value, ranged from 63% to 80%. The average was 71.6%, slightly lower than the previous year's 72.4% (see graph on this page).

Another important lending criteria is the debt service ratio, which measures an investment's ability to cover mortgage payments using its net or operating income. The debt service ratio (or net operating income divided by the debt service) remained virtually unchanged, with an average debt service requirement of 1.25, virtually the same as last year's 1.24. The higher the debt service coverage requirements, the less money a lender is willing to loan given constant net income. Because the average debt service ratio remained relatively constant since last year, it can be assumed that most lenders have not changed the amount of money they are willing to lend in relation to the net operating income of buildings. (See Appendix B.)

Other standards that lenders cite when assessing loan applications remain virtually unchanged from last year. Sixty-three percent of lenders stipulate that overall building maintenance is an important standard when assessing loan applications. Thirty percent consider the number of units important. Nineteen percent of lenders state that they take into account the age of a building. Another 11% consider a building's potential for cooperative or condominium conversion. And 15% of lenders take into consideration whether the borrower was an occupant of the building, with two lenders specifically citing that the borrower cannot live in the building.

Non-Performing Loans and Foreclosures

Further evidence of improvement in the rent stabilized lending market is provided by responses to questions concerning non-performing loans and foreclosure proceedings. The survey found a sizable drop in both non-performing loans and foreclosures by participating institutions this year. Just 12% of lenders report having non-performing loans and just 4% report having foreclosures over the past twelve months. This represented a decrease from last year's figures of 19% reporting non-performing loans and 15% reporting foreclosures, or drops of eight and eleven percentage points, respectively. These non-performing and foreclosed loans represented less than 2% of these respondents' total loans to rent stabilized buildings. Lower vacancy and collection losses may be contributing to the phenomenon of fewer loan

defaults and delinquencies this year. Recent surveys reflect substantial improvement over vacancy and collection losses seen most recently in the mid-1990s, when upwards of three-quarters of respondents reported losses of at least 5%.

Of the three lenders who report having non-performing loans, just one took foreclosure actions. That same lender reports that after taking foreclosure action, regular debt service resumed in all cases. This year's reduction in non-performing loans and foreclosures is in great contrast to data from the early 1990s, when foreclosure activity was high.

Characteristics of Rent Stabilized Buildings

Respondents indicated this year that, except for average building size, there was little change in the characteristics of rent stabilized buildings in their portfolios. Unlike recent surveys, the reported average building size in lenders' portfolios this year was evenly spread out between one and forty-nine units, with eight reporting an average of 1-10 units, another eight reporting 11-19 units and a final eight reporting an average building with 20-49 units. Just three lenders reported an average size of 50-99 units. This year, a larger number (69%) of lenders reported that the average building in their portfolios was built between 1921 and 1946. The second most commonly cited age range of their average building fell between 1947 and 1960.

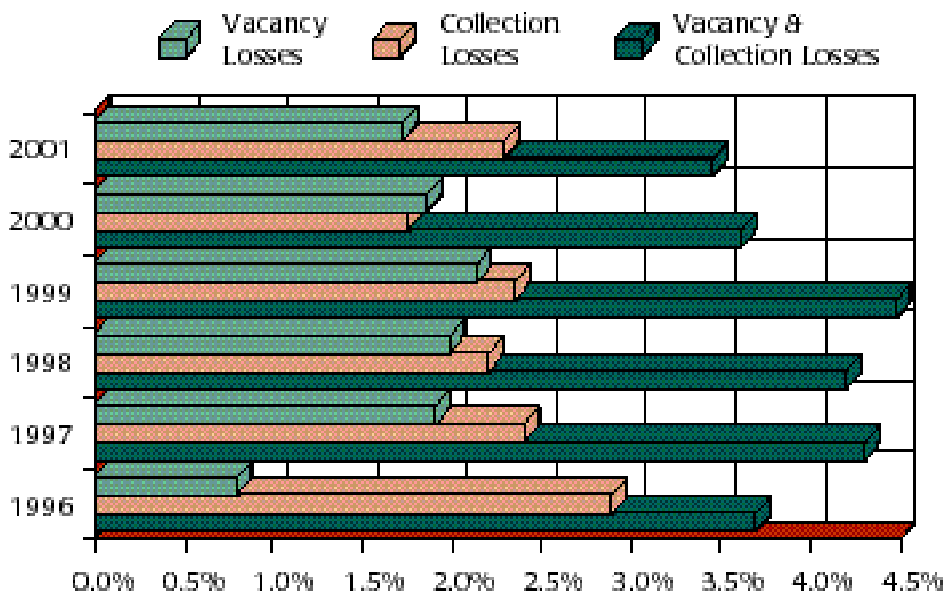
Fewer rent stabilized buildings experienced vacancy and collection losses this year. Average vacancy and collection losses decreased overall this year to 3.46%, the lowest level in six years. While the percentage of losses attributed to collection problems alone showed a slight increase, (from 1.96% last year to 2.29% this year), the percentage of lenders facing 5% or more in vacancy and collection losses declined substantially this year from 52% to 39% (see graph below).

