



Department of
Housing Preservation
& Development
nyc.gov/hpd

VICKI BEEN
Commissioner
ERIC ENDERLIN
Deputy Commissioner
KIMBERLY DARGA
Assistant Commissioner

Office of Development
Preservation Finance
100 Gold Street
New York, N.Y. 10038

May 1, 2014

Hon. Inez E. Dickens, Chair
City Council Subcommittee on Planning
Dispositions & Concessions
250 Broadway
New York, New York 10007

Re: L. U. No. 37
365 Jay Street, Brooklyn, NY

Dear Chair Dickens:

On behalf of the Department of Housing Preservation and Development (HPD), the following information is submitted in support of the above referenced project.

The Sponsor for the 365 Jay Street, Pratt Area Community Council Inc., is in the process of substantially rehabilitating the project. The HPD approved scope of work includes masonry work, a new roof, new plumbing, upgraded electrical systems, elevator upgrades, new windows, new floors, sheet rocking and painting in the apartments, as well as new appliances. The capital improvements also include upgrades to the public areas, installation of a laundry facility and HVAC. The work will address any outstanding repair issues and is expected to be completed by November 2014. A \$3,058,598 loan from HPD, including City Capital and ResoA funds, is being used to fund this project, along with a loan from the Community Preservation Corporation, a grant from NYS Office of Parks and Recreation, Historic Tax Credits and developer equity. Once the work is completed, the Sponsor will obtain the permanent Certificate of Occupancy from the Department of Buildings.

The project will result in the preservation of 18 affordable units that will be affordable for at least 30 years, including 12 units affordable at or below 60% of AMI and 6 units affordable at or below 155% of AMI. Attached you will find the signed Regulatory Agreement which adheres the borrower to legal requirements for this project.

I hope you find this information helpful.

Sincerely,

Kimberly Darga

Attachment

C: David Greenfield, Land Use Chair
Gail Benjamin, Director of Land Use



HPD REGULATORY AGREEMENT

THIS HPD REGULATORY AGREEMENT (the "Regulatory Agreement") is entered into as of the 27 day of June, 2013, by and between **JAY STREET HQ HOUSING DEVELOPMENT FUND COMPANY, INC.**, a not for profit corporation formed pursuant to Article XI of the New York State Private Housing Finance Law, having its principal office at c/o Pratt Area Community Council, Inc., 201 Dekalb Avenue, Brooklyn, New York 11205 ("Legal Owner") and **JAY STREET FIREHOUSE, LIMITED PARTNERSHIP**, a New York limited partnership formed pursuant to the laws of the State of New York, each having its principal office at 1328 New York Avenue, Huntington, New York 11743 ("Beneficial Owner") (Legal Owner and Beneficial Owner shall hereinafter be referred to collectively as "Owner"). and the **CITY OF NEW YORK** ("City"), a municipal corporation of the State of New York (the "State"), acting by and through its **DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT** ("HPD"), having an office at 100 Gold Street, New York, New York 10038.

WHEREAS, Owner has by deed ("Deed") dated of even date herewith, and intended to be recorded in the Office of the City Register Kings County ("Register's Office") acquired legal title to certain real property described in Schedule A attached hereto and made a part hereof ("Premises" or "Property");

WHEREAS, Owner is entering into this Regulatory Agreement as a condition of purchasing the Premises from HPD on the date hereof (the "Closing Date"); and

WHEREAS, Owner intends to rehabilitate eighteen (18) residential units and approximately 690 square feet of commercial space in a building located on the Premises ("Building") in accordance with the terms and conditions of that certain Land Disposition Agreement by and between HPD and Owner dated of even date herewith and intended to be recorded in the Register's Office; and

WHEREAS, the Project will be partially financed by a low interest loan made pursuant to Article 15 of the N.Y.S. Private Housing Finance Law and secured by a certain mortgage or mortgages made by the Owner to the City of even date herewith (the "Mortgage") to be recorded in the office of the City Register for the county in which the Premises are located; and

WHEREAS, HPD together with CPC Funding SPE 1.LLC and the Local Initiatives Support Corporation (collectively, the "Co-Lender") is providing construction financing (the "Construction Loan") for the alteration or improvement of the Premises ("Rehabilitation"), which construction financing will convert to permanent financing ("Permanent Loan") upon the completion of Rehabilitation and satisfaction of other conditions ("Completion"); and

WHEREAS, to induce HPD to provide such financing to the Owner, HPD requires the Owner, among other conditions for such financing, to agree that the Premises be restricted in the manner hereinafter provided.

