The Rent Guidelines Board

1999 Mortgage Survey

April 9, 1999

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Summary

The Rent Guidelines Board's 1999 Mortgage Survey found that the New York City multifamily lending market over the last twelve months has been characterized by flexibility, accessibility and a continuing trend of lower costs for borrowers. Financial institutions continued to lower interest rates and offer less stringent lending standards for those seeking financing for multifamily properties. The survey reported an average interest rate of 7.81% for new multifamily mortgages. This represented a decrease of 0.67 percentage points from last year's figure and was the lowest rate reported in the survey's seventeen year history. Not only have borrowers benefitted from lower interest rates,they also saw stable,if not more flexible lending criteria in comparison to previous years.

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 properties in New York City. The survey provides details about New York City's multifamily lending market, including point to point changes from January 1998 to January 1999. The survey is organized into four sections: new and refinanced loans, underwriting criteria, non-performing loans,and characteristics of buildings in lenders'portfolios.

Survey Respondents

Of the seventy-two surveys mailed,twenty-six financial institutions responded to the 1999 Mortgage Survey. There were six fewer respondents than in the previous year, however, five institutions responded for the first time in several years. The survey sample is updated annually to include only those institutions still offering loans for multiple dwelling properties, and new institutions were found through research in trade journals, directories, and lists compiled by the Federal Deposit Insurance Corporation (FDIC). Of the twenty-six respondents, two were commercial mortgage firms, one was a nonprofit development corporation, and the rest were traditional lending institutions ranging from savings banks,savings and loan associations to commercial banks.

As in previous years, the FDIC provided information about the multifamily real estate holdings of the survey respondents. The dollar value of holdings showed significant variability among survey respondents, ranging from $1 million to $1.7 billion. Eight respondents had at least $142 million in their multifamily mortgage portfolios as of September 1998.

What's New

- ✔ Average interest rates for new multifamily mortgages are 7.81% - the lowest in the 17-year history of the Mortgage Survey.
- ✔ Average fees (points) have declined (1.01% for new loans and 0.92% for refinanced loans) and terms have become more flexible in response to increased levels of demand and declining defaults.
- ✔ Underwriting criteria (loan-to-value and debt service ratios) have remained unchanged from last year, signs of a stable mortgage market.

As in previous surveys, large lenders provided the majority of new and refinanced loans. In the entire pool of respondents,three lenders provided more than 50% of the total volume of new mortgages. Furthermore, five large lenders provided almost 50% of the total volume of refinanced loans of all respondents.

Twenty-one institutions also completed last year's Mortgage Survey, an increase from the previous year in the number of respondents providing information for two consecutive years. By increasing the pool of longitudinal respondents,staff was better able to distinguish between actual changes in the lending market versus fluctuations caused by different institutions responding to the surveys in consecutive years. This report begins by discussing findings from a cross-sectional study of all respondents to the 1999 Mortgage Survey followed by an analysis of the longitudinal group.

Cross-Sectional Analysis

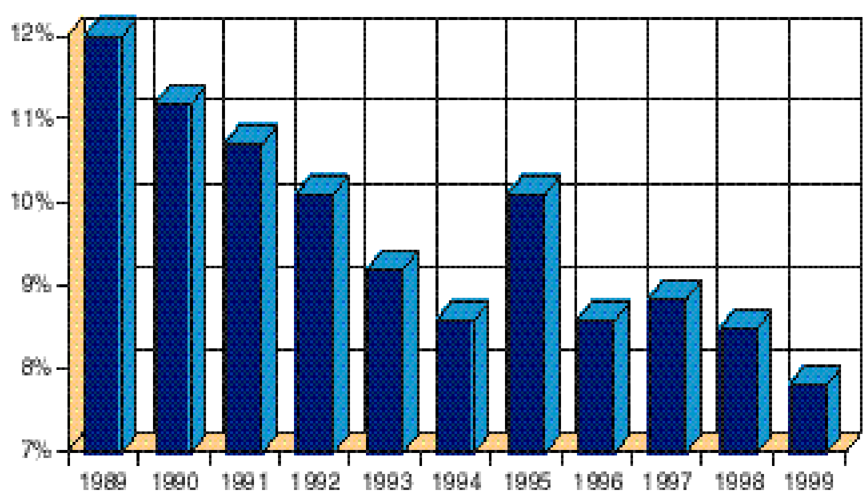
Financing Availability and Terms

Similar to last year, average interest rates continued to decline, with this year's average rate falling below 8% for the first time in the 17-year history of the survey. The average interest rate of 7.81% for new multifamily mortgages was a drop of 0.67 percentage points from the previous year. There are many factors that this decline can be attributed to, one of which is the increased competition in the multifamily lending sector over the previous year.[1] This decline marked the fifth time in six years that the interest rates for new originations fell below 9%.

