

A report to:
Hon. Abraham D. Beame, Mayor
Hon. Harrison J. Goldin, Comptroller
Hon. Donald D. Kummerfeld, Director of the Budget

New York City Housing Development Corporation

Annual Report 1976

November 1, 1975 to October 31, 1976

Submitted by
The Chairman and Members of the
New York City
Housing Development Corporation

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The New York City Housing Development Corporation
42 Broadway Tenth Floor New York, New York 10004

Chairman's Report

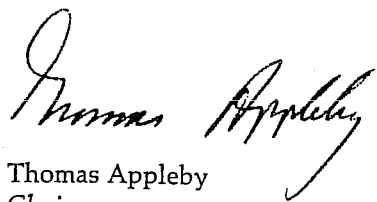
The 1975-76 fiscal year was the New York City Housing Development Corporation's fifth year, and its most arduous. It was beset by rising costs which affected the economic health of its mortgaged properties; by lack of access to the public credit market, and by the many problems arising from the financial crisis of The City of New York.

It is greatly to the credit of its Members and staff and to Roger Starr, its Chairman throughout most of the year, that HDC managed to overcome all of these and to break new ground. By the end of the year, all of HDC's mortgaged properties were paying debt service and were in full or substantial occupancy.

HDC developed a new participatory loan/private bond issue arrangement and put it into effect in cooperation with The Bowery Savings Bank. Through their combined efforts, a 1269-unit project in Queens is being rescued from deterioration and rehabilitated. This new device is particularly valuable because it will enable the Corporation to help the City implement its new policy of concentrating on rehabilitation to conserve existing housing stock.

HDC is also helping the City in its efforts to produce cash required to meet municipal needs. The Corporation is working on an agreement with the City and the U.S. Department of Housing and Urban Development which provides for the Federal government to insure certain of the mortgages in the City's Mitchell-Lama portfolio of completed projects. HDC will acquire the insured mortgages and sell them in the secondary mortgage market, returning the funds that are realized to the City. By the end of the fiscal year, two mortgages had been accepted by HUD for insurance. Implementation of this program will aid the City to achieve its goal of financial stability, and also to complete all its Mitchell-Lama mortgage commitments.

Thus, HDC again has worked creatively and successfully to help New York City, both in its cash position and in its housing supply. In the coming year the Corporation looks forward to consolidating its gains and stimulating additional rehabilitation.



Thomas Appleby
Chairman

January 27, 1977

Members and Executive Staff

The membership of the Corporation consists of the Administrator of the Housing and Development Administration of The City of New York (who is designated by the New York City Housing Development Corporation Act as Chairman of the Corporation), the Director of the Budget of The City of New York, and the Finance Commissioner of The City of New York, serving *ex officio*, and four public members, two appointed by the Mayor and two appointed by the Governor. A minimum of four members is required to bind the Corporation.

Thomas Appleby
Chairman and Member ex officio

Mr. Appleby is Administrator of the Housing and Development Administration of The City of New York. For seven years immediately prior to his appointment as Administrator, he was the President and Chief Executive Officer of the United Nations Development Corporation, a public benefit corporation which developed a multi-use building serving the United Nations community in New York City. Previously he had been Executive Director of the District of Columbia Redevelopment Land Agency, Development Administrator of the City of New Haven, Connecticut, and Executive Director of the New Haven Development Agency.

Thomas E. Dewey, Jr.
Vice Chairman and Member
(term expires December 31, 1976)

Mr. Dewey is founder and President of Thomas E. Dewey, Jr. & Co., Inc., a firm specializing in financial advisory services. He is also a Trustee of Lenox Hill Hospital and of the Harlem Savings Bank. Formerly he was a General Partner in the investment banking firm of Kuhn, Loeb & Co.

Ivan E. Irizarry
Member ex officio

Mr. Irizarry is Finance Commissioner of The City of New York. He was formerly Executive Director for the Continental and Foreign Operations Branch, Economic Development Administration of Puerto Rico, and has more than fifteen years of experience in economic development, banking, and government service.

Pazel G. Jackson, Jr.
Member (serving pursuant to law)

Mr. Jackson is a Vice President of The Bowery Savings Bank of New York. He was formerly Assistant Commissioner of the New York City Department of Buildings and Chief of Design of the New York World's Fair Corporation.

Donald D. Kummerfeld
Member ex officio

Mr. Kummerfeld is Director of the Budget of The

City of New York. Most recently, he was a Vice President in the public finance department of First Boston Corporation and had served previously with the United States Bureau of the Budget.

Ms. Frances Levenson
Member (term expires January 1, 1979)

Ms. Levenson is Director of Urban Housing and Vice President of The New York Bank for Savings, where she is in charge of the Bank's program of sponsoring, financing and promoting low and moderate income housing. She was previously Deputy Commissioner for Housing Sponsorship in the Department of Development of New York City's Housing and Development Administration. She had formerly been General Counsel to the City Commission for Human Rights.

Gilbert MacKay
Member (term expires May 31, 1979)

Mr. MacKay is founder and Chairman of the Board of MacKay-Shields Financial Corporation, an investment management firm which deals primarily with corporate pension trust clients.

Harold Kuplesky
Executive Director

Mr. Kuplesky is an attorney with extensive experience in housing. He has served the Corporation since its creation as Housing Analyst and then Deputy Executive Director. Previously he was Assistant to the First Deputy Commissioner, New York City Housing and Development Administration. Mr. Kuplesky was also a planner for the New York State Office of Planning Coordination and the New York State Division of Housing and Community Renewal.

Roger C. Simons
*Deputy Executive Director/
General Counsel and Secretary*

Mr. Simons, an attorney and previously Assistant Counsel of the Corporation, is experienced in both the public and private sectors of the real estate and construction fields. Prior to his association with the Corporation he served as Senior Attorney with the Department of Development of the New York City Housing and Development Administration and had been Vice President and General Counsel of a major eastern developer.

John L. Warren
Treasurer

Mr. Warren is a certified public accountant. He was formerly the Director of Finance for the City of New Rochelle, New York, Accounting Executive of the County of Nassau, New York, and Comptroller of the Incorporated Village of Rockville Centre, New York.

HDC Housing Finance Program

Need

Since the enactment of New York State's Limited Profit Housing Companies Law in 1955, The City of New York has borrowed over one billion dollars from the public in order to finance limited-profit housing projects. This ambitious commitment strained the City's constitutional borrowing capacity, upon which there are many other claims in addition to housing. HDC was created as a supplementary and alternative vehicle for borrowing money for housing projects without directly encumbering the City's own credit.