NOW THEREFORE, the parties do hereby agree as follows:

1. Certain Definitions

"Annual Income" is the anticipated total income from all sources to be received by the household head and spouse and by each additional member of the household, including

all net income derived from assets, for the twelve (12) month period following the date of initial determination of income. The definitions and descriptions of income set forth in United States Department of Housing and Urban Development ("HUD") regulations contained in 24 CFR 5.609 or any successor regulations shall apply for the purposes of this Agreement and shall be incorporated herein.

"AMI" shall mean the area median income for the primary metropolitan statistical area as determined by the United States Department of Housing and Urban Development or its successors ("HUD") from time to time for a family of four, as adjusted for family size.

"80% of AMI" shall mean 160% of the income levels as modified by household size for the New York metropolitan statistical area for fifty percent (50%) of median income families (a.k.a. as "very low income families") as determined from time to time by HUD under Section 3(b)(2) of the United States Housing Act of 1937 (or, if such program is terminated, under such program as was in effect immediately before such termination).

"155% of AMI" shall mean 310% of the income levels as modified by household size for the New York metropolitan statistical area for fifty percent (50%) of median income families (a.k.a. as "very low income families") as determined from time to time by HUD under Section 3(b)(2) of the United States Housing Act of 1937 (or, if such program is terminated, under such program as was in effect immediately before such termination).

"Completion Date" shall mean the date on which Rehabilitation of the Premises is deemed complete by Co-Lender's supervising architect/engineer's issuance of a certificate of completion (the "Construction Supervisor's Certificate of Completion").

"Cooperating Tenants" shall mean Current Tenants of the 80% Units (as hereinafter defined) (i) who are not receiving Section 8; and (ii) for whom the Initial Legal Rents Upon Completion (as hereinafter defined) are greater than 30% of Annual Income (on a monthly basis); and (iii) who have submitted income certifications as required by HPD and/or all documentation required to receive Section 8.

"Current Tenants" shall mean tenants who are in legal occupancy of a Unit on the date hereof, regardless of their Annual Income. Occupants such as squatters and licensees are not Current Tenants.

"Eligible Tenants" shall mean (i) Current Tenants, and (ii) tenants who meet the income restrictions and other requirements set forth in this Agreement.

"Non-Cooperating Tenants" shall mean Current Tenants of the 80% Units who fail to submit income certifications as required by HPD and/or who fail to submit all documentation required to receive Section 8.

"Rehabilitation" shall mean the rehabilitation of the Premises being funded by an HPD construction and/or permanent loan.

"Rent Stabilization Code" shall mean Title 26, Chapter 4 of the New York City Administrative Code (and any successor statute) and the regulations promulgated in connection therewith.

"Section 8" shall mean a federal rental subsidy pursuant to either the Section 8 Voucher Program or the Section 8 Certificate Program, or any successor programs.

"Section 8 Rent" shall mean the maximum rent permitted under Section 8.

"Section 8 Units" shall mean units occupied by tenants receiving a voucher or certificate under Section 8.

"Stipulation Tenants" shall mean the original members of the plaintiff class of tenants at the Property whose rents are governed by the terms of the Stipulation and Order of Settlement (Virginia Martinez, et. al. v. Edward I. Koch et. al. (Index No. #7280/88)) dated May 27, 1988.

"Units" shall mean dwelling units in the Premises.

2. **Term of Restrictions.** The "Restriction Period" shall be the period commencing on the date of this Agreement and terminating on the date which is the later of: (i) thirty (30) years after the date of the Certificate of Completion (as defined in the LDA); (ii) the maturity date of the Permanent Loan; or (iii) the date, as shown in the records of the New York City Department of Finance, of the expiration of any exemption or abatement from real property taxes pursuant to Article XI of the Private Housing Finance Law.