The average rate for refinanced loans was 7.18%,a drop of 1.31 percentage points, or 15% from the previous year. Four survey respondents did not offer loan refinancing — these lenders typically offered new mortgages at higher interest rates, (on average 8.32%), than those offering both loan types, (one

Multifamily Mortgage Interest Rates Continue to Decline in 1999

(Average Interest Rates for New Loans, 1989-1999)



Source: Rent Guidelines Board, Annual Mortgage Surveys.

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 - upfront 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

Average interest rates for new multifamily mortgages are 7.81% - the lowest in the 17-year history of the survey.

respondent did not have this information available at the time). Of the twenty-one lenders that offered both types of loans, two charged lower rates for refinanced loans than new originations, a reversal of the trend in the early 1980's when interest rates for refinanced loans were twice that of new loans.

Actions taken by the Federal Reserve Board in 1998 help to explain the drops in mortgage rates. In response to declines in the Stock Market in the fall of 1998 and financial and economic crises in foreign countries, the Fed cut the Federal Funds Rate — the rate banks charge each other for overnight loans — three times, lowering it from 5.25% to 4.75%. The Discount Rate — the interest rate Federal Reserve Banks charge for loans to depository institutions — was reduced by .25% on two separate occasions, bringing it to 4.5% after having remained constant at 5% for the previous two years.

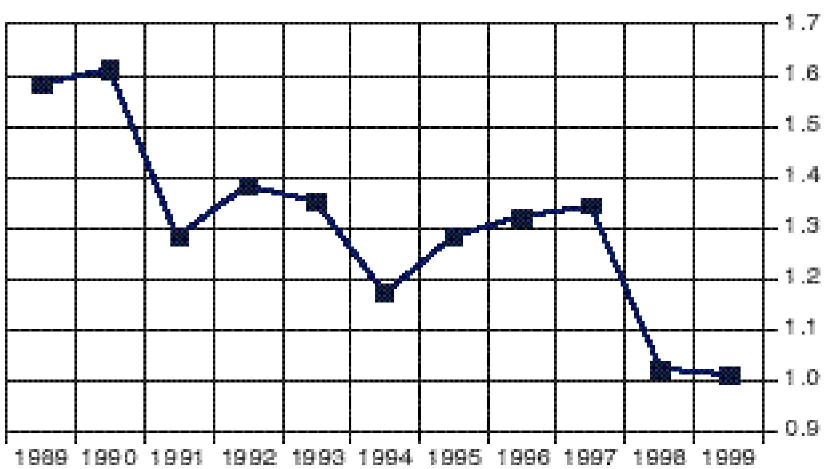
Average points — upfront service fees charged by lenders — were 1.01% this year, a slight decrease from last year. Points for new mortgages ranged from 0 to 3%, with most respondents offering 1%-2%. This year, the average points charged for refinanced loans was 0.92%, down from last year's average of 0.99%.

Similar to results from last year's Mortgage Survey, lenders appeared to be more flexible in the loan terms they offered this year. 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 was slightly broader than that found last year. Mortgage terms reported by respondents fell within the 3 to 30-year range, and most lenders offered 5 to 15 years. Two lenders, or 8% of respondents, offered a maximum term of 5 years or less, down from 19% last year. Another five lenders gave mortgage terms of 25 years or more.

This year, the trend of increases in new and refinanced loan activity has continued. Last year, an average of thirty-seven new loans per institution were financed, while an average of forty-one were originated this year. The average number of refinanced loans rose from thirty-three to fifty this year, a 52%

Service Fees for New Loans Declined Slightly in 1999

(Average Points Charged for New Loans, (1989-1999)



Source: Rent Guidelines Board, Annual Mortgage Surveys.

Points, or upfront service fees charged by lenders, declined to the lowest level in more than a decade. This year points averaged 1.01% for new multifamily mortgages and 0.92% for refinanced loans.

increase. These increases in loan volume were mostly attributable to increases in applications:almost half of the respondents (12) reported significant increases in the volume of new and refinanced loan applications they received,while one reported a significant increase (25%) in the approval rate of such applications. While nine institutions reported that there was no change in the number of loans from one year to the next, three banks saw decreases in loan volume ranging from 25% to 44%,due to decreases in both approvals and applications.

Much of the trend of increased loan activity can be traced to the fact that reductions in refinancing costs encouraged more borrowers to refinance their loans. This year, 47% of lenders completing the Mortgage Survey refinanced three-quarters or more of their loans at lower rates. This represents a significant increase over last year's survey which found that 37% of lenders refinanced loans at lower rates. Buildings with 20 or fewer units shared in the refinancing boom: 83% of the lenders responding to the question refinanced the loans of smaller buildings in their portfolios at lower rates.