Powers

The Corporation is authorized by its enabling act to make loans for new construction or for rehabilitation. It may make both types of mortgage loans to housing companies in accordance with the provisions of Article II (the Mitchell-Lama program) of the Private Housing Finance Law. Under Article VIII of the same law, the Corporation may make rehabilitation loans to owners of existing multiple dwellings. In both cases, the loans must serve the public purpose of providing residential accommodations to persons and families whose need for safe and sanitary housing is not being met in New York City by unassisted private enterprise. The maximum income of persons and families occupying such housing, the rentals or carrying charges payable, and the profit of housing companies are determined and regulated by law. The Corporation is also authorized to acquire certain mortgages securing loans made by The City of New York under the Mitchell-Lama program, which the City intends to sell or assign to the Corporation to enable it to raise cash on the City's behalf. Mortgages acquired from the City would be insured by the Federal government and either sold or used as security for the sale of bonds. The net proceeds of the sale of the mortgages or the bonds would go to the City.

Authorization

HDC has been authorized by the New York State Legislature to sell notes and bonds up to a total of \$800,000,000, or such amount as would not cause its Capital Reserve Fund (defined below) to exceed \$85,000,000. Not more than \$200,000,000 of the total authorization may be used for rehabilitation under Article VIII and not more than \$100,000,000 for financing projects jointly with conventional lending institutions.

HDC has the option of financing new projects in the City's housing pipeline or of refinancing projects that have already received mortgage loans from the City or from conventional sources. It can initially sell either notes or bonds to finance the projects.

Security for Bonds

Funds for the payment of the debt service on the

Corporation's bonds come primarily from the payments made by the mortgagors of the projects financed by the Corporation. These payments include principal, interest, mortgage origination fees, and annual service charges. The funds paid by the mortgagors may, in part, be derived from payments made by the U.S. Department of Housing and Urban Development under the terms of subsidy contracts.

A secondary source of revenue for payment of debt service on the Corporation's bonds is investment income or earnings from the General Reserve Fund, the Capital Reserve Fund, and various other funds and accounts established under the General Bond Resolution.

Thirdly, the General Bond Resolution provides for the establishment of a General Reserve Fund not to exceed 2% of the principal amount of outstanding bonds. Investment income, fees, and charges in excess of the Corporation's operating requirements may flow into the General Reserve Fund and become available to meet debt service if required.

Bonds issued by the Corporation pursuant to the General Bond Resolution are secured by the Capital Reserve Fund. This Fund is made up of the maximum annual debt service for each issue of the Corporation's bonds and must be funded from the proceeds of each bond issue, if not provided from another source. If, for any reason, this Capital Reserve Fund should fall below its requirement, then the Chairman of the Corporation must certify that fact to the Mayor and Director of the Budget of The City of New York. If the City fails or is unable to restore the Capital Reserve Fund to the minimum requirement, either from budgetary funds or from borrowings as authorized by the Corporation's enabling Statute, then the Chairman must so certify to the State Comptroller, who is then required to pay to the Corporation the amount necessary to restore the Fund to its required level. The Comptroller is to make this payment out of the first monies available from the next payment of unallocated per capita State aid to the City (the only prior claimant to this money is the City University Construction Fund). Any such payment would be a non-interest-bearing loan from the City to the Corporation.

Bonds of the Corporation are secured by a pledge of the mortgages financed in whole or in part from the proceeds of the sale of bonds. Revenues and other monies, securities, funds, and accounts of the Corporation are also pledged to the payment of bonds issued pursuant to the General Housing Bond Resolution.

Bonds issued by the Corporation for the purpose of acquiring mortgages from The City of New York will not be secured by the Capital Reserve Fund or any of the funds and accounts established under the General Bond Resolution. Such bonds would be issued under a new bond resolution. The Corporation may

also issue bonds not secured by the Capital Reserve Fund, if the proceeds from the issuance of such bonds are used to fund mortgage loans which are either insured or subsidized by the Federal government. In addition, the Corporation is authorized to issue taxable bonds without a Capital Reserve Fund if such bonds are either guaranteed or subsidized by the Federal government pursuant to Section 802 of the Housing and Community Development Act of 1974.

Rent Covenant

To ensure the continued financial viability of the project mortgages it finances, the Corporation is empowered to vary the rentals charged. Whenever it finds that the maximum rentals being charged are not sufficient to meet the mortgagor's necessary payments of all expenses (including fixed charges, sinking funds, reserves, and dividends), the Corporation will request the mortgagor to apply to the New York City Housing and Development Administration (HDA) for permission to vary the rentals so as to secure sufficient income. If the mortgagor does not do so within thirty days, the Corporation will request HDA to take action upon its own motion to vary the rental rate. If HDA fails to do so within sixty days, the Corporation will itself vary the rental rate. However, in cases where projects benefited from any Federal housing program of financial assistance, such rental increases would be subject to the approval of the U.S. Department of Housing and Urban Development.

HDC Notes and Bonds as Legal Investments

Under the provisions of Section 662 of the New York City Housing Development Corporation Act, HDC notes and bonds are made securities in which all

of the following may properly and legally invest funds, including capital in their control or belonging to them: all public officers and bodies of the State of New York and all municipalities and municipal subdivisions of the State; all insurance companies and associations and other persons carrying on an insurance business; all banks, bankers, trust companies, savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business; administrators, guardians, executors, other fiduciaries; and all other persons whatsoever who are now, or may hereafter be authorized to invest in bonds or in other obligations of the State. The notes and bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

Tax Exemption

In the opinion of Bond Counsel to the Corporation, the interest on HDC notes and bonds is exempt from (i) Federal income taxes under the existing statute and the ruling issued by the Internal Revenue Service and (ii) New York State and New York City income taxes; except that Bond Counsel expresses no opinion as to the exemption from Federal income taxes of such interest for any period during which any bond or note is held by a person who, within the meaning of Section 103(c)(7) of the Internal Revenue Code of 1954, as amended, is a substantial user of the facilities with respect to which proceeds of the notes or bonds were used or a related person.

HDC Accomplishments

As the New York City Housing Development Corporation's fiscal year began, New York City was in dire financial straits, and in the following months it began to appear that the State was hardly better off than the City. The picture for the State has brightened over the year, but the City's recovery has proceeded more slowly.

HDC has therefore bent its most earnest efforts toward helping the City to weather its financial crisis. At the same time the Corporation has not lost sight of the fact that it was created specifically to help the City to nurture its supply of low and moderate-income housing. The year's activities therefore developed along two main lines: (1) to aid the City's cash posi-

tion through use of the asset value of its mortgage portfolio, and (2) to devise a way to help the City implement its new policy of concentrating its housing efforts on conserving its existing housing stock through rehabilitation.