The average loan-to-value (LTV) ratio of 66.9% for buildings in lenders' portfolios was virtually unchanged from the previous three years. This result reflects the same stability as found in the maximum ceiling LTV required by institutions. The lack of significant changes in both the average and maximum ceiling LTV ratio indicates that lenders are holding firm to their lending standards, a sign of a stable mortgage market.

There was an equally large increase in both the average operating and maintenance (O&M) costs and average rent reported by respondents. The average O&M expense per unit per month reported by lenders was

Vacancy and Collection Losses Decline Overall

(Average Vacancy and Collection Losses, 1996-2001)



Vacancy and collection losses decreased overall to their lowest level in five years.

Source: Rent Guidelines Board, Annual *Mortgage Surveys*.

$374, an 11% increase from the $337 average found in the 2000 *Mortgage Survey*. In addition, the average rent per unit per month was $742, which was a $71 increase, also 11% higher than last year[4] (see Appendix B). The equally large increases in both expenses and rent charged can perhaps be attributed to the increased demand for apartments in the City. This has allowed owners to make improvements to apartments and better maintain them, in exchange for the ability to charge higher rents, especially when they are vacated or when Major Capital Improvement work is done.

It is interesting to note that although the sources and sample sizes are very different, the average O&M cost-to-rent ratio in the *Mortgage Survey* is 50.4%, compared to the 60.4% ratio found in the most recent *Income and Expense Report*.[5]

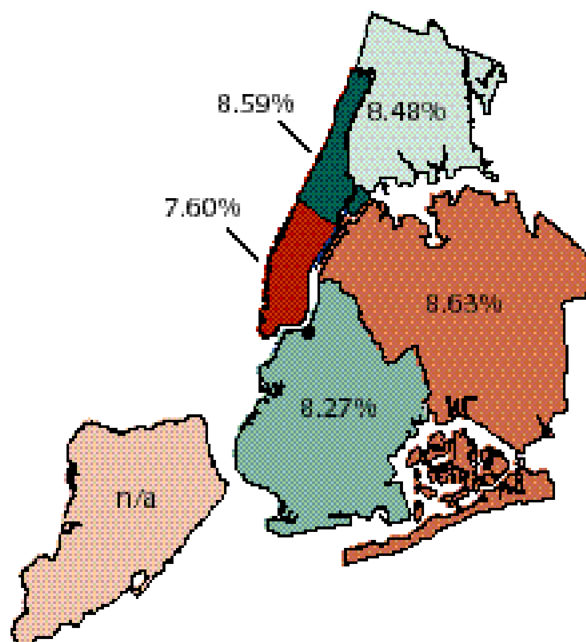
Geographic Distribution

Last year, new geographic questions were added to the *Mortgage Survey*. Lenders were asked about the percentage of new and refinanced loans made to each borough, with Manhattan divided into upper and lower sections, acknowledging the common bifurcation of real estate data in that borough.[6]

Unlike last year, buildings receiving new mortgages showed somewhat different rates depending on their geographic location. Lenders who offered more loans in Lower Manhattan did, on average, offer them at interest rates lower than the other parts of the City. Of those lenders with at least a quarter of their portfolio located in Lower Manhattan (six institutions), the average new mortgage interest rate was 7.60%, 0.82 points, or 10%, lower than the average interest rate reported by all survey respondents. (See map below.) However, beyond Lower Manhattan, rates varied little. By contrast, in Queens, where nine lenders held at least a quarter of

Little Variation in Mortgage Interest Rates Between Boroughs

(Average Interest Rates Charged for New Loans, 2001)



Source: Rent Guidelines Board, 2001 *Mortgage Survey*.

