New York City Housing Development Corporation 1996

Submitted to

Honorable Rudolph W. Giuliani, Mayor
Honorable Alan G. Hevesi, Comptroller
Honorable Joseph J. Lhota, Director of Management and Budget

Submitted by

The Chairperson and Members of The New York City Housing Development Corporation

HDC received a AA rating on its general obligations from Standard & Poor's in recognition of the Corporation's "superior agency management" and "proven expertise in financial management, underwriting and oversight." HDC's AA rating will further enable the Corporation to achieve our mission of financing affordable housing for current and future generations of New Yorkers.

Report of the Chairperson and President

Richard T. Roberts
Chairperson

Barbara Udell
President

On behalf of the Members of the New York City Housing Development Corporation ("HDC" or the "Corporation") and its subsidiary corporations, including the New York City Residential Mortgage Insurance Corporation ("REMIC"), we are pleased to submit the 1996 Annual Report. During the year, HDC celebrated its 25th anniversary. We are proud to report that the Corporation completed its silver anniversary by building upon its long record of accomplishment.

In calendar year 1996, HDC sold $130,440,000 of tax-exempt and taxable bonds to finance the construction of 861 new apartments. The Corporation also expanded its Affordable Housing Permanent Loan Program by committing to utilize an additional $15,000,000 of its unrestricted reserves to fund long-term fixed-rate permanent loans for rehabilitated low and moderate-income rental housing. HDC also continued to utilize its financial resources to provide interim assistance and seed money loans to not-for-profit groups developing homeless and low-income housing in conjunction with City-assisted initiatives.

Once again, HDC's ability to continue to generate revenues to support the City's various housing initiatives is indicative of our highly successful efforts to manage our balance sheet. In 1996, the Corporation completed a $217,310,000 refunding of all General Housing Bonds. These bonds, the first of which the Corporation issued in the 1970s, were originally secured in part by the City and the State of New York. The 1996 refunding not only generated significant present value savings which will further enable HDC to finance additional low-income housing in the future, but also released the City and the State from their obligations as the refunding bonds are backed by the financial strength of the mortgages and other assets of the Corporation held under the bond resolution for the refunding bonds.

The financial integrity of the Corporation and the professionalism of its management were recognized by Standard & Poor's ("S&P"), which conferred a AA rating on the Corporation's general obligations in December. HDC is the first and only local housing finance agency in the nation to receive a general obligation rating from S&P. In fact, of the eleven State housing finance agencies whose general obligations have been given an investment grade rating by S&P, only one is rated higher than HDC's. In awarding its AA rating to the Corporation, S&P noted HDC's "superior agency management " and "proven expertise in financial management, underwriting and oversight."

HDC's achievement of a AA rating from S&P followed last year's obtainment by REMIC of an A+ rating from Fitch Investors Service. The immediate impact of the A+ rating was demonstrated by the extraordinary growth of REMIC's mortgage insurance activity in 1996. During the past year, REMIC committed to insure over $23,000,000 of mortgages on 26 projects containing 1,139 units of affordable housing. This represented a more than 150% increase in the dollar volume of insurance from the prior year. In fact, REMIC committed to insure a greater dollar volume of mortgages in 1996 than it had in its prior three years as an HDC subsidiary and 1996 was the most active in REMIC's entire history, either as a subsidiary of HDC or in its years as a separate public benefit corporation, from 1974 to 1993.

This year's Annual Report chronicles the creation of The Bristol, a 65-unit "80/20" development in Flushing, Queens. HDC issued $5,620,000 of tax-exempt bonds to provide the project's permanent mortgage loan which was insured by REMIC. HDC's ability to issue long-term fixed-rate bonds to finance this new affordable housing resource was based upon REMIC's rating from Fitch. The Corporation's other achievements in 1996 are outlined below.

Once again, the Corporation's "80/20" rental housing production program continued to grow in 1996, bringing the total number of units financed to 6,432 and the total dollar volume of mortgages originated to more than $1 billion since the program's inception in 1984. Not only did the "80/20" program grow numerically, the scope of its credit enhancements expanded with the first utilization of REMIC's insurance. The Bristol was also the first unsubsidized "80/20" project financed by HDC outside of Manhattan.