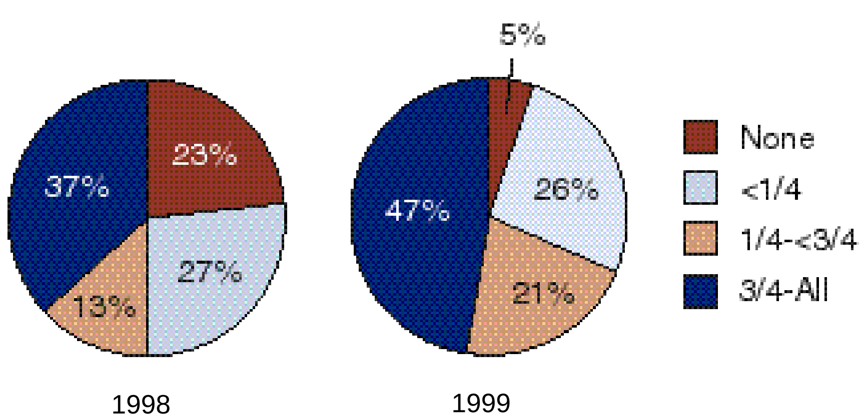
Underwriting Criteria

Lending practices have remained largely consistent in the past four years. This trend reflects a period of low delinquencies and defaults that resulted from stricter requirements in effect during the early 1990's. In a replication of last year's Mortgage Survey, this year's findings provided additional evidence that while lenders are always cautious,the late 1990's represents a new era of ample loan availability and a continuation of the less stringent underwriting policies seen for the last several years.

In this year's survey, only two respondents reported changes in their underwriting practices: one lowered the points and fees for borrowers looking for mortgages and increased the loan-to-value ratio, while the other increased its monitoring requirements. In terms of approvals, one respondent reported more

Low Costs Maintain High Refinancing Volume

(Percent of Institutions' Outstanding Loans Refinanced at Lower Rates, 1998-1999)



Source: Rent Guidelines Board, 1998 and 1999 Mortgage Surveys.

The percent of outstanding loans refinanced at lower rates during the past year continues to grow. This year 94% of respondents refinanced at least some of their loans at lower rates compared to 77% last year. This continued growth in loan refinancing is due in large part to the continuation of low financing costs for mortgages and a healthy NYC real estate market.

stringent criteria, while the other had less stringent approvals. Explanations for these changes are also mixed: one lender changed its underwriting criteria because of increased demand for mortgage financing, and the other stated that they needed to keep pace with competitors who offered better programs.

There was practically no change in the other areas of origination practices and standards measured by the Mortgage Survey. Criteria for loan-to-value ratios, debt service coverage, and building characteristics, such as age and condition, varied little from last year's survey. The dollar amount respondents were willing to lend based on a building's value (the loan-to-value ratio, or LTV) ranged from 60% to 80%. The average maximum LTV this year was 71.1% — a slight increase from the previous year's average of 71%. An increase in LTV criteria usually indicates that lenders are willing to lend more based on a building's estimated value, but this increase was too small to be statistically significant.

The debt service ratio (or net operating income divided by the debt service) remained steady, with an average debt service requirement of 1.25%. The debt service ratio measures an investment's ability to cover mortgage payments using its net operating income. 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 constant since last year, it is safe to assume that most lenders have not changed the amount of money they are willing to lend in relation to the net operating income of buildings.

Over three-fourths (77%) of lenders stipulated that building condition was considered when assessing loan applications. Four respondents evaluated the quality of building management before approving a loan application. Only two lenders stated that they took into account the age of a building, with one indicating a preference for buildings no more than fifty years old.

Building size was also considered, as 38% of respondents reported that they took the number of units in a building into account. Three respondents required at least five units, two required at least six, and another three respondents set maximum limits at ten, fourteen and forty. Only two lenders considered a building's potential for cooperative or condominium conversion. Whether or not the borrower was an occupant of the building had no influence on respondents, but two lenders did consider the neighborhood in which the building was located and the borrower's credit and financial strength.

Non-Performing Loans and Foreclosures

This year, a little over one-fourth of respondents (29%) reported having non-performing loans and about one-fifth (22%) reported having foreclosures over the past twelve months. In yet another sign that lenders were operating in a stable and improved mortgage market, these proportions represented a decrease from last year's figures of 40% reporting non-performing loans and 23% reporting foreclosures. These non-performing and foreclosed loans represented less than 1% to 5% of respondents' total loans to rent stabilized buildings. In addition,of those institutions that reported having non-performing loans, two respondents saw a decrease, while five reported no change. Furthermore, one institution saw a decrease in foreclosures, with four reporting no change from last year.