Note: For the purposes of this survey, Lower Manhattan was defined as that part of the borough south of West 110 St. and East 96 St., and the remainder as Upper Manhattan. Staten Island rate information is "not applicable" because it does not contain enough stabilized buildings to calculate reliable statistics. These rates are the aggregate average charged by lenders citywide who offer at least 25% of mortgages in the particular borough.

their portfolio, the average rate was 8.63%, the highest rate of all the sections of the City. In Brooklyn, the average rate was 8.27% for its nine lenders, 8.48% for the Bronx (eight), and 8.59% for Upper Manhattan (four). In addition, loans to Staten Island made up no more than 5% of any institutions' portfolios.

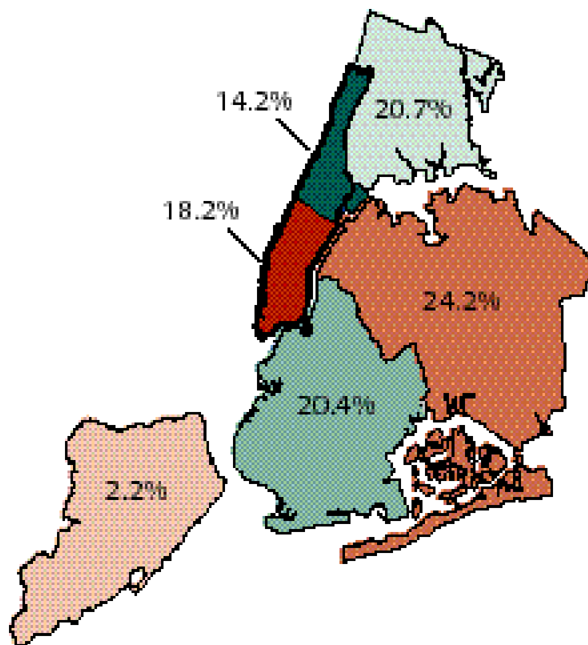
Similar to last year, survey results indicate that most survey participants offer mortgages throughout the City, and that few lenders concentrate on only one borough or area. In this year's survey of new mortgage financing, 24.2% of loans in the survey were made in Queens, 20.4% to Brooklyn buildings, 20.7% in the Bronx, 18.2% in Lower Manhattan, 14.2% in Upper Manhattan, and 2.2% in Staten Island.[7] (See map below.)

For refinanced lending, the distribution by borough is somewhat similar — 21.6% of the refinanced mortgages in the survey were made in the Bronx, 21.4% in Queens, 21.8% in Brooklyn, 22.0% in Lower Manhattan, 12.0% in Upper Manhattan, and 1.5% in Staten Island.

The survey again also asks lenders to report on the number of dwelling units contained in the average rent stabilized building in each borough in their portfolios. Respondents were evenly split between two sizes of buildings (small buildings, containing 6-19 units, and medium-sized buildings, with 20-99 units) to which they most frequently lent citywide. Exceptions to this were found in the Bronx, where lenders said 80% of that borough's mortgages were to medium-sized buildings, and in Upper Manhattan, where the figure was 63%. The other areas were more evenly divided, except on Staten Island, where all lenders reported that their average building contains between 6-19 units.

New Mortgages Offered Throughout City by Lenders

(Average Distribution of New Mortgages By Borough)



Source: Rent Guidelines Board, 2001 *Mortgage Survey*.

Note: For the purposes of this survey, Lower Manhattan was defined as that part of the borough south of West 110 St. and East 96 St., and the remainder as Upper Manhattan.

While lenders do certainly lend to large buildings, only one reported that their average building contains over 100 units, and only in Upper Manhattan.

Longitudinal Analysis

Information regarding rent stabilized buildings can be analyzed longitudinally to more accurately measure changes in the lending market, since a number of respondents reply to the *Mortgage Survey* in at least two consecutive years. This longitudinal comparison helps to determine whether changes highlighted in the cross-sectional analysis reflect actual fluctuations in the lending market or the presence of a different pool of respondents this year. In this section, responses from the twenty-one lenders, two more than last year, who replied to surveys both last and this year (longitudinal group) were compared to the data from all twenty-seven institutions providing responses in the 2001 survey (cross-sectional group).