The City had turned to rehabilitation from new construction also as a result of the financial climate in which it was operating. This climate affected HDC too; as a result of the City's financial difficulties the public credit market was effectively closed to HDC's bonds. Another means had to be found, and indeed one was already being explored at the end of the previous year. The proposal was that HDC enter into a participatory mortgage loan agreement with a finan-

cial institution already holding the mortgage of a project in need of rehabilitation. The institution and HDC would share the cost of rehabilitating the project, and as part of the agreement the institution would purchase HDC housing bonds issued for that purpose.

This year such a private institution turned to HDC. It was The Bowery Savings Bank, and the project to be rehabilitated was a group of buildings that came to be known collectively as Kew Gardens Hills, a name borrowed from that of the section of Queens in which it is located. It consists of three complexes: Carlton Gardens, the largest, with 21 buildings and a total of 504 dwelling units; Ambassador Gardens, with 15 buildings and 357 units; and Regal Apartments, with 17 buildings and 408 units. The Bowery Savings Bank had an interest in the three amounting to roughly \$9,500,000, and had approached the City for a participatory mortgage loan arrangement under the Mitchell-Lama program in order to undertake the rehabilitation of Carlton Gardens, which was badly deteriorated.

When it became apparent that the City would be unable for some time to take on any further financial responsibilities, the Bowery addressed itself to HDC. The Corporation, which is empowered by its enabling legislation to undertake rehabilitation, carried out a careful study of the three projects and the surrounding neighborhood. It concluded that to rehabilitate the three projects together would be beneficial both to the neighborhood and to the City. The development concept for the whole project involved creating smaller blocks, beautifying the open space, redesigning parking, adding laundry facilities, improving security and garbage collection, and making many important improvements to the buildings themselves, on exteriors, heating, plumbing, and electrical systems as well as individual apartments.

In order to participate in a mortgage loan with The Bowery Savings Bank, the developer, HDA, and HDC sought and received approval from the various city agencies concerned: The City Planning Commission for approval of the project plan, the Board of Estimate for the same in addition to approval of shelter rent tax exemption, the Emergency Financial Control Board for the proposed contracts, and the City Comptroller for the private placement of HDC bonds with The Bowery Savings Bank.

HDC appraised the value of the property as over \$9.5 million. In the final financing plan, it was agreed that the Bowery's share of the mortgage would be either \$9.5 million or the actual cost of acquisition plus previously incurred capital improvements expenses, whichever was less. HDC's share would be \$10,367,000, to cover only rehabilitation and other non-acquisition costs.

Both the Bowery's and HDC's mortgages would have a term of 32½ years (2½ years for the rehabili-

tation process plus 30 years). It was agreed that the Bowery would collect interest at 3 percent during the rehabilitation period, and at 8.28 percent for the remaining 30 years. This would enable HDC to issue bonds for a 32½-year period bearing an interest rate of 7¾ percent. HDC would receive interest on its mortgage at 8.28 percent during the 2½-year rehabilitation period and then constant debt service payments at 8.28 percent interest for the balance of the mortgage term.

HDC estimated that the total amount of bonds required to be issued for the rehabilitation was \$11,315,000. The Corporation agreed with the City's Comptroller that HDC would issue bonds initially for approximately 90 percent of this total. The Bowery would then purchase the bonds to enable the Corporation to rehabilitate the project, bringing it up to the level prevailing in the surrounding area. Accordingly, the Corporation on October 7, 1976 issued Series F of its General Housing Bonds, in the amount of \$10,200,000, which was purchased in its entirety by The Bowery Savings Bank.

Pursuant to an agreement with the Bank, HDC has a priority with regard to debt service paid by the project. It varies depending upon the amount of the total monthly debt service paid, but in no event shall HDC receive less than 72% of that amount, if the total monthly payment is less than required. The effect of this agreement is to mitigate the impact of a monthly payment shortfall on HDC's ability to meet its bond obligations.

By agreement with The Bowery Savings Bank, the remaining bonds are to be issued before April 1, 1979. The Bank agrees to purchase another \$1,115,000 if the Corporation finds that such additional funds are necessary to complete the rehabilitation.

Conclusion of this arrangement afforded the Corporation a new and unique device for continuing improvement of the City's housing stock even during a period of financial crisis.

The other immediate 1976 HDC goal, of helping the City with its cash flow problems, proved much harder to attain. The first and most obvious avenue was for the Corporation to attempt to raise the money necessary to complete eight projects then actually under construction in the City's Mitchell-Lama program. The City was \$75 million short of its needs for this purpose.

The Corporation attempted to raise these funds by using as security twelve mortgages on completed Mitchell-Lama projects, all with Section 236 interest subsidy contracts on which funds were already flowing from the Federal government. The Federal income stream alone was in an amount equal to 125 percent of the debt service that would be required for the bond issue. HDC estimated that it would need to raise

approximately \$80 million in bonds in order to fund required reserve funds and meet bond issuance expenses, as well as provide the \$75 million needed for construction.

With this plan in mind, the Corporation approached the savings banks located in New York City to see whether they would commit themselves to purchase such a bond issue. The banks then, and throughout the whole period of negotiation, exhibited an admirable spirit of cooperation and expressed their willingness to purchase bonds in an amount up to \$40 million; but those purchases were conditioned upon HDC's finding other purchasers for the balance of the issue, and upon the solution of any legal problems that might arise.

HDC, with the assistance of its financial agent, Goldman, Sachs & Co., received commitments, mostly from out-of-state insurance companies, for the purchase of \$27 million of the \$40 million balance. But it then appeared that there would be considerable delay before the bond issue could take place. Counsel for some of the purchasers began to indicate certain legal problems, which were probably soluble but might require new State legislation; and such legislation was not possible until the Legislature reconvened in January.

Thus, in spite of long negotiations and helpful efforts on the part of the City, the insurance companies, and the savings banks, the possibility that HDC could raise the build-out funds from the Mitchell-Lama mortgage portfolio still seemed problematical.

Fortunately, however, another avenue began to appear through which HDC could aid the City with its cash flow needs, and at the same time contribute toward the finaling out of all the City's remaining Mitchell-Lama mortgage loan commitments.

For some time New York City personnel had been meeting with representatives of the U.S. Department of Housing and Urban Development in an attempt to secure Federal insurance on mortgages in the City's Mitchell-Lama portfolio, pursuant to Section 223(f) of the National Housing Act. Once insured, the mortgages would be salable in the secondary mortgage market, and the funds realized would materially improve the City's cash flow position. This process now began to be contemplated also as a way to help the City to complete its Mitchell-Lama mortgage loan commitments.