The Corporation also financed two new "80/20" developments in Manhattan. In early December, the Corporation issued $55,070,000 of variable rate bonds to finance the construction of a 375-unit "80/20" development on West 43rd Street between 10th and 11th Avenues. The project is being developed by The Gotham Organization, in conjunction with Sun America, and HDC's bonds are secured by a letter of credit from Fleet Bank National Association. Late in December, HDC issued an additional $53,000,000 of variable rate bonds to finance a 265-unit "80/20" to be developed on Amsterdam Avenue between West 89th and West 90th Streets. The commencement of construction on this long-delayed project ensures the completion of the last major new development in the City's West Side Urban Renewal Area and also enabled the City to receive $6,800,000 for the sale of the City-owned site. The project is being developed by The Related Companies, L.P. and HDC's bonds are secured by a letter of credit issued by Marine Midland Bank.

The Corporation also issued $16,750,000 in long-term fixed-rate tax-exempt bonds to provide the underlying or "blanket" mortgage for Maple Plaza, a 155-unit limited equity cooperative on Madison Avenue and East 123rd Street, being developed by Sparrow Construction Corporation and sponsored by North General Hospital. The project's financing structure is similar to that which the Corporation utilized to finance Maple Court, another limited equity cooperative one block south of Maple Plaza, in 1994. That 135-unit development was completed and quickly sold out, establishing that a strong market for affordable owner-occupied housing existed in East Harlem. However, while the first project utilized $35,000/unit in City subsidies, budgetary constraints limited the City's contribution in this second, slightly larger project, to only $12,000/unit. To ensure that the project could be developed in a manner which will also make it affordable to moderate and middle-income families, the Corporation agreed to provide an additional $12,000/unit in subsidies in the form of a 3% interest-only second mortgage. When Maple Plaza is completed and sold, a solid foundation of owner-occupied moderate and middle income housing will have been established in East Harlem, helping to pave the way for future housing and economic development initiatives in the area.

In 1995, the Corporation created the Affordable Housing Permanent Loan Program ("AHPLP"). Utilizing its unrestricted reserves, the Corporation set aside $15,000,000 of its capital to make permanent mortgage loans for projects which were to be renovated in conjunction with New York City's Department of Housing Preservation and Development's ("HPD") multifamily rehabilitation programs. Through the AHPLP, HDC committed to make permanent loans at rates equal to the interest rate on the 10-year U.S. Treasury Bond plus 100 basis points. These rates were approximately 150-200 basis points below those available from other conventional lenders.

The lower HDC rates were intended to better leverage limited public subsidies and to help HPD rehabilitate more housing units with fewer City dollars while keeping rents for low-income families at affordable levels. This is particularly important since there are few, if any, new Section 8 Certificates or Vouchers available to subsidize the rents of those households that would be unable to pay higher rents resulting from increased debt service requirements.

We are pleased to report that the AHPLP has been an enormous success. The Corporation quickly committed the original $15,000,000 set aside in 1995. As a result, in September the Corporation agreed to set aside an additional $15,000,000 to expand the

AHPLP. Based upon the commitments to date, we anticipate that the combined $30,000,000 will result in the rehabilitation of more than 2,300 low and moderate income units and we expect to provide additional funding for the program in the future.

The Corporation played a pivotal role in facilitating the acquisition and rehabilitation of the Kenmore Hotel. By providing a contingent $4,000,000 bridge loan commitment to a limited partnership established by Housing and Services, Inc. ("HSI"), the Corporation enabled HSI to purchase the 600-room run-down hotel on East 23rd Street in Manhattan from the United States Marshal which had seized it from the prior owner, pursuant to Federal forfeiture laws, as a result of the illegal drug trade that had been proven to have taken place there. While HSI had applied for City and State subsidies to renovate the structure into a 326-unit supportive housing facility, the State could not commit its funds rapidly enough to keep the U.S. Marshal from auctioning the property to the highest bidder rather than selling it directly to HSI at a negotiated below-market price. In less than 30 days, HDC agreed to make up to $4,000,000 available to HSI in the event State funds were not in place when it became necessary to utilize them for the renovation of the Kenmore. HDC's commitment enabled the City, HSI and its equity partners, and Chase Community Development Corporation, the construction lender, to close the acquisition and rehabilitation loan quickly enough to keep the valuable property from being auctioned, thus ensuring that it would serve as an affordable housing resource for generations to come.