Financing Availability and Terms

The longitudinal analysis revealed data that is similar to the findings in the cross-sectional group. This year's average interest rate reported by the longitudinal group was 7.85%, which represents a decrease of 9.4%, or 0.81 percentage points, from last year's rate of 8.66%. This decrease is larger than the change reported by the cross-sectional group (8.42% this year and 8.71% last year, a 3%, or 0.29 percentage point, decrease). (See Appendix C.)

An examination of interest rates for refinanced loans revealed comparable changes. Both groups' average interest rate decreased from one year to the next, with the rate for the longitudinal group going from 8.53% to 7.53%, a decrease of 12%. (See Appendix D.) The average rate for the cross-sectional group similarly decreased, though again by a lesser amount (7.5%).

The longitudinal analysis found that average points offered by lenders fell a bit for new loans but remained stable for refinanced loans this year. The longitudinal group reports an average of 0.93% for new loans, slightly lower than last year's 1.01% figure, and remained virtually unchanged for refinanced loans this year, at 1.02% this year and 1.03% last year.

Like the cross-sectional group, fewer new and refinanced loans were approved this year. A decrease in the average number of new loans opened by participating institutions, from 75 last year to 70 this year, was found among the longitudinal group. In addition, the number of refinanced loans established by the longitudinal group decreased more significantly, with 70 refinanced loans this year, versus 81 the year before. While the longitudinal group's new and refinanced total loan volume was greater than the cross-sectional group, both groups show an overall trend towards fewer mortgage approvals. This may reflect the mixed landscape of interest rates charged, which earlier in the year increased, then later, began to fall, as the Fed started to fight fears of inflation by lowering rates.

As further evidence that the refinancing boom may be curtailing, most lenders in the longitudinal group report that a smaller proportion of their loans held in-house this year were refinanced at lower rates, compared to the year before, similar to the cross-sectional analysis. Furthermore, perhaps explaining the decline in loan volume, three lenders saw declines in their loan volume of at least 25%, while only one saw an increase of at least that same amount.

Lending Standards

Respondents report little change in the average maximum loan-to-value (LTV) ratio, according to the longitudinal analysis. There was a slight increase in the maximum LTV from 69.7% to 70.9% this year. The maximum LTV ratio found in the longitudinal group was slightly lower than the LTV found in the cross-sectional analysis (71.6%) for this year. The findings of both the longitudinal and the cross-sectional groups indicate relative stability in lending criteria. The actual average LTV of the longitudinal group remained virtually unchanged at 66.4%, compared to last year's 66.9%. It is also similar to

the 66.9% reported in the cross-sectional analysis. Furthermore, this year's longitudinal debt service coverage ratio is 1.24, almost the same as last year's 1.26, and also about the same as this year's cross-sectional group figure of 1.25. (See Appendix E.)

The survey also found a considerable drop in the vacancy and collection losses in the longitudinal group from one year to the next. This year's average vacancy and collection loss was 2.54% compared to 3.60% last year, a 29% decline. When the vacancy and collection losses were compared to the cross-sectional results, this year's average longitudinal figure was even lower than the cross-sectional's figure of 3.46%. These results show that both owners and lenders appear to continue to benefit from a stable and accessible lending market this year. In addition, the reduction in vacancy and collection losses means fewer delinquencies for lending institutions.

Non-performing and Delinquent Loans

When examining non-performing or delinquent loans for the longitudinal group from one year to the next, respondents reported little change. Delinquencies continue to be insignificant, with none of the lenders in the longitudinal group reporting notable changes in non-performing loans or foreclosures from the same period last year.

Conclusion

Both institutional lenders and rent stabilized building owners benefited from a stable and accessible lending market over the last twelve months. Lending terms remained favorable, volume for new loans remained relatively stable and foreclosures rates and vacancy and collection losses declined. However, this year's survey showed some evidence of a curtailment in refinancing activity. Whether the mortgage industry will maintain similar patterns for the next twelve-month period may be influenced by how well the local economy fares, as fears of a recession mount.

Endnotes

1. "Jobs Data, Other Signs of a Slowing Economy Inspire Talk That Fed May Cut Interest Rates," *The Wall Street Journal*, September 5, 2000.