HUD officials had shown genuine concern for New York's problems, appointing a special task force to work closely with the City in an attempt to work out a solution. The City asked HDC to participate in this process because the Corporation was already an FHA-approved mortgagee. The City and HDC requested, and obtained from the State, legislation that would enable HDC to do so.

Under the process, HDC would submit the City's

Mitchell-Lama mortgages to HUD for insurance. HDC would then split the existing City mortgage into two portions, a HUD-insured first mortgage and a non-insured second mortgage, the total of the two being at least equal to the amount outstanding on the original mortgage. The Corporation would then be able to sell the insured mortgages in the secondary market and return the cash proceeds to the City. The second mortgage, which would be subordinate in its debt service claims to the insured mortgage, would also be returned to the City.

By October 29, the Corporation had received firm commitments from HUD for insured mortgages on two Mitchell-Lama projects, Tanya Towers and Hamilton House. With HUD's cooperation the Corporation hopes to generate many other such arrangements. HDC staff are also working on a proposal whereby the Corporation might pool a group of FHA-insured mortgages and issue tax-exempt bonds backed up by that pool.

In August 1976 the Corporation's Series VI Housing Notes in the amount of \$37,703,000 came due. They had been issued in August 1975 and were secured by a pledge of both the mortgages and the Federal interest subsidy contracts of North Waterside and Knickerbocker Plaza. When the notes had been purchased by the four New York City Pension Funds, it was with the understanding that the Funds could renew the notes, accept bonds, or take the mortgages and interest subsidy contracts if HDC could not refund the notes at maturity. Refunding proved impossible, because the credit markets were still closed to HDC. So the Funds decided to renew the notes for another year.

The notes were renewed as Series VII, at an annual interest rate of 9 percent. In August 1977 the Funds will again have the three options of rolling over the notes, accepting bonds in their stead, or receiving assignment of the mortgages and interest reduction subsidy contracts.

It is HDC's goal to refinance these notes with bonds. To attain this goal, the Corporation felt that it needed broader powers in order to devise a financing vehicle acceptable to investors. It therefore sought, and obtained, State legislative approval of the power to issue bonds taxable by the Federal government, if such bonds were federally guaranteed or subsidized under Section 802 of the Housing and Community Development Act. (The bonds would remain free of State and City taxes.) It also obtained the power to issue such taxable bonds without being required to maintain a capital reserve fund. It is hoped that these expanded powers will lead to a successful issuance of bonds to refund the Series VII notes.

For HDC to carry out its mandate of helping the City, it was imperative that the Corporation look continuously to the health of its already financed projects

and to its own stability and viability as an institution operating in the City's behalf. Its activities to this end took various forms.

As it has done since its inception, the Corporation exercised an ongoing review of the projects already financed, carrying out comparability analyses to ensure that the projects were operating within realistic limits. As a result, there was some upward adjustment of rents. The first part of a two-stage increase at Ocean Park had already been effected in the preceding year, and the second stage was implemented this year on October 1. For Linden Plaza, a first-stage increase went into effect December 1, 1975, and a second will be implemented December 1, 1976.

The Ruppert Towers and adjacent Yorkville Towers projects, both fully occupied, were merged into one, now to be known as Yorkville. Its mortgage authorization was increased by \$355,000 to permit the project to meet its financial requirements until a rent increase would be implemented. This mortgage increase will be funded with available bond funds that were not needed to meet the mortgage loan requirements of another project. In the meantime a utility pass-along to cover increased electricity charges was implemented for the two projects as of October 1, 1976.

It also became apparent that the Waterside project required sizable rent increases in order to meet its cash flow requirements. In this case the developers, the investors (the CIT Corporation) and HDC entered into an innovative agreement, whereby it was agreed to soften the effect of the rent increase by spreading it over three years, with a 7½ percent increase each year. In return, CIT agreed to share with HDC on a fifty-fifty basis the operational deficits that would arise through 1979, up to a maximum of \$700,000 each. Such advances would be treated respectively as a loan and deferral of debt service to Waterside.

At year end, all the other projects were either fully or substantially occupied, and all projects were paying debt service.

During the year, HDC worked with the Council of State Housing Agencies to make the Federal coinsurance program a workable means to permit HDC and other similar state agencies to use the program for providing multifamily housing. As the program is now structured, HUD's share of the risk of loss is 80 percent, a state agency's 20 percent. This percentage is too high for state agencies that wish to issue bonds on the public credit market, and the Council and HDC tried to persuade HUD to agree to a risk-sharing proportion of 90-10. Thus far agreement has not been reached, and consequently no state agency across the country is taking advantage of the multifamily housing provisions of the program. It is hoped that some workable arrangement may be developed during the next fiscal year.

All these activities have gone forward without a break, in spite of transitions that have taken place in the City and the Corporation. On January 1 Harold Kuplesky replaced Edward R. Levy as Executive Director of the Corporation. In March Donald D. Kummerfeld became the City's Budget Director and hence an ex officio Member of the Corporation, replacing Melvin N. Lechner in both capacities. At the same time Roger C. Simons, the Corporation's General Counsel, became its Deputy Executive Director. On September 8, Frances Levenson, Director of Urban Housing and Vice President of The New York Bank for Savings, became a Member, replacing Mrs. Frederica C. Hein, who had served with distinction for four and a half years. On October 4, four weeks before the end of the fiscal year, Thomas Appleby replaced Roger Starr as Administrator of the New York City Housing and Development Administration, thus becoming Chairman and Member ex officio of the Corporation. Mr. Appleby brings to both posts experience gained in a long and distinguished career in housing and community development.

At the end of the year, one of the most trying in New York City's history, the Corporation was in an excellent position. Steps had been taken toward completing the eight City Mitchell-Lama projects under construction; all HDC-financed projects were paying debt service, and the Corporation had undertaken its first participatory loan rehabilitation project. HDC will continue to make every effort to help the City reach its goals, both of financial stability and of providing housing for its low and moderate-income citizens.


*Report of Ernst & Ernst,
Independent Auditors*

To the Members of the
New York City Housing
Development Corporation

We have examined the statement of assets and liabilities of New York City Housing Development Corporation at October 31, 1976 and October 31, 1975, and the related statements of changes in restricted fund balances, administrative revenues and expenses and changes in general reserve fund—available for future expenses, and sources and uses of cash for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note E the Corporation has an obligation to reimburse the original purchasers of the Corporation's Series D and Series E Bonds, if the original purchasers sell such Bonds between August 15, 1978 and August 15, 1979 (or such later Settlement Date as provided in the Bond Purchase Agreement) at an aggregate net loss as adjusted.