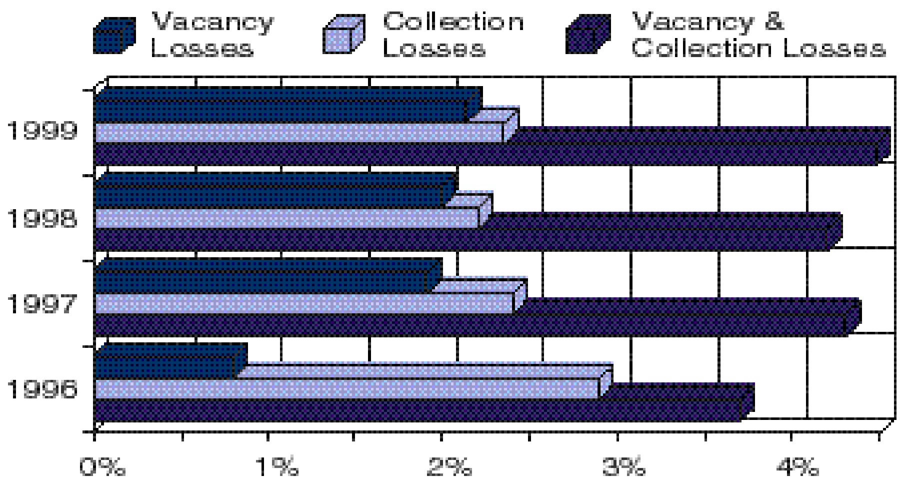
The most common prescription for foreclosures reported this year was to restructure debt service. One respondent also seized property, two allowed borrowers to resume regular debt service, and one arranged financing with another institution. One lender reported that it had sold 100% of its foreclosed properties. In comparison to last year, a larger proportion of borrowers were allowed to resume debt service,and to restructure their debt.

Characteristics of Rent Stabilized Buildings

According to respondents,there was little change in the characteristics of rent stabilized buildings in their portfolios this year. Exactly two-thirds of the respondents provided loans for buildings with twenty or more units, with one respondent indicating that they provided loans for all building sizes and years. As in the 1997 and 1998 surveys,the average building size this year was twenty to forty-nine units. Over two-thirds (70%) of the buildings in

Vacancy and Collection Losses Increase in 1999

(Average Vacancy and Collection Losses, 1996-1999)



Source: Rent Guidelines Board, Annual Mortgage Surveys.

Despite the improved rental market, vacancy and collection losses have increased for the second time in four years.

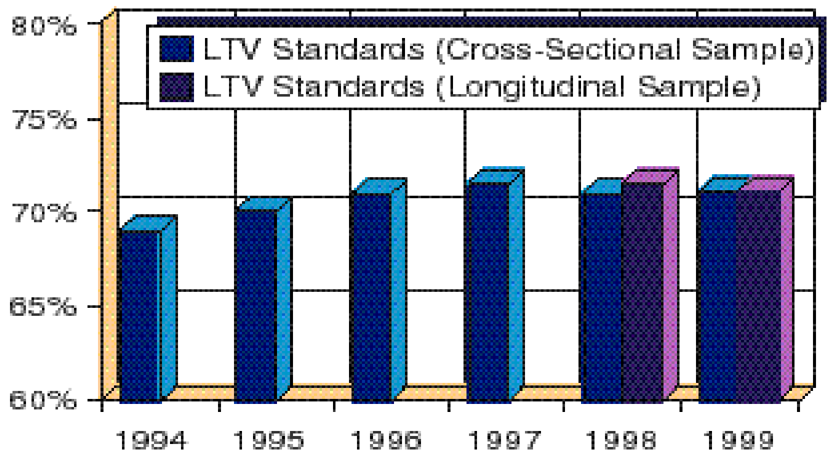
lenders' portfolios were built between 1921 and 1946, as opposed to 45% for the same category last year. This was most likely due to the change in respondents from one year to the next.

Over the last several years, there have been several fluctuations in the vacancy and collection losses reported by respondents. Average vacancy and collection losses were up slightly from 4.2% last year to 4.48% in this year's survey. In addition, the percent of losses attributed to collection problems alone also increased slightly from 2.21% last year to 2.35% this year. Conversely, the percentage of lenders facing 5% or more in vacancy and collection losses declined this year from 62% to 57%.[2]

These slight changes in vacancy and collection losses may have been due to several factors, such as a loosening of lending standards reported by banks. It is possible that with slightly looser standards, lenders are now making loans to buildings they would have denied in prior years. These buildings may have slightly higher vacancy and collection losses thus bringing up the average losses of buildings in lenders' portfolios. Alternatively, the increases in vacancy losses seen over the past four years could be caused by a continued slackening in the rental market. The 1996 Housing and Vacancy Survey reported an increase in the vacancy rate to 4.03% from 3.66% in 1993, among non-Public Housing rentals. The 1999 HVS will show if this trend continues into the latter portion of the decade. Though the exact cause is difficult to pinpoint, it is clear that vacancy and collection losses were slightly higher than a year ago and data from forthcoming surveys will indicate whether this is indeed a trend.