3. **Eligibility of Tenants**

- A. **Eligibility.** Throughout the Restriction Period, Owner shall lease not less than

- (i) 12 (66.67%) of the Units only to tenants whose Annual Incomes upon initial occupancy do not exceed 80% of AMI ("80% Units"). All Current Tenants shall be deemed Eligible Tenants for the 80% Units; and

- (ii) 6 (33.33%) of the Units only to tenants whose Annual Incomes upon initial occupancy do not exceed 155% of AMI ("155% Units").

In calculating the number of Units in each category, no unit may be counted multiple times.

- B. **Changes in Income.** Any Eligible Tenant shall be entitled to remain in occupancy and to obtain a renewal lease in accordance with the Rent Stabilization Code, notwithstanding that, with respect to any Eligible Tenants, such tenant's Annual Income, after initial occupancy, may exceed the maximum for initial eligibility. Further, no Eligible Tenant may be evicted nor its tenancy terminated except for good cause.

- C. **Income Determinations.** In order to determine whether a prospective tenant is an Eligible Tenant, Owner shall ascertain the Annual Income of such tenant's household. Owner may consult with HPD to obtain advice and guidance with respect to income determinations. Owner must retain all records and documents relating to Owner's determination for a minimum of three years after the date the tenant commences occupancy. Owner shall provide in each lease for the termination of the lease and eviction of the tenant if the tenant falsely or fraudulently certifies income to Owner.

- D. Proof of Compliance. Owner shall submit to HPD not later than thirty (30) days after the Completion Date and upon each anniversary of such date until the end of the Restriction Period (i) a certified rent roll for all Units and, at HPD's request, copies of leases for all Units; and (ii) a written certification setting forth the Annual Incomes of Eligible Tenants who began occupancy during the prior year, and, at HPD's request, all supporting documentation for such income determination.
- E. Section 8. Owner shall not refuse to lease a Unit to a holder of a voucher or certificate under the federal Section 8 Voucher Program or Section 8 Certificate Program or successor programs by reason of the status of the prospective tenant as such a holder.

4. Rent Requirements.

A. Registration of Initial Legal Rents Upon Conveyance.

Within 10 business days of taking title to the Property, Owner shall register each 80% Unit in accordance with the amount of the rent being charged for each Unit as of the date of this Closing and as set forth in Schedule B-1 attached hereto and made a part hereof. Owner shall register the 80% Units in accordance with the Rent Stabilization Code and the rents so registered shall be deemed the initial legal Rent Stabilization Code rents (the "Initial Legal Rents Upon Conveyance") until Completion when all the rents are restructured as set forth in Paragraph 4B.

B. Registration of Legal Rents upon the Completion Date.

On or before the Completion Date, Owner shall register the rents for each Unit in accordance with (i) the rent orders issued by HPD pursuant to Article XV of the New York State Private Housing Finance Law and (ii) the Rent Stabilization Code. Such rents shall be as follows:

- (i) 80% Units: at the rents set forth in Schedule B-2 annexed hereto and made a part hereof; and
- (ii) 155% Units: at the rents set forth in Schedule B-2.

The rents so registered shall be deemed the initial legal regulated Rent Stabilization Code rents (the "Initial Legal Rents Upon Completion") notwithstanding the Initial Legal Rents Upon Conveyance that were registered for the 80% Units at the Closing. Owner shall follow all procedures and guidelines of the New York State Division of Housing and Community Renewal (or its successor agency with jurisdiction over enforcing the Rent Stabilization Code) and all relevant requirements of the Rent Stabilization Code. As hereinafter referred to in this Agreement, the "Legal Rent" shall refer to the Initial Legal Regulated Rents Upon Completion as adjusted pursuant to the Rent Stabilization Code upon the Completion Date.

C. Preferential Rents for Cooperating Tenants

On or before the Completion Date, Owner shall also register preferential rents ("Preferential Rents") for 80% Units that are occupied at such time by Cooperating Tenants. Preferential Rents for such tenants are not to exceed the greater of (i) 30% of such tenant's Annual Income (on a monthly basis) or (ii) the Initial Legal Rents Upon Conveyance as adjusted by Rent Stabilization.