In our opinion, subject to the ultimate loss, if any, to be realized relating to the Corporation's obligation under the Bond Purchase Agreement, the financial statements referred to above present fairly the financial position of New York City Housing Development Corporation at October 31, 1976 and October 31, 1975, and the changes in restricted fund balances, administrative revenues and expenses and changes in general reserve fund—available for future expenses, and sources and uses of cash for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Ernst


New York City Housing Development Corporation
Statement of Assets and Liabilities

	October 31	
	1976	1975
<i>Assets—Note E:</i>		
Mortgage loans—Notes B and C	\$291,102,424	\$284,276,951
Receivable from mortgagors for:		
Accrued interest	448,518	1,824,197
Reimbursement of expenses	56,707	107,081
Fees and charges		54,624
Interest advanced		181,918
Deferred interest payments—Note C	700,000	
Cash and investments held for designated purposes—Notes A and D:		
Project Mortgage Loan Accounts	17,206,939	16,175,025
Capital Reserve Fund	20,036,994	19,178,074
Debt Service Fund	1,072,395	364,567
Note Interest Payment Fund	241,932	
	38,558,260	35,717,666
Amount segregated for November 1st debt service	9,549,204	7,813,310
Held for operations—Note D:		
Cash	165,382	137,614
Investments	5,243,765	4,764,135
	5,409,147	4,901,749
Office equipment at cost, less allowance for depreciation of \$22,030 (1976) and \$18,311 (1975)	16,809	7,382
	\$345,841,069	\$334,884,878
<i>Liabilities:</i>		
General Housing Bonds—Note E	\$283,505,000	\$274,265,000
Housing Notes—Note E	37,703,000	37,703,000
Credit payable to mortgagor—Note C	700,000	
Accrued interest payable on bonds	9,294,204	8,156,718
Accrued interest payable on notes	725,783	806,426
Accounts payable and other accrued expenses	527,249	491,440
Received in advance from mortgagors:		
Principal and interest	573,932	505,358
Debt service deposits	76,453	76,453
Fund balances—Notes A, C, E, F and H:		
Restricted:		
Capital reserves	1,223,142	1,018,501
Mortgage loans	6,177,640	7,560,737
	7,400,782	8,579,238
General Reserve Fund:		
Available for future expenses	4,384,666	3,351,245
Held for mortgage loan commitment	950,000	950,000
	5,334,666	4,301,245
	12,735,448	12,880,483
Commitments—Note I	\$345,841,069	\$334,884,878

Statement of Changes in Restricted Fund Balances

	<i>Year Ended October 31</i>	
	1976	1975
<i>Revenues:</i>		
Interest on mortgage loans—Note B	\$22,111,820	\$19,217,097
Fees and charges	901,256	370,956
Earnings on investments	2,307,918	2,705,934
	<u>25,320,994</u>	<u>22,293,987</u>
<i>Expenses:</i>		
Interest on General Housing Bonds—Note E	18,225,168	15,727,045
Interest on Housing Notes—Note E	3,689,658	3,412,506
Transfers to General Reserve Fund—available for future expenses—Note A	2,469,650	1,545,168
	<u>24,384,476</u>	<u>20,684,719</u>
Increase in restricted fund balances	936,518	1,609,268
Restricted fund balances at beginning of year	8,579,238	10,560,700
	<u>9,515,756</u>	<u>12,169,968</u>
Transfer from General Reserve Fund—Notes E and F		518,700
Distribution of earnings on investments in Project Mortgage Loan Accounts to mortgagors	(2,114,974)	(4,109,430)
Restricted fund balances at end of year—Notes E and F	<u>\$ 7,400,782</u>	<u>\$ 8,579,238</u>

See notes to financial statements.

*Statement of Administrative Revenues and Expenses and Changes
in General Reserve Fund—Available for Future Expenses*

	<i>Year Ended October 31</i>	
	1976	1975
<i>Revenues:</i>		
Transfers from Restricted Funds—Note A	\$2,469,650	\$1,545,168
Earnings on investments	639,900	441,734
	<u>3,109,550</u>	<u>1,986,902</u>
<i>Expenses:</i>		
Salaries and related expenses	333,538	329,571
Rent	53,198	59,573
Fees and expenses of the Trustee, Depository and Paying Agent	44,930	56,766
Services of New York City Housing and Development Administration	476,762	185,471
Other administrative and operating expenses	100,501	57,614
Credits granted (\$367,200) and to be granted to Housing Companies— Notes B and C	1,067,200	
	<u>2,076,129</u>	<u>688,995</u>
Excess of revenues over expenses	1,033,421	1,297,907
General Reserve Fund—available for future expenses at beginning of year	4,301,245	3,522,038
	<u>5,334,666</u>	<u>4,819,945</u>
Transfer to Restricted Funds—Notes E and F		518,700
General Reserve Fund—available for future expenses at end of year and held for mortgage commitment (\$950,000 in 1976 and 1975)—Notes A, C, and H	<u>\$5,334,666</u>	<u>\$4,301,245</u>

Statement of Sources and Uses of Cash

	<i>Year Ended October 31</i>	
	1976	1975*
<i>Sources:</i>		
Proceeds from sale of bonds, including in 1976, \$376,125 accrued interest purchased	\$ 10,576,125	\$ 27,510,000
Proceeds from sale of housing notes including premium	37,703,000	85,704,200
Proceeds from investments:		
Cost to the Corporation	942,690,051	785,241,216
Earnings	2,873,169	3,234,762
Received from mortgagors:		
Interest	21,515,771	13,715,845
Principal	817,879	485,610
Fees and charges	954,148	301,767
Ground rent escrow and other receipts		507,631
Total sources	1,017,130,143	916,701,031
<i>Uses:</i>		
Mortgage loans	6,933,713	32,421,113
Retirement of housing notes	37,703,000	91,000,000
Interest on housing notes	3,770,300	4,128,736
Interest and principal payments on bonds	10,234,395	7,650,322
Amounts segregated for November 1st debt service	9,549,204	7,813,310
Purchase of investments	945,906,562	768,578,534
Distribution of earnings on investments to mortgagors	2,114,974	4,109,430
Distribution of ground rent escrow account	204,774	356,618
Operating expenses	679,200	633,892
Total uses	1,017,096,122	916,691,955
Excess of sources	34,021	9,076
Cash balances at the beginning of year	149,048	139,972
Cash balances at the end of year	\$ 183,069	\$ 149,048
Cash balances were:		
Held for designated purposes	\$ 17,687	\$ 11,434
Held for operations	165,382	137,614
	\$ 183,069	\$ 149,048

*Amounts have been reclassified to conform to 1976 presentation.
See notes to financial statements.