In this year's survey, lenders reported a slight increase in the maximum LTV used to evaluate loans. The actual LTV average, however, remained constant from last year at 67%.[3] The lack of significant changes in the maximum and actual LTV ratios indicates that lenders are holding firm to their lending standards, a sign of a stable mortgage market.

Maximum Loan-to-Value Ratios Changed Slightly in 1999
(1998-1999 Longitudinal vs. Cross Sectional Average Loan-to-Value Standards)



Source: Rent Guidelines Board, Annual Mortgage Surveys.

The maximum average loan-to-value ratio (LTV) was 71.1% for both the cross-sectional group, (a slight increase from 71% the previous year), and the longitudinal group, (a decrease from 71.5% in the previous year).

There was an 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 $331,a 10% increase from the $301 average found in the 1998 Mortgage Survey. The average rent per unit, per month was $635,six dollars higher than last year.

Longitudinal Analysis

Since a number of respondents reply to the Mortgage Survey in at least two consecutive years,information regarding rent stabilized buildings can be analyzed longitudinally to more accurately measure changes in the lending market. This longitudinal comparison helps to determine whether changes highlighted in the cross-sectional analysis reflected 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 who replied to surveys in both 1998 and 1999 (longitudinal group), were compared to the data from all twenty-six institutions providing responses in the 1999 survey (cross-sectional group).

Financing Availability and Terms

Analysis of the longitudinal group provided data that largely supported the findings in the cross-sectional group. This year's average interest rate reported by the longitudinal group was 7.79%, which represented a decrease of 7%, or 0.56 percentage points, from last year's rate of 8.35%. This mirrors changes reported by the cross-sectional group (7.81% this year and 8.48% last year, a 0.67 percentage point, or 8%, decrease). Similar changes were reported when looking at the interest rates for refinanced loans. Both groups' average interest rate dropped from one year to the next, with the rate for the longitudinal group going from 8.13% to 7.57%, a decrease of 7%, or 0.56 percentage points. The average rate for the cross-sectional group however, decreased 15%, which may be attributable to the five new organizations that responded to this year's survey.

The average points offered by lenders declined for both new and refinanced loans this year. The longitudinal group reported an average of 0.94% for new loans and 0.87% for refinanced loans this year, down from 1.02% and 0.97%, respectively, for the previous year. Borrowers also benefitted from an increase in the length of terms offered by lenders. While an average term is hard to calculate, half as many respondents (10%) offered terms of five years or less for new loans this year, compared to 20% last year. For refinanced loans, 18% offered terms of five years or less this year compared to 26% in the preceding year. When comparing points and loan lengths, the findings in the longitudinal and cross-sectional group were largely consistent. Additionally, lenders in the longitudinal group offered comparable types of loans from one year to the next, though the cross-sectional group had a higher percentage of fixed loans than last year or this year's longitudinal group.

The longitudinal group showed an increase in the average number of new and refinanced loans. An average of forty-six new loans and fifty-seven refinanced loans were held by respondents this year, while averages of forty-one new and forty-four refinanced loans were reported the year before. While both groups had increases in the number of new and refinanced loans over the past year, the longitudinal group had 12% more new loans and 14% more refinanced loans than the cross-sectional group. All but one lender in the longitudinal group reported that some portion of their loans were refinanced at lower rates. In a repetition of the 1998 survey, half of all longitudinal respondents reported increases in loan volumes in the 1999 survey, almost exclusively due to increased loan applications.

Lending Standards

In the longitudinal analysis, respondents reported little change in the maximum loan-to-value (LTV) ratio. There was a slight decline in the maximum LTV from 71.5% to 71.1% this year. The maximum LTV ratio found in the longitudinal group was exactly the same as the LTV found in the cross-sectional analysis for this year. The findings of both the longitudinal and the cross-sectional groups indicate continued stability in lending criteria. The actual LTV of the longitudinal group remained unchanged from last year to this year at 68%, which was one percentage point higher than the 67% reported in the cross-sectional analysis.[4] Furthermore, although the longitudinal group saw a small increase from the 1.23% debt service coverage ratio reported last year, both the longitudinal and the cross-sectional group had a debt service coverage ratio of 1.25% this year.