2. "Lag Time is a Variable to Watch in Fed Rate Cut," *The Wall Street Journal*, January 5, 2001.

3. Discount Rate and Federal Funds Rate data derived from the Federal Reserve Board of New York web site. World Wide Web page <http://www.ny.frb.org> (accessed March 6, 2001).

4. 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 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.

5. The operating and maintenance cost-to-rent ratio from the 2001 *Mortgage Survey* reflects estimates by lenders of expenses and rents for rent stabilized buildings as of approximately January 2001. The latest available O&M cost-to-rent ratio from the *Income and Expense Study (I&E)* reflects rents and expenses reported by owners for calendar year 1999. Average monthly costs per unit in the *Mortgage Survey* are consistently 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$80,000 and 11 or more units, while the *Mortgage Survey* reports does not exclude these buildings.

6. For the purposes of this survey, Lower Manhattan was defined as that part of the borough south of West. 110 St. and East 96 St., and the remainder as Upper Manhattan.

7. Due to rounding, percentages may not add up to 100%.

2001 Mortgage Survey Appendix

A. Interest Rates and Terms for New and Refinanced Mortgages, 2001

	New Mortgages					Refinanced Mortgages				
Instn	Rate (%)	Points	Term (yrs)	Type	Volume	Rate (%)	Points	Term (yrs)	Type	Volume
4	P + 1	1	5	adj	NR	P + 1	1	7	adj	3
5	7.63	1	5 to 10	fxd	NR	7.63	1	5 to 10	fxd	65
6	8.25	0	5+5+5	adj	20	8.25	0	5+5+5	adj	15
10	7.75	.5	5+7	fxd	NR	7.75	.5	5+7	NR	250
12	9.50	1	15	adj	NR	§	§	§	§	§
14	7.50	.5	5+5	adj	200	7.50	.5	5+5	adj	125
15	7.13	0	5/7/10	fxd	57	7.13	0	5/7/10	fxd	57
16	7.31	.5	bal:5/7, 25	adj	230	7.31	.5	bal:5/7, 25	adj	200
17	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
18	7.50	1	5,7,10,15	fxd	63	7.50	1	5,7,10	fxd	42
23	8.63	1	5+5	fxd	40	8.38	1	5+5	fxd	20
31	7.75	1.5	10/15	adj	19	7.75	1.5	10/15	adj	11
32	COF+1.5	.9	3-10	fxd	1	COF+1.5	.9	3-10	fxd	1
33	8.25	1	15	adj	NR	8.25	1	15	adj	40
34	NR	1	5,10,15	fxd	33	7.88	1	5,10,15	fxd	28
35	8.50	1	15	fxd	12	8.50	1	15	fxd	3
37	9.25	2	10	fxd	8	9.25	2	10/5 yr payout	fxd	NR
40	8.75	2	15	fxd	9	8.63	2	10/25	fxd	2
41	9.52	0	10/15/20	fxd	NR	8.33	1.5	3/5/7	NR	NR
50	P+1	2	15	NR	25	P+1	2	15	NR	NR
61	9.50	1	15	adj	50	NR	NR	NR	NR	NR
107	7.13	1	5 +5/up to 30	fxd	217	7.13	1	5 +5/up to 30	fxd	NR
111	10.00	.8	15-25	adj	3	§	§	§	§	§
117	7.25	1	5+5	fxd	150	7.25	1	5+5	fxd	150
208	8.75	1	5+5	NR	32	8.50	1	5+5 option	NR	32
209	8.50	1	5+5+5	adj	21	8.50	1	5+5+5	adj	16
210	11.00	2	15	fxd	10	8.00	2	15	fxd	NR
Avg.	8.42	.99	5-15*	†	60.0	7.97	1.06	5-15*	†	58.9

Treasury Bill plus spread.
Amortization.
§ Refinancing not available.
† No average computed.
* Represents typical response.

fxd = fixed rate mortgage.
adj = adjustable rate mortgage.
bal = balloon
NR = no response to this question.
COF=Cost of Funds
P=Prime Rate

Note: The average for interest rates,points and terms is calculated by using the midpoint when a range of values is given by the lending institution. Five year terms with one or more five year options are considered to have 5-year maturities when calculating the mean.

Source: 2001 Rent Guidelines Board *Mortgage Survey*.