Notes to Financial Statements

Note A—Organization

New York City Housing Development Corporation is a corporate governmental agency, constituting a public benefit corporation of the State of New York, established under the provisions of Article XII of the Private Housing Finance Law (the Act). The Corporation and its corporate existence are to be continued at least as long as bonds, notes or other obligations of the Corporation shall be outstanding.

The Corporation was created to encourage the investment of private capital and provide safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise, through provision for low interest mortgage loans.

The following accounts and funds have been established in accordance with the Corporation's General Housing Bond Resolution:

Project Mortgage Loan Accounts

Project Mortgage Loan Accounts are established for each project for which bonds and/or notes are sold. The allocated proceeds of bonds or notes sold for each project are deposited in the respective Project Mortgage Loan Account, from which advances are made to mortgagors.

Capitalized Interest Accounts

The allocated proceeds of bonds sold for certain projects are deposited in the Capitalized Interest Accounts and are used to pay interest during the period of construction, and for a period not to exceed one year after completion.

Revenue Fund

All revenues collected by the Corporation are deposited in the Revenue Fund. Such revenues are applied for the uses and purposes for which such revenues are pledged by the Corporation's General Housing Bond Resolution.

Operating Fund

Cash is deposited in the Operating Fund from (1) designated proceeds of the sale of bonds or notes and (2) the Revenue Fund and General Reserve Fund to the extent required by the General Housing Bond Resolution. Such cash is used solely to pay operating expenses of the Corporation.

Debt Service Fund

The Debt Service Fund is used to pay the principal or redemption price of and interest on the Corporation's bonds.

Capital Reserve Fund

The Capital Reserve Fund (\$19,780,948 at Octo-

ber 31, 1976, exclusive of accrued interest) was established as additional security for bondholders pursuant to the General Housing Bond Resolution in accordance with the requirements of the Act. The Act provides that the Corporation will maintain the Capital Reserve Fund at an amount equal to the largest annual debt service requirement for any fiscal year. If, for any reason, the Capital Reserve Fund should fall below its requirement, the Chairman of the Corporation must certify that fact to the Mayor and Director of the Budget of The City of New York. If the City fails to or is unable to restore the Capital Reserve Fund to the minimum requirement, then the Chairman must so certify to the State Comptroller, who must in response pay to the Corporation the amount necessary to restore the Fund to its required level. The Comptroller is to make this payment out of the first monies available from the next payment of Unallocated Per Capita State Aid to the City. (The only prior claimant to this money is the City University Construction Fund.) Any such payment would be considered a non-interest bearing loan from the City to the Corporation.

General Reserve Fund

A General Reserve Fund, not in excess of 2% of outstanding bonds, may be maintained by the Corporation and is available for any corporate purpose as provided in the General Housing Bond Resolution.

Transfers of money from Restricted Funds to the General Reserve Fund—available for future expenses consist primarily of fees and charges and earnings on investments of the Capital Reserve Fund.

Note B—Mortgage Loans

The General Housing Bond Resolution requires, among other things, that as to mortgage loans which are financed from the proceeds of bonds: a) the mortgage shall create a first mortgage lien on the real property of each project; b) the amount of the mortgage loan shall not exceed the project cost or any other limitations described by law.

Mortgage loans are made after a review by New York City Housing and Development Administration (HDA) and the Corporation of the qualifications of the prospective borrowers and the financial feasibility of each project. In addition, HDA monitors construction, approves mortgage loan advances and certifies total project costs. Such mortgage loans do not exceed 95% of total project costs.

The realization of mortgage loans depends on the ability of each of the housing companies to generate sufficient funds to service its debt which, in turn, is predicated on its maintaining sufficient occupancy levels and obtaining rent increases to offset escalating operating costs. Such rent increases are subject to the

Note B, Continued

approval of HDA. In the event the housing company or HDA does not institute proceedings to implement a rent increase deemed necessary by the Corporation, or HDA after conducting a hearing, fails to grant such necessary increase, the Corporation can, pursuant to law, order such increase and must do so pursuant to the General Housing Bond Resolution.

Should any of the housing companies be unable to meet its debt service obligations, the Corporation can commence foreclosure proceedings and operate the project or sell it to a third party. To the extent that the project does not generate sufficient funds to meet the annual debt service requirements of the Corporation, payments would be made first from the General Reserve Fund to the extent available and then from the Capital Reserve Fund. The Capital Reserve Fund would be restored each year as described in Note A.

The Corporation may, at its option, grant credits to housing companies to be applied against their interest payment requirements. Credits of \$154,050 and

\$213,150 were granted during 1976 to the Waterside and Linden Plaza housing companies, respectively. See Note C for a further discussion of the Waterside annual credit and the special credit of \$700,000 granted during 1976.

Each housing company is designated by the Corporation as either in Development or Occupancy. During Development a portion or even all of a project may be occupied, since Occupancy status is determined at the discretion of the Corporation. When the project is in Development, assets in the Project Mortgage Loan Account may be used to retire debt or pay construction, rent-up, operating, and interest costs. When in Occupancy, Project Mortgage Loan Account assets may be used only to retire debt, pay construction costs or provide working capital.

Mortgage loans include bond interest expense paid from the Project Mortgage Loan Account or the Capitalized Interest Account while a project is in Development. Mortgage loans also include discounts from the face amount of bonds sold.

Note C—Details of Mortgage Loans and Commitments

	Total Mortgage Commitments	Mortgage Loan Advances	Remaining Mortgage Commitment
Washington Plaza Towers, Inc.	\$ 64,594,680	\$ 63,644,680	\$ 950,000
Waterside Housing Co., Inc.	61,577,000	61,316,041	260,959
Linden Plaza Housing Co., Inc.	50,706,693	50,351,193	355,500
Yorkville Towers Housing Co., Inc.	62,356,700	62,000,080	356,620
Ocean Park Housing Co., Inc.	18,265,900	18,265,900	
Knickerbocker Plaza Housing Co., Inc.	24,844,100	23,866,433	977,667
North Waterside Redevelopment Co., Inc.	12,859,300	12,208,940	650,360
Carlton Gardens Housing Co., Inc.	10,367,000	920,013	9,446,987
	<u>\$305,571,373</u>	<u>292,573,280</u>	<u>\$12,998,093</u>
Less Principal Repayment		1,470,856	
		<u>\$291,102,424</u>	

Of the \$12,998,093 remaining mortgage commitment, \$10,933,093 will be distributed from the project mortgage loan accounts, \$950,000 from amounts held for operations and, \$1,115,000 will be raised if required, pursuant to an agreement whereby The Bowery Savings Bank agreed to purchase bonds of the Corporation to be used for completion of Carlton Gardens. During 1976, Ruppert Towers Housing Co., Inc. was merged into Yorkville Towers Housing Co., Inc., and the amounts shown in the above table have been combined. In January, 1977, the Corporation increased Yorkville's mortgage loan commitment by \$355,500. This increase did not require further borrowing by the Corporation because the funds were available from the Project Mortgage Loan Account of the Linden

Plaza project, the cost of which was less than funds available. No other additional borrowings are required.