The Corporation also expanded the scope of its Seed Money Loan Program for the Neighborhood Entrepreneurs Program ("NEP"). Established in 1995 to assist local business persons selected to renovate and purchase City-owned properties, the NEP is a critical component of the City's Building Blocks! initiative to return City-owned property to responsible private owners with proven capacity to operate low-income rental housing. Following the successful completion of the first round of NEP, HDC agreed to reutilize the $850,000 set aside for Seed Money Loans to the first round of entrepreneurs for the next group of local business persons selected to rehabilitate the second round of NEP projects containing over 1,000 apartments.

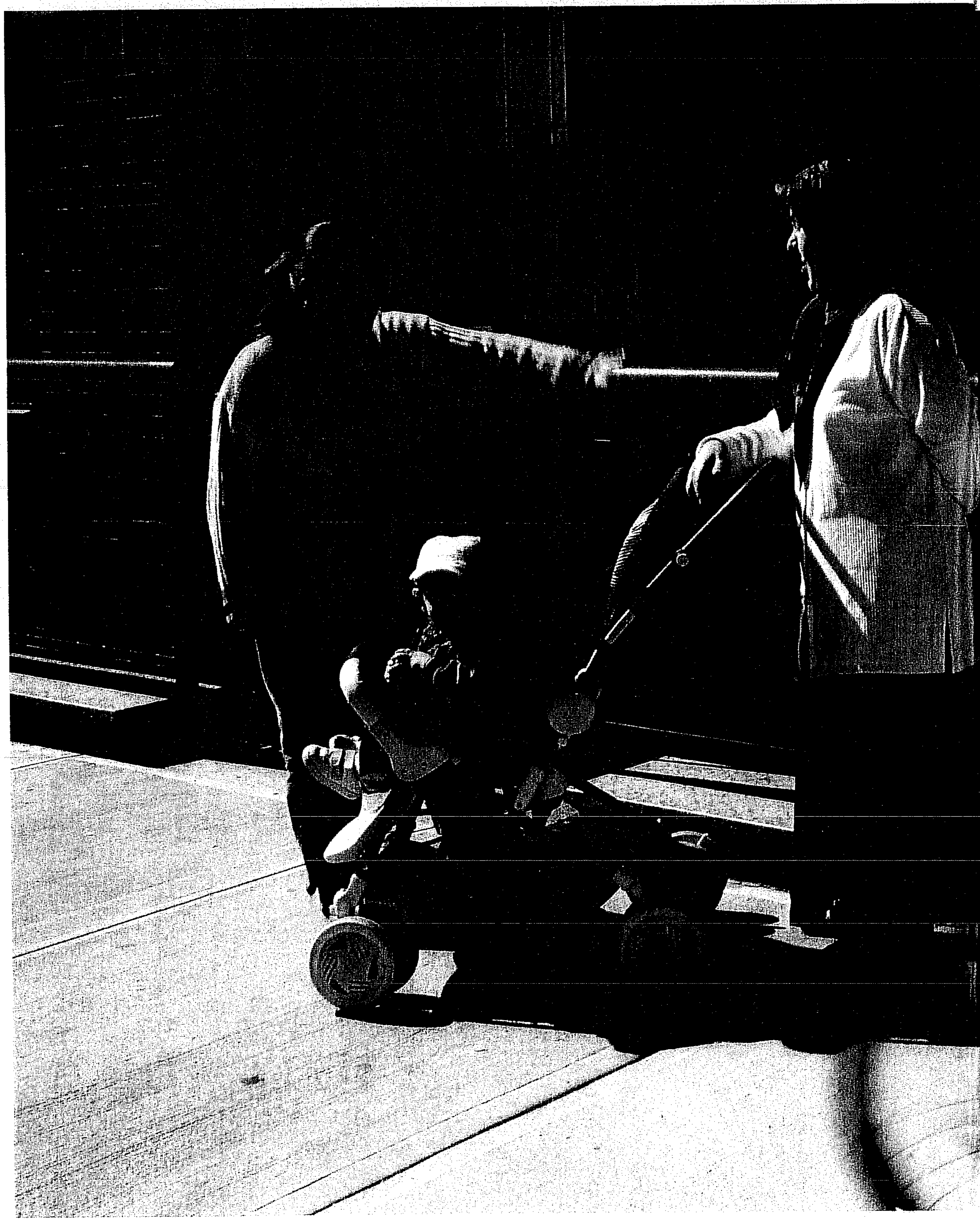
The past year's achievements demonstrate the Corporation's continued commitment to its partnerships with the City, other lenders and both the for-profit and not-for-profit affordable housing communities. The Corporation continued to expand upon its activities of the past quarter century during which we have issued over $3,000,000,000 of bonds and notes to finance nearly 67,000 apartments. Using its own funds, HDC has provided construction and permanent financing for over an additional 4,000 units. Through REMIC, our mortgage insurance subsidiary, more than 15,000 additional affordable housing units have been made possible.