B. Typical Characteristics of Rent Stabilized Buildings, 2001

Lending Institution	Loan-to-Value of Outstanding Loans	Maximum Loan-to-Value Standard	Debt Service Coverage	Vacancy & Collection Losses	Collection Losses Only	Typical Building Size	Average Monthly O&M Cost/Unit	Average Monthly Rent/Unit
4	60%	70	1.25	3%	<1%	1-10	NR	NR
5	50	NR	NR	2	1	20-49	300	850
6	70	73	1.25	3	2	1-10	275	700
10	65	75	1.3	<1	<1	50-99	300	550
12	65	NR	NR	5	5	1-10	350	700
14	65	75	1.3	3	<1	20-49	500	900
15	70	70	1.25	4	4	50-99	400	725
16	70	70	1.3	5	2	20-49	240	750
17	75	75	1.25	NR	NR	11-49	DK	450
18	70	75	1.2	3	2	20-49	DK	850
23	65	68	1.25	3	3	20-49	800	1700
31	75	75	1.2	5	3	11-19	348	676
32	65	75	1.3	3	1	DK	500	1250
33	65	65	1.3	5	3	11-19	295	500
34	65	70	1.4	2	2	20-49	350	750
35	65	65	1.25	3	2	11-19	325	650
37	65	63	1.2	<1	<1	11-19	400	850
40	55	68	1.3	<1	<1	1-10	250	600
41	65	70	1.2	>7	4	1-10	257	550
50	70	70	1.1	4	2	11	NR	625
61	65	NR	NR	5	3	1-10	300	850
107	65	75	1.2	3	2	NR	NR	NR
111	70	70	1.2	5	<1	1-10	280	250
117	70	73	1.3	5	1	50	DK	685
208	70	75	1.35	5	5	20-49	287	650
209	70	75	1.25	4	3	11-19	900	800
210	80	80	1.15	7	5	1-10	200	700
Average	66.9%	71.6%	1.25	3.46%	2.29%	mode 1-10 & 20-49	$374	$742

NR indicates no response to this question.
DK indicates the respondent does not know the answer to this question.
^ Excluded;subsidized rate

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: 2001 Rent Guidelines Board *Mortgage Survey*.

C. Interest Rates and Terms for New Financing, Longitudinal Study

Lending Institution	Interest Rates 2001	Interest Rates 2000	Points 2001	Points 2000	Term 2001	Term 2000	Type 2001	Type 2000
5	7.63	8.50	1	1	5 to 10	5-10	fxd	fxd
6	8.25	8.88	0	.4	5+5+5	5+5+5	adj	adj
10	7.75	8.33	.5	.5	5+7	5+7	fxd	fxd
12	9.50	9.25	1	1	15	15	adj	adj
14	7.50	8.75	.5	1	5+5	5+5	adj	adj
15	7.13	8.75	0	0	5/7/10	10	fxd	fxd
16	7.31	8.50	.5	1	bal:5/7,25	Bal:5+5/25	adj	adj
17	NR	T+200-250	NR	1	NR	5/10	NR	both
18	7.50	7.62	1	1.5	5,7,10,15	5,10,15	fxd	fxd
23	8.63	8.00	1	1	5+5	5+5	fxd	NR
31	7.75	8.75	1.5	1.5	10/15	10/15	adj	adj
32	COF+1.5	COF+1.5	.9	.8	3-10	3-10	fxd	both
33	8.25	8.25	1	1	15	15	adj	adj
35	8.50	8.50	1	1	15	15	fxd	fxd
37	9.25	9.00	2	1	10	10	fxd	NR
40	8.75	8.13	2	1.5	15	15	fxd	fxd
41	9.52	10.54	0	1	10/15/20	10/15/20	fxd	fxd
50	P+1	P+1	2	2	15	10	NR	adj
107	7.13	8.13	1	1	5+5	5+5	fxd	adj
111	10.0	9.50	.8	1	15-25	25	adj	adj
117	7.25	8.50	1	1	5+5	5	fxd	fxd
Avg.	7.85%	8.66%	.93	1.01	†	†	†	†

NR indicates no response to this question.
† No average computed.
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: 2000 and 2001 Rent Guidelines Board *Mortgage Surveys.*