This year, there was a significant change 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 4.58% compared to 3.85% last year, an increase of 19%, or 0.73 percentage points. When the collection losses were calculated separately, this year's average was 2.44% and last year's was 2.3%,a 6% increase. The vacancy and collection losses in the longitudinal and cross-sectional groups were fairly similar, with the longitudinal figure one-tenth of a percentage point higher than those in the cross-sectional study. As mentioned previously, these increases may be attributed to more lenient lending standards imposed by banks or possible increases in the vacancy rate,but there is no way to be certain until further vacancy data is available.

Non-performing and Delinquent Loans

There was very little change in the findings on non-performing or delinquent loans for the longitudinal group from one year to the next. Delinquencies continued to be minimal,with none of the lenders in the longitudinal group reporting significant changes in non-performing loans or foreclosures from the same period last year.

Conclusion

Both the longitudinal and cross-sectional analysis in the 1999 Mortgage Survey showed that borrowers continued to benefit from a loosening of restrictions in multifamily lending practices this year. The average number of new loans rose in both groups from the previous year, and was outpaced by the increase in the number of refinanced loans. Interest rates also dropped, and lending standards remained stable. Fewer respondents reported non-performing loans and foreclosures, however, vacancy and collection losses did increase this year. These findings overall,along with an increased demand for lending services and a wider range of products reported in the survey, indicate that borrowers were operating in, and benefitting from, an improved lending market over the past twelve months.

End Notes:

1. "New Lease on Life for City Living?" by Robert Anthony, *Real Estate New York*, Dec/Jan 1999, confirms respondents' indication that competition among lenders in the mortgage market has had an effect on interest rates offered for new and refinanced loans.

2. Due to improved methodologies, the 1998 Mortgage Survey has been corrected to reflect that 62% of lenders face 5% or more in vacancy and collection losses.

3. The average actual Loan-to-Value ratio reported in the 1998 Mortgage Survey was revised. The correct average is 67%.

4. Refer to note #3.

1999 Mortgage Survey Appendix

A. Interest Rates and Terms for New and Refinanced Mortgages, 1999

	New Mortgages					Refinanced Mortgages				
Instn	Rate (%)	Points	Term (yrs)	Type	Volume	Rate(%)	Points	Term (yrs)	Type	Volume
1	7.78	1	30	fxd	0	§	-	-	-	-
5	7.00	1	5+5(25-30π)	fxd	85	7.00	1	5+5(25-30π)	fxd	100
6	8.00	.50	5+5+5,7+7,10	both	24	§	-	-	-	-
10	6.50-7.00	0-1	7-10	fxd	0	6.50-7.00	0-1	7-10	fxd	250
11	Not avail	-	-	-	-	-	-	-	-	-
12	9.00	1	15	fxd	3	§	-	-	-	-
13	Ω	0–1	25	adj	0	Ω	0–1	up to 25	adj	133
14	7.00–9.00	0–2	5+5,7+5	adj	230	7.00–9.00	0–2	5+5,7+5	adj	230
15	6.75	0	5	fxd	225	6.75	0	5	fxd	66
17	7.50	1–2	10–15 (10–25π)	adj	0	7.50	1–2	10–15 (10–25π)	adj	0
18	6.50-7.00	1-2	5,5+5,10,15	fxd	30	6.50-7.00	1-2	5,5+5,10,15	fxd	27
22	7.00	0	7 (25π)	adj	70	7.00	0	7 (25π)	adj	18
23	7.50-8.00	1	5(15-20-30π)	adj	94	7.50-8.00	1	5(15-20-30π)	adj	15
27	7.75	1	10	fxd	10	7.75	1	10	fxd	15
30	7.50	1	30	fxd	75	7.50	1	30	fxd	NR
31	±8.00	1–2	10 (15π)	adj	10	±8.00	1–2	10 (15π)	adj	7
32	cof+1.25-1.75	.5-1.0	3-10	fxd	9	cof+1-1.1	.25-.50	1-10	fxd	7
33	8.25	1	15	adj	63	8.00	1	15	adj	47
35	7.75	1	15	fxd	10	7.75	1	15	fxd	15
36	6.50-7.50	NR	7,10,15,25,30	fxd	10	6.50-7.50	NR	7,10,15,25,30	fxd	10
37	9.50	1	10	fxd	2	9.50	1	5 (10π)	fxd	0
40	8.50	2	15	fxd	0	§	-	-	-	-
41	7.61-10.49	0-3	10 (15π)	fxd	NR	7.09-8.53	0-3	3,5,7 bal (25π)	adj	NR
61	9.00	1	15	fxd	15	9.00	1	15	fxd	10
62	8.50	2	10	fxd	8	8.50	2	10	NR	2
73	7.00-7.50	1	5-25	fxd	0	7.00-7.50	1	5-25	NR	1
Avg	7.81	1.01	5–15 *	†	41	7.18	0.92	5–15 *	†	50

Ω Treasury Bill plus spread.
π 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.