D. Rents Charged.

1. Throughout the Restriction Period, rents for Units (except those occupied by Cooperating Tenants not receiving Section 8) shall not exceed the following:

- (i) 80% Units: the lesser of (1) the Legal Rent or (2) 30% of 60% of AMI, except that for Section 8 Units, the rents shall not exceed the lesser of (1) the Legal Rent, or (2) the Section 8 Rent, provided that the share of the rent payable by the tenant shall not exceed the amount required by Section 8; and
- (ii) 155% Units: the lesser of (1) the Legal Rent or (2) 30% of 125% of AMI except that for Section 8 Units, the rents shall not exceed the lesser of (1) the Legal Rent or (2) the Section 8 Rent, provided that the share of the rent payable by the tenant shall not exceed the amount required by Section 8.

Following the expiration of the Restriction Period, rents for the Units shall not exceed the Legal Rent.

2. Throughout the Restriction Period, rents for those 80% Units occupied by Cooperating Tenants shall not exceed the Preferential Rent described in Section 4.C. herein as adjusted by Rent Stabilization.

Following the expiration of the Restriction Period, rents for the 80% Units occupied by Cooperating Tenants shall not exceed the Preferential Rent described in Section 4.C. herein as adjusted by any Rent Stabilization increases.

E. Stipulation Tenants.

Rents for Stipulation Tenants shall be determined in accordance with a Stipulation and Order of Settlement dated May 27, 1988 (Virginia Martinez, et. al. v. Edward I. Koch et. al. (Index No. #7280/88)) (the "Stipulation"). Upon taking title to the Property, Owner shall register the Initial Legal Rents Upon Conveyance for the Stipulation Tenants in accordance with this Paragraph and as set forth in Schedule B-1. Upon the Completion Date, rents for the Stipulation Tenants shall be set at the rents set forth in Schedule B-2 attached hereto and made a part hereof. Owner shall register the Preferential Rent and the Initial Legal Rents Upon Completion for the Stipulation Tenants in accordance with the Rent Stabilization Code and as set forth in Schedule B-2.

F. No Rent Stabilization Exemptions.

Owner shall not utilize any exemption or exclusion from any requirement of the Rent Stabilization Code to which Owner might otherwise be or become entitled with respect to one or more Units, including, but not limited to, any exemption or exclusion from the rent limits, renewal lease requirements, registration requirements, or other provisions of the Rent Stabilization Code due to (i) the vacancy of a Unit where the rent exceeds a prescribed maximum amount, (ii) the fact that tenant income and/or rent exceed prescribed maximum amounts, (iii) the nature of the tenant, or (iv) any other factor.

G. Prohibition from Applying for Certain Rent Increases

Owner shall not make application for any rent increases to which it might be entitled under the Rent Stabilization Code for (a) rehabilitation of the Premises performed pursuant to or in connection with the HPD Loan or (b) work funded or reimbursed from a source of funds held by HPD or by another mortgagee that provided funding for the Rehabilitation.

H. Proof of Compliance. Owner shall submit to HPD not later than thirty (30) days after the date hereof and upon each anniversary of such date until the end of the Restriction Period (i) a certified rent roll for the Units and, at HPD's request, copies of leases for the Units; and (ii) a written certification setting forth the Annual Incomes of all tenants of the Units who began occupancy during the prior year, and, at HPD's request, all supporting documentation for such income determination.

5. Minimum Household Size

The minimum number of occupants for each Unit (except Units occupied by Current Tenants) shall be as follows:

Unit Size	Minimum Number of Persons
0BR	1
1BR	1
2BR	2
3BR	4
4BR	6

6. Units Subject To Several Restrictions.

If a Unit is subject to income or rent restrictions imposed by a lender or other governmental entity, or by HPD under another regulatory or similar agreement, the more restrictive provision shall control.

7. Amendments

Except as otherwise set forth herein, this Agreement may only be amended by HPD and Owner by an instrument executed by both parties in recordable form.