Five of the eight housing companies receive subsidies from the U.S. Department of Housing and Urban Development (HUD) under Section 236 of the National Housing Act. All five "236" projects are substantially fully rented at October 31, 1976. All of the projects experienced increased operating costs during the year, and have obtained rent increases or are in the process of preparing rent increase applications. Waterside in particular has significant deficits, and the steps taken to fund such deficiencies are described below:

Waterside

On July 7, 1976, HDA approved rent increases

Notes to Financial Statements, Continued

Note C, Continued

for the Waterside project in three cumulative increases of 7½% each, effective September 1, 1976, 1977 and 1978, respectively. The project financial projections indicated that the first two annual increases would not be sufficient to cover all operating expenses. In order to cover such operating deficits, the Corporation entered into an agreement with the developers and the investors (CIT Corporation). The Corporation deferred receipt of interest payments of \$700,000, which the housing Corporation deposited in a special escrow account. CIT deposited \$100,000 in this account and agreed to provide an additional \$600,000 as required to meet operating deficits. The \$1,400,000 to be supplied by the Corporation and CIT will earn interest, and compares to approximately \$1,200,000 in projected operating deficits through 1979 estimated by the developer. Drawdowns by Waterside to meet operating deficits are to be funded 50% by the Corporation and 50% by CIT.

The drawdown by Waterside on CIT's contribution of \$700,000 is dependent upon the Corporation's continuing to grant an annual credit of \$308,100. (During 1976, a \$154,050 credit was granted, covering

a six month period.) Further, the timing of the CIT contribution is limited to the total amount of the credit granted by the Corporation to date; however, the agreement permits CIT to waive this requirement if the Corporation has not approved the credit. Commencing in the fourth year, CIT and the Corporation are to be repaid the funds advanced from the escrow account to Waterside plus interest at 6% over a ten year period. If the Corporation fails to grant the \$308,100 annual credit during this period, the amount not granted would be offset against the amount otherwise repayable to the Corporation by Waterside. Accordingly, a \$700,000 credit payable to mortgagor has been established as an off-set to the deferred interest payment receivable from mortgagor.

The project was approximately 92% occupied on February 7, 1977. The ability of the project to meet its mortgage loan commitment will be dependent, among other things, on its maintaining sufficient occupancy levels (the projection assumes 97% occupancy) in the face of the present and future rent increases. There has been a marked increase in applications being processed in the five week period preceding February 7, 1977, with a 97% occupancy anticipated in the near future.

Note D—Cash and Investments Held for Designated Purposes and Operations

At October 31, 1976, cash and investments held for designated purposes and operations (including accrued

interest of \$271,450 on securities) consisted of the following:

	Cash	United States Agency Securities	Repurchase Agreements	Obligations of U. S. Treasury	Total
Held for designated purposes:					
Project Mortgage Loan Accounts	\$ 435		\$17,206,504		\$17,206,939
Capital Reserve Fund	2,740	\$17,275,287		\$2,758,967	20,036,994
Debt Service Fund	14,477			1,057,918	1,072,395
Note Interest Payment Fund	35		241,897		241,932
	<u>\$ 17,687</u>	<u>\$17,275,287</u>	<u>\$17,448,401</u>	<u>\$3,816,885</u>	<u>\$38,558,260</u>
Held for operations	<u>\$165,382</u>			<u>\$5,243,765</u>	<u>\$ 5,409,147</u>

The market value of the repurchase agreements and obligations of U.S. Treasury approximates cost plus accrued interest, and the market value of the

United States Agency Securities was approximately \$16,812,000 at October 31, 1976.

Note E—General Housing Bonds and Housing Notes

See Tables A, B and C for details of bonds, debt service requirements, and notes.

The bonds and notes are general obligations of the Corporation, although substantially all of its assets are pledged as collateral for the payment of principal

and interest on its bonds and notes. The bonds, notes and other obligations of the Corporation are not debts of either the State of New York or The City of New York and neither the State nor the City is liable thereon.

Note E, Continued

The 7½% Series D and 9% Series E Bonds, both sold to banks, bear supplemental interest of 2½% and 1%, respectively, to August 15, 1978, provided they are held by the original purchasers. The Corporation has agreed to try to retire or refund these Bonds as soon as market conditions allow refunding on a reasonable basis. Should the banks sell these Bonds at an aggregate net loss between August 15, 1978 and August 15, 1979 (or, if no bona fide bids are received by August 15, 1979, such later date on which bona fide bids are received for all Bonds held by the original purchasers), the Corporation is liable to the banks in an amount equal to the aggregate net loss, less (1) any net aggregate gains on sales made prior to August 15, 1978 and (2) certain adjustments relating to sales proposed by the Corporation but refused by the banks. The ultimate loss, if any, that may be realized if such bonds are eventually sold cannot be determined because of uncertainties relating to the future sales prices of such bonds.

On the date of issuance of the Series D and Series E Bonds, the Corporation transferred \$518,700 from the General Reserve Fund to the Capital Reserve Fund, an amount approximating the annual debt service on the supplemental interest. The amount will be returned to the General Reserve Fund after the termination of the supplemental interest payments in 1978 and the corresponding reduction in the Capital Reserve Fund requirements.

On August 15, 1976, the Corporation renewed with four New York City related pension funds, \$37,703,000 of Housing Notes payable as to principal and interest on August 15, 1977. The notes are collateralized by mortgage loans on two projects and related HUD interest reduction payments. If the Corporation does not pay the principal and interest at maturity, the note holders are entitled to assignment of the collateral. In the event they elect not to accept such collateral, the note holders may either extend the maturity of the notes one year at the same interest rate or receive 8% bonds maturing in approximately 48 years.

On October 7, 1976, the Corporation issued Series F 7¾% Bonds in the amount of \$10,200,000. These Bonds were privately placed with The Bowery Savings Bank and the proceeds were used to fund the rehabilitation of the Carlton Gardens project. The Bank has agreed to purchase \$1,115,000 more Bonds in the event that such funds are needed to complete the rehabilitation of the Carlton Gardens project.