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: 1999 Rent Guidelines Board Mortgage Survey.

B. Typical Characteristics of Rent Stabilized Buildings, 1999

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
1	80%	80%	1.15x	>7%	4%	50-99	$316	$500-600
5	75%	NR	NR	5%	3%	50-99	$325	$750
6	70%	65–75%	1.20–1.35	3%	2%	1–19	$305	$650
10	65%	75%	1.3	1%	1%	50-99	$300	$550
11	70%	70%	1.3	7%	5%	20-49	DK	$500
12	65%	65%	1.2	4%	<1%	1-10	$350	$600
13	65%	75%	1.25	5%	3%	20-49	$316	$500
14	NR	75%	1.15	5%	5%	NR	$300–$400	$600–800
15	70%	70%	1.25	5%	4%	50-99	$300	$650
17	70%	70%	1.25	3%	2%	11–19	DK	$550
18	65%	75%	1.10-1.25	NR	NR	20-49	$377	$698
22	60%	70%	1.4	5%	3%	20-49	$350	$700
23	65%	65%	1.25	NR	NR	NR	NR	NR
27	65%	70%	1.35	5%	1%	20-49	$175	$525
30	80%	80%	1.25	7%	DK	20-49	$300	$500
31	75%	75% or <	1.2 or >	5%	2%	11–19	$325	$685
32	60-70%	75%	1.2	3%	1%	all sizes	$600	$1000
33	65%	65%	1.3	7%	4%	20-49	$300	$520
35	60%	65%	1.25	4%	2%	20-49	$280	$600
36	55%	75%	1.25	5%	1%	100+	$416	$800
37	65%	60–65%	1.2	<1%	<1%	1–10	$400	$850
40	NR	70%	1.3	NR	NR	NR	NR	NR
41	65%	70%	1.2	>7%	4%	1–10	$267	$550
61	70%	70%	1.3	3%	2%	1-10	$225	$550
62	60%	60%	1.0-1.2	2%	<1%	20-49	NR	NR
73	60%	80%	1.3	4%	2%	50-99	$370	$617
Average	67%	71.1%	1.25%	4.48%	2.35%	mode 20-49	$331	$635

NR indicates no response to this question.
DK indicates the respondent does not know the answer to this question.

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: 1999 Rent Guidelines Board Mortgage Survey.

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

Lending Institution	Interest Rates 1998	Interest Rates 1999	Points 1998	Points 1999	Term 1998	Term 1999	Type 1998	Type 1999
1	8.10%	7.75%	1	1	30	30	fxd	fxd
5	8.43%	7%+	1	1	5–10	5+5 (20-30π)	fxd	fxd
6	8.00–8.50%	8.00%	1	.50	5+5+5	5+5+5,7+7,10	5 yr adj	both
10	7.00–7.50%	6.5-7.0%	1	0-1	5	7-10	fxd	fxd
12	10.00%	9.00%	1	1	15	15	adj	fxd
13	8.61%	7%	0–1	0-1	25	25	adj	adj
14	7.50–9.00%	7.00-9.00%	0–2	0–2	5+5	5+5,7+5	adj	adj after 5+7yrs
15	7.25%	6.75%	0	0	5	5	fxd	fxd
17	8.25%	7.50%	1–2	1–2	10–15	10-15	adj	adj
22	7.00%	7.00%	0	0	5 (10π)	7	adj	adj
23	8.50%	7.5-8.0%	1	1	5+5 (30π)	5(15-20-30π)	fxd	adj
27	7.75%	7.75%	0	1	10 (15π)	10	adj	fxd
30	8.00%	7.5	1	1	30	30	fxd	fxd
31	8.50%	±8.00%	1-2	1-2	10 (15π)	10 (15π)	adj	adj
32	7.5-9.95	cof+1.25-1.75	1	.5-1.0	5	3-10	fxd	fxd
33	8.25-8.75%	8.25%	1	1	15 (25π)	15	adj	adj
35	9.25%	7.75%	1	1	15	15	fxd	fxd
36	7.00%	6.5-7.5%	1	NR	5-30	7,10,15,25,30	fxd	fxd
37	10.00%	9.50%	1	1	10	10	fxd	fxd
40	9.00%	8.50%	2	2	15	15	fxd	fxd
41	8.87-9.25%	7.61-10.49%	3	0-3	10 (15π)	10 (15π)	fxd	fxd
Avg.	8.35%	7.79%	1.02	0.94	†	†	†	†

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: 1999 and 1998 Rent Guidelines Board Mortgage Surveys.

