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**TO:** COOPERATORS OF EAST MIDTOWN PLAZA

**FROM:** BOARD OF DIRECTORS

**DATE:** May 21, 2014

**RE: MORTGAGE REFINANCE**

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We are pleased to inform you that your Board of Directors has completed a new mortgage loan refinancing of our mortgages and the Amalgamated Bank loan(s). This refinancing is financially advantageous to EMP.

Under our new mortgage, EMP will be paying a competitive fixed interest rate of 4.77% and the new mortgage loan will self-amortize (be paid in full) over 30 years. Our new mortgage loan was made by Wells Fargo bank and assigned to FNMA (Fannie Mae). This mortgage was approved by HPD.

The interest rates under our old mortgages was 7.25% and 3% (but increasing as of October 1, 2018 to the lesser of 8% or NYC's cost of funds), respectively, and the blended rate for the Amalgamated Bank loan was approximately 4.2%.

By refinancing at the new rate, we were able to reduce our monthly debt service (principal and interest) payments even while "cashing out" approximately \$15 million. These funds (some of which are being held for disbursement by Wells Fargo)

will be available for capital projects and repairs, including completion of our Plaza, garage renovation, electrical upgrades, lighting and other projects. Therefore, the Board of Directors does not anticipate the need for additional assessments upon cooperators at this time to finance these projects.

The Board selected this mortgage after carefully reviewing other options. The Board concluded that this refinancing was more advantageous than other options.

The Board is confident that this refinancing places EMP on firm financial footing, enables us to rebuild our physical plant, and maintains affordability of our middle income cooperative.

East Midtown Plaza  
Board of Directors