8. Prohibition Against Condominium or Cooperative Conversions

Owner shall not convert the Project to cooperative or condominium ownership during the Restriction Period ("Conversion Prohibition Period"); provide, however, that if the Mortgage is prepaid in full, the Conversion Prohibition Period shall terminate twenty (20) years from the Commencement Date. Any conversion after the Conversion Prohibition Period must conform to State and City laws and must be on the basis of a non-eviction plan.

9. **Enforcement**

- (a) In the event of a breach of any of the covenants and agreements contained herein, the City shall have the right to one or more of the following:
 - (i) Institute and prosecute any proceeding for an injunction or for specific performance of Owner's obligations hereunder.
 - (ii) Extend the term of this Agreement by the period of such noncompliance upon the recording an appropriate document, executed solely by the City, against the Property. The period of noncompliance shall be presumed to be the period running from the date of this Agreement to the date that HPD notifies the Owner of such noncompliance, which presumption may be rebutted by Owner.
 - (iii) Upon written notice of HPD, prohibit Owner and/or any of its principals from doing business with HPD for a period of not less than three (3) years from the date of violation. Such prohibition shall not extend to as-of-right benefits the Owner and/or any of its principals may receive from HPD.
- (b) In the event of a threatened breach of any of the covenants and agreements contained herein, the City shall have the right to the remedy described in 9(a)(i) above.

HPD, in its sole and absolute discretion, may, in writing, (i) give Owner a period of up to thirty (30) days to cure the violation, provided the violation can be cured without affecting the rights of any bona fide tenants who have executed leases with Owner, or (ii) waive any of the provisions of this paragraph. No such waiver shall be effective unless it is in writing. Further, no delay or waiver in enforcing the provisions hereof as to any violation shall impair, damage or waive the right of the City to enforce this Agreement in the event of a continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time. Provided, however, that notwithstanding the above, any City rules or regulations regarding procedures and cure periods governing the revocation of the Article 11 Tax Exemption shall control.

10. **Investigations**

Owner is bound by the provisions of the Investigation Clause Addendum attached hereto and made a part hereof.

11. **Binding Nature of Restrictions**

This Agreement shall be recorded against the Premises in the Office of the City Register for the county in which the Premises is located. The restrictions set forth in this

Agreement shall run with the land and bind Owner, Owner's successors, assigns, heirs, grantees, and lessees. All references to "Owner" in this Agreement shall include Owner's successors, assigns, heirs, grantees, or lessees.

12. **Notices**

All notices, approvals, requests, waivers, consents or other communications given or required to be given under this Regulatory Agreement shall be in writing and sent or transmitted as follows:

If to Sponsor: Jay Street HQ Housing Development Fund Company, Inc.
Pratt Area Community Council Inc.
201 Dekalb Avenue
Brooklyn, New York 11205
Attn: Deb Howard

with a copy to: Goldstein Hall PLLC
44 Wall Street, 12th Fl
New York, New York 10005
Attn: David Goldstein, Esq.

If to HPD: Department of Housing Preservation and Development
100 Gold Street
New York, NY 10038
Attn: Assistant Commissioner, Preservation Finance

with a copy to: Department of Housing Preservation and Development
100 Gold Street
New York, NY 10038
Attn: General Counsel

13. **Expiration**

Except as otherwise provided herein, upon the expiration of the Restriction Period, this Agreement shall become null and void and of no further force and effect and HPD shall execute and deliver to Owner any document in recordable form requested by Owner to reflect the expiration of this Agreement, without prejudice to HPD's rights to enforce this Agreement with respect to any defaults or violations which occurred prior to the expiration of the Restriction Period.

14. **Effect of Subordination**

If the Premises shall cease to be subject to this Agreement by the reason of a foreclosure of any mortgage to which this Agreement is subordinated, the City shall reduce the amount of tax exemption to those exemptions, if any, which would have been available in the absence of this Agreement.

15. **Devotion of Premises to Residential Use**

With the exception of the 690 sq. ft. ground floor commercial space, the Premises shall be devoted solely to residential use.