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

Lending Institution	Interest Rates 1998	Interest Rates 1999	Points 1998	Points 1999	Term 1998	Term 1999	Type 1998	Type 1999
1	8.10%	§	1	-	3	-	fxd	-
5	8.43%	7%+	1	1	5–10	5+5 (25-30π)	fxd	fxd
6	8.0–8.5%	§	1	-	5+5+5	-	5 yr adj	-
10	7.0–7.5%	6.5–7.0%	1	0-1	5	7-10	fxd	fxd
12	§	§	-	-	-	-	-	-
13	8.61%	7%	0–1	0-1	25	25	adj	adj
14	7.5–9.0%	7.0–9.0%	0–2	0–2	5+5	5+5,5+7	adj	adj after 5+7yrs
15	7.25%	6.75%	0	0	5	5	fxd	fxd
17	8.25%	7.50%	1–2	1–2	10–15	10-15	adj	adj
22	7.00%	7.00%	0	0	5 (10π)	7	adj	adj
23	9.00%	7.5-8.0%	1	1	5 + 5(30π)	5(15-20-30π)	fxd	adj
27	7.75%	7.75%	0	1	10	10	adj	fxd
30	8.00%	7.5%	1	1	30	30	fxd	fxd
31	8.50%	±8.00%	1-2	1-2	10 (15π)	10 (15π)	adj	adj
32	7.5-9.95	cof+1-1.1	1	.25-.5	5	1-10	fxd	fxd
33	8.25-8.75	8.0	1	1	15 (25π)	15	adj	adj
35	9.25%	7.75%	1	1	15	15	fxd	fxd
36	7.00%	6.5-7.5%	1	NR	5-30	7,10,15,25,30	fxd	fxd
37	10.00%	10.00	1	1	10	5 (10π)	fxd	fxd
40	§	§	-	-	-	-	-	-
41	7.25-7.87%	7.09-8.53%	3	0-3	3,5,7(25π)	3,5,7(25π)	adj	adj
Average	8.13%	7.57%	0.97	0.87	†	†	†	†

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: 1999 and 1998 Rent Guidelines Board Mortgage Surveys.

E. Lending Standards and Relinquished Rental Income, Longitudinal Study

Lending Institution	Max Loan-to-Value 1998	Max Loan-to-Value 1999	Debt Service Coverage 1998	Debt Service Coverage 1999	Collection Losses 1998	Collection Losses 1999
1	75–80%	80%	1.15	1.15	1%	4%
5	75%	NR	1.20	NR	1%	3%
6	65–70%	65-75%	1.20–1.35	1.20-1.35	3%	2%
10	75%	75%	1.20–1.30	1.30	1%	1%
12	65%	65%	1.20	1.20	NR	<1%
13	75%	75%	1.20	1.25	3%	3%
14	75%	75%	1.15	1.15	5%	5%
15	70%	70%	1.25	1.25	4%	4%
17	70%	70%	1.25	1.25	<1%	2%
22	75%	70%	1.40	1.40	<1%	3%
23	65%	65%	1.25	1.25	<1%	NR
27	70%	70%	1.35	1.35	<1%	1%
30	80%	80%	1.25–1.30	1.25	4%	DK
31	75% or <	75% or <	1.2	1.2 or >	2%	2%
32	75%	75%	1.2	1.2	4%	1%
33	65%	65%	1.3	1.3	4%	4%
35	65%	65%	1.15	1.25	1%	2%
36	80%	75%	1.25	1.25	1%	1%
37	60-65%	60-65%	1.20	1.20	<1	<1
40	70%	70%	1.3	1.3	NR	NR
41	70%	70%	1.2	1.2	4%	4%
Average	71.5%	71.1%	1.23	1.25	2.3%	2.44%

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: 1999 and 1998 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
1982	16.3%	12,601
1983	13.0%	11,598
1984	13.5%	17,249
1985	12.9%	15,961
1986	10.5%	25,504
1987	10.2%	15,298
1988	10.8%	18,659
1989	12.0%	13,486
1990	11.2%	13,896
1991	10.7%	9,076
1992	10.1%	6,406
1993	9.2%	5,694
1994	8.6%	7,314
1995	10.1%	6,553
1996	8.6%	7,323
1997	8.8%	11,539
1998	8.5%	11,582
1999	7.8%	13,569

Note: The number of permits issued are for the previous calendar year (for instance,1999 numbers indicate permits issues from January to December 1998) as measured by the Census Bureau in New York City's five boroughs,plus Putnam,Rockland,and Westchester counties.

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