The Series A to E Bonds of the Corporation are subject to optional redemption at rates ranging from 103% to 100% for various periods commencing in 1983 (Series C Bonds), 1987 (Series A and B Bonds) and 1988 (Series D and E Bonds, assuming the Bonds are sold by the original purchasers). The Series F

Bonds of the Corporation are subject to optional redemption at 100% commencing 1981.

The Corporation is authorized to issue additional bonds and notes for its housing programs in an aggregate principal amount outstanding, exclusive of re-funding bonds or notes, not to exceed \$800,000,000 or such amount which would not cause the maximum Capital Reserve Fund Requirement to exceed \$85,000,000, whichever is less.

Note F—Restricted Fund Balances

The capital reserves restricted fund balances consist of the following:

	October 31	
	1976	1975
1) The excess of interest income on mortgage loans over interest expense on related bonds. (The excess is necessary to generate sufficient revenues to amortize the bond principal used to establish the Capital Reserve Fund.)	\$ 429,145	\$ 232,148
2) Interest earned in the Capital Reserve Fund, which will be transferred to General Reserve Fund to the extent not needed to maintain the Capital Reserve Fund Requirement.	275,297	267,653
3) An amount approximating the supplemental interest on the Series D and E General Housing Bonds, which will be returned to the General Reserve Fund Balance when no longer required in the Capital Reserve Fund (see Note D).	518,700	518,700
	<u>\$1,223,142</u>	<u>\$1,018,501</u>

The mortgage loans restricted fund balances result from interest earned on related securities. Such interest may be distributed at the discretion of the Corporation to mortgagors or be used to reduce the total mortgage commitment to the applicable project.

*Notes to Financial Statements, Continued**Note G—Consultants' Fees*

Fees to Goldman, Sachs & Co. for financial consulting services are payable by HDC in the amount of \$20,000 for the year ended October 31, 1976. Fees paid to Goldman, Sachs & Co. amounted to \$20,000 for the year ended October 31, 1975. In addition, fees of \$1,500 and \$2,081 were paid to Ms. Bertha Hatvary for the years ended October 31, 1976 and 1975, respectively, for services as editorial consultant for the Corporation's annual report. Also, fees were paid in the amount of \$31,611.13 for the year ended October 31, 1976 for legal services from the firm of Brownstein Zeidman Schomer and Chase.

Note H—Related Party Transactions

On October 7, 1976, the Corporation sold \$10,200,000 of Series F Bonds to The Bowery Savings Bank which were used to finance the rehabilitation of the Carlton Gardens project. In addition, the Corporation is participating in a mortgage loan with The Bowery Savings Bank to the same project with the Bowery portion of

the loan representing its prior mortgage and equity interest in the project. Mr. Pazel Jackson, Jr., a member of the Corporation, is a Vice President of The Bowery Savings Bank. Pursuant to an opinion of Bond Counsel dated November 3, 1975, Mr. Jackson disclosed his prior involvement with the project to the Corporation's Members and removed himself from any consideration in the negotiations that took place between HDC and The Bowery Savings Bank. Furthermore, he absented himself from Members' Meetings when the Corporation took action in regard to the Carlton Gardens project.

Note I—Commitments

The Corporation is a participating employer in the New York City Employees' Retirement System, of which substantially all of the employees of the Corporation are members. The Corporation pays its proportionate share of the System's cost (\$54,626—1976; \$24,695—1975).

See Note C for details of mortgage loans and commitments.

Table A—Bond Indebtedness

	Original Face Amount	Balance November 1, 1975	Issued	Retired	Balance October 31, 1976
3.75% to 6.50% — General Housing Bonds, 1972 Series A, maturing in varying annual installments on May 1 to 2022	\$133,000,000	\$132,795,000		\$500,000	\$132,295,000
3.50% to 7.00% — General Housing Bonds, 1972 Series B, maturing in varying annual installments on November 1 to 2022	51,640,000	51,180,000		245,000	50,935,000
5.70% to 7.00% — General Housing Bonds, 1973 Series C, maturing in varying annual installments on May 1 to 2023	62,800,000	62,780,000		215,000	62,565,000
7.50% — General Housing Bonds, 1975 Series D, maturing in varying annual installments on May 1 to 2023	16,255,000	16,255,000			16,255,000
9.00% — General Housing Bonds, 1975 Series E, maturing in varying annual installments on May 1 to 2022	11,255,000	11,255,000			11,255,000
7 ³ / ₈ % — General Housing Bonds, 1976 Series F, maturing in varying annual installments on May 1 to 2009	10,200,000		\$10,200,000		10,200,000
	<u>\$285,150,000</u>	<u>\$274,265,000</u>	<u>\$10,200,000</u>	<u>\$960,000</u>	<u>\$283,505,000</u>

Table B—Debt Service Requirements

	Amortization of Principal	Interest Expense	Total Debt Service Requirements
For the year ending October 31:			
1977	\$ 1,080,000.00	\$ 18,582,670.00	\$ 19,662,670.00
1978	1,135,000.00	18,519,781.25	19,654,781.25
1979	1,210,000.00	18,084,602.22	19,294,602.22
1980	1,375,000.00	17,863,120.00	19,238,120.00
1981	1,460,000.00	17,778,165.00	19,238,165.00
For the five year period ending October 31:			
1986	8,810,000.00	87,385,530.00	96,195,530.00
1991	12,055,000.00	84,109,456.25	96,164,456.25
1996	16,575,000.00	79,577,391.25	96,152,391.25
2001	22,545,000.00	73,559,550.00	96,104,550.00
2006	30,700,000.00	65,346,636.25	96,046,636.25
2011	40,145,000.00	54,158,796.25	94,303,796.25
2016	51,570,000.00	40,115,725.00	91,685,725.00
2021	70,205,000.00	21,391,862.50	91,596,862.50
2026	24,640,000.00	1,848,440.00	26,488,440.00
	<u>\$283,505,000.00</u>	<u>\$598,321,725.97</u>	<u>\$881,826,725.97</u>

Table C—Note Indebtedness

	Date Issued	Date Due	Rate of Interest	Balance October 31, 1975	Issued	Retired	Balance October 31, 1976
Housing notes:							
Series VI	8/15/75	8/15/76	10.00%	\$37,703,000		\$37,703,000	
Series VII	8/15/76	8/15/77	9.00%		\$37,703,000		\$37,703,000
				<u>\$37,703,000</u>	<u>\$37,703,000</u>	<u>\$37,703,000</u>	<u>\$37,703,000</u>