16. **Covenants Run With The Land**

This Regulatory Agreement shall run with the land and shall bind all subsequent parties in interest to the Exemption Area during the Term.

17. **Amendments**

Except as otherwise set forth herein, this Regulatory Agreement may only be amended by a written instrument executed by HPD and Sponsor in recordable form.


IN WITNESS WHEREOF, HPD and Owner has duly executed this Regulatory Agreement the day and year first above written

**THE CITY OF NEW YORK
By: DEPARTMENT OF HOUSING
PRESERVATION AND DEVELOPMENT**

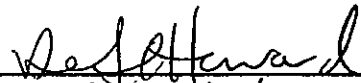
By: 
Jacqueline Alexander
Assistant Commissioner

**JAY STREET FIREHOUSE, LIMITED
PARTNERSHIP**

By: Jay Street Managers, LLC, its general partner
By: MDG Jay Street LLC, its managing member

By: 
Print Name: Michael T. Rooney
Print Title: Managing Member

**JAY STREET HQ HOUSING
DEVELOPMENT FUND COMPANY, INC.**

By: 
Print Name: Deborah Howard
Print Title: Secretary

APPROVED AS TO FORM

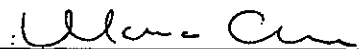
By: /s/ Howard Freidman
Corporation Counsel

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

On the 27th day of June in the year 2013 before me, the undersigned, a Notary Public in and for said State, personally appeared **JACQUELINE ALEXANDER**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

MARIAN AMORE
Notary Public, State of New York
No. 02AM6042966
Qualified in New York County
Commission Expires June 5, 2014

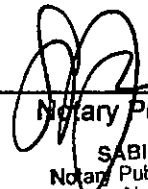


Notary Public

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

SEAL


On the 27th day of June in the year 2013 before me, the undersigned, a Notary Public in and for said State, personally appeared **Suzanne Howard** personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.



Notary Public
SABINA FIRESTONE
Notary Public, State of New York
No. 01FI6075811
Qualified in New York County
Commission Expires June 10, 2014

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

On the 27th day of June in the year 2013 before me, the undersigned, a Notary Public in and for said State, personally appeared **Michael T. Rooney** personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.



Notary Public
SABINA FIRESTONE
Notary Public, State of New York
No. 01FI6075811
Qualified in New York County
Commission Expires June 10, 2014

SCHEDULE A

PROPERTY DESCRIPTION

All those certain plots, pieces and parcels of land, with the buildings and improvements thereon erected, situate, lying and being in the City and State of New York, designated on the Tax Map of the City of New York as:

<u>Block</u>	<u>Lot</u>	<u>Address</u>
147	2	365 Jay Street, Brooklyn, New York

County: Kings

SCHEDULE B-1

INITIAL LEGAL RENTS UPON CONVEYANCE

80% Units – Occupied Units

Unit	Unit Size	Initial Legal Rents
1A*	1-bedroom	\$269
1B	2-bedrooms	\$312
2A*	4-bedrooms	\$290
2B	2-bedrooms	\$798
2C*	3-bedrooms	\$388
3A	1-bedroom	\$650
3D*	3-bedrooms	\$362
4A	1-bedrooms	\$343
4D*	3-bedrooms	\$232
5B	2-bedrooms	\$486
5D*	3-bedrooms	\$471
6A	3-bedrooms	\$800

* Units occupied by Stipulation Tenants as described in Paragraph 4.E herein and whose rents, upon Completion, will be registered in accordance the Rent Stabilization Code and as set forth in Paragraph 4.E. and the following Schedule B-2.