D. Interest Rates and Terms for Refinanced Loans, Longitudinal Study

Lending Institution	Interest Rates 2001	Interest Rates 2000	Points 2001	Points 2000	Term 2001	Term 2000	Type 2001	Type 2000
5	7.63%	8.50	1	1	5 to 10	5-10	fxd	fxd
6	8.25	8.88	0	.4	5+5+5	5+5+5	adj	adj
10	7.75	8.33	.5	.5	5+7	5+7	NR	fxd
12	§	§	§	§	§	§	§	§
14	7.50	8.50	.5	1	5+5	5+5	adj	adj
15	7.13	8.75	0	0	5/7/10	10	fxd	fxd
16	7.31	8.50	.5	1	bal:5/7,25	bal:5+5/25	adj	adj
17	NR	T+200-250		1	NR	10	NR	both
18	7.50	7.62	1	1.5	5,7,10	5,10,15	fxd	fxd
23	8.38	8.50	1	1	5+5	5+5	fxd	NR
31	7.75	8.75	1.5	1.5	10/15	10/15	adj	adj
32	COF+1.5	COF+1.5	.9	.8	3-10	3-10	fxd	both
33	8.25	8.25	1	1	15	15	adj	adj
35	8.50	8.50	1	1	15	15	fxd	fxd
37	9.25	9.00	2	1	10/5	10/5	fxd	NR
40	8.63	8.00	2	1.5	10/25	10/25	fxd	fxd
41	8.33	9.71	1.5	1.5	3/5/7	3/5/7+25payout	NR	NR
50	P+1	P+1	2	2	15	10	NR	adj
107	7.13	8.13	1	1	5+5	5+5	fxd	adj
111	§	§	§	§	§	§	§	§
117	7.25	8.50	1	1	5+5	5	fxd	fxd
Avg.	7.53%	8.53%	1.02	1.03	†	†	†	†

NR indicates no response to this question.
§ Refinancing not available.
† No average computed.
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: 2000 and 2001 Rent Guidelines Board *Mortgage Surveys*.

E. Lending Standards and Relinquished Rental Income, Longitudinal Study

Lending Institution	Max Loan-to-Value 2001	Max Loan-to-Value 2000	Debt Service Coverage 2001	Debt Service Coverage 2000	Collection Losses 2001	Collection Losses 2000
5	NR	NR	NR	NR	1%	2%
6	73%	70%	1.25	1.25	2	2
10	75	NR	1.3	1.3	1	1
12	NR	65	NR	1.2	5	<1
14	75	70	1.3	1.2	<1	2
15	70	70	1.25	1.25	4	4
16	70	70	1.3	1.3	2	2
17	75	68	1.25	1.37	NR	<1
18	75	80	1.2	1.18	2	5
23	68	68	1.25	1.25	3	1
31	75	75	1.2	1.2	3	2
32	75	75	1.3	1.3	1	1
33	65	65	1.3	1.35	3	3
35	65	65	1.25	1.25	2	2
37	63	63	1.2	1.2	<1	<1
40	68	68	1.3	1.3	<1	<1
41	70	70	1.2	1.2	4	4
50	70	NR	1.1	NR	2	NR
107	75	NR	1.2	NR	2	2
111	70	70	1.2	1.2	<1	3
117	73	75	1.3	1.3	1	3
Average	70.9%	69.7%	1.24	1.26	2.00%	2.05%

NR indicates no response to this question. DK indicates the respondent does not know the answer 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: 2000 and 2001 Rent Guidelines Board *Mortgage Surveys*.

F. Retrospective of New York City's Housing Market

Year	Interest Rates for New Mortgages	Permits for New Housing Units in NYC and northern suburbs	Permits for New Housing Units in NYC only
1981	15.9%	12,601	11,060
1982	16.3%	11,598	7,649
1983	13.0%	17,249	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%	18,128	15,050
2001	8.4%		

Notes: Interest rate data was collected in January of the shown year. Permit data is for the entire 12-month period of the shown year. The northern suburbs include Putnam, Rockland, and Westchester counties.
Prior to 1984, Bergen Co., NJ permit figures are included.
These figures have been revised from prior years to reflect the final adjusted count.
These figures are preliminary. These figures are not yet available.
Sources: Rent Guidelines Board, Annual *Mortgage Surveys*; U.S. Bureau of the Census, Manufacturing & Construction Division, Residential Construction Branch.