As we begin our next quarter century, we will continue to work to create new and innovative ways to finance affordable housing, preserve and enhance neighborhoods, expand opportunities for economic growth and improve the quality of life throughout our City.

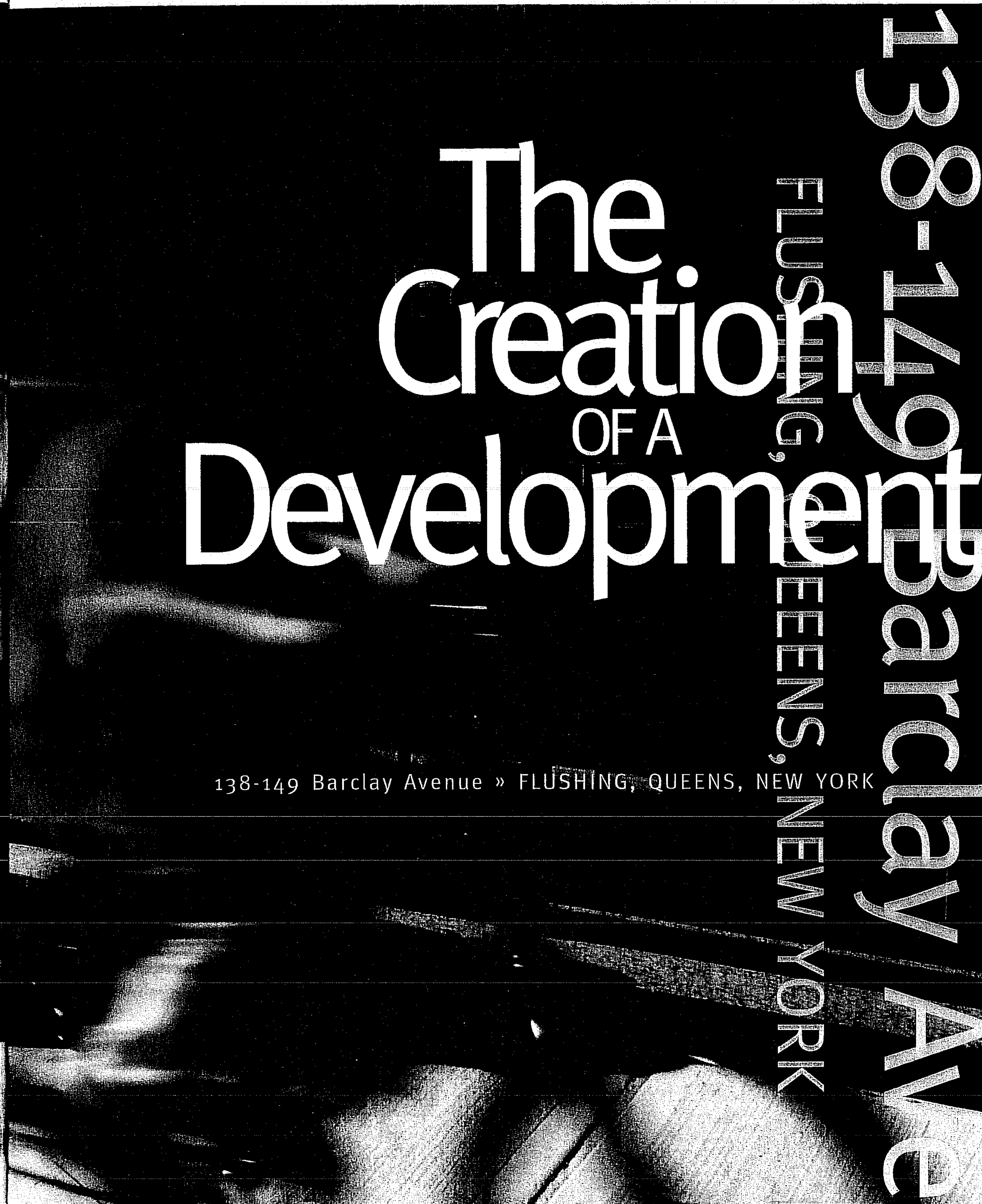
Barbara Udell

Richard T. Roberts
Chairperson

Barbara Udell
President



The Creation OF A Development