SCHEDULE B-2

INITIAL LEGAL RENTS UPON COMPLETION & PREFERENTIAL RENTS

80% Units – Occupied Units*

Unit Size	No. of Units	Initial Legal Rents Upon Completion
1-bedroom**	3	\$790
2-bedrooms	3	\$956
3-bedrooms***	5	\$1,100
4-bedrooms****	1	\$1,232

* In addition, on or before the Completion Date, Owner shall register preferential rents for 80% Units that are occupied at such time by Cooperating Tenants Preferential Rents for such tenants are not to exceed the greater of (i) 30% of such tenants Annual Income (on a monthly basis) or (ii) the Initial Legal Rent Upon Conveyance as adjusted by Rent Stabilization

** 1 of the 3 1-Bedroom Units shall be rented to Stipulation Tenants at a Preferential Rent registered in accordance with the Rent Stabilization Code and as set forth below and as described in Paragraph 4.E. herein and as set forth below. *** 4 of the 5 3-Bedroom Units shall be rented to Stipulation Tenants at a Preferential Rent registered in accordance with the Rent Stabilization Code and as set forth below and as described in Paragraph 4.E. herein and as set forth below.

**** the 4-Bedroom Unit shall be rented to a Stipulation Tenant at a Preferential Rent registered in accordance with the Rent Stabilization Code and as described in Paragraph 4.E herein and as set forth below.

155% Units – Vacant Units

Unit Size	No. of Units	Initial Legal Rent Upon Completion
1-bedroom	4	\$1,950
2-bedrooms	2	\$2,250
3-bedrooms	0	\$2,650
4-bedrooms	0	\$3,000

[CONTINUED NEXT PAGE]

Rents for Stipulation Tenants

Unit No.	Unit Size	Preferential Rent	Initial Legal Rents Upon Completion
1A	1-bedroom	\$414.41	\$790
2A	4-bedrooms	\$320.88	\$1,232
2C	3-bedrooms	\$553.69	\$1,100
3D	3-bedroom	\$523.26	\$1,100
4D	3-bedrooms	\$371.00	\$1,100
5D	3-bedrooms	\$650.84	\$1,100

INVESTIGATION CLAUSE ADDENDUM

(a) The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contracts, lease, permit, or license that is the subject of the investigation, audit or inquiry.

(b) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witness and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York, or;

(c) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City, then;

(d) The commissioner or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(e) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to paragraph (g) below without the City incurring any penalty or damages for delay or otherwise.

(f) The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(1) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(2) The cancellation or termination of any and all such existing City contracts, leases, permits, or licenses that the refusal to testify concerns and that have not been assigned as permitted under this agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

(g) The commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (1) and (2) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (3) and (4) below in addition to any other information which may be relevant and appropriate:

(1) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(2) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(3) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(4) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under (f) above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in (d) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

- (h) (1) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.
- (2) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.
- (3) The term "entity" as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City or otherwise transacts business with the City.

- (4) The term "member" as used herein shall be defined as any person in association with another person or entity as a partner, officer, principal or employee.

(i) In addition to and notwithstanding any other provisions of this Agreement the Commissioner or agency head may in his or her sole discretion terminate this Agreement upon not less than three (3) days written notice in the event the contracting party fails to promptly report in writing to the Commissioner of Investigation of the City of New York any solicitation of money, goods, requests for future employment or other benefit or thing of value, by or on behalf of any employee of the City or other person, firm, corporation or entity for any purpose which may be related to the procurement or obtaining of this Agreement by such contracting party, or affecting the performance of this Agreement.

HPD REGULATORY AGREEMENT

THE CITY OF NEW YORK

AND

JAY STREET HQ HOUSING DEVELOPMENT FUND COMPANY, INC.

AND

JAY STREET FIREHOUSE, LIMITED PARTNERSHIP

<u>Block</u>	<u>Lot</u>	<u>Address</u>
147	2	365 Jay Street, Brooklyn, New York

County: Kings

RECORD AND RETURN TO:

Marion Amore, Esq.
Department of Housing Preservation
and Development
Office of Legal Affairs
100 Gold Street, Room 5-Q5
New York, New York 10038

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 37 Res. No. _____

in favor in opposition

Date: 5/6/14

(PLEASE PRINT)

Name: Artie Pearson

Address: 100 Gold Street

I represent: HPD

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 37 Res. No. _____

in favor in opposition

Date: 5/26/14

(PLEASE PRINT)

Name: Leora Jontef

Address: 100 Gold Street

I represent: HPD

Address: _____

Please complete this card and return to the Sergeant-at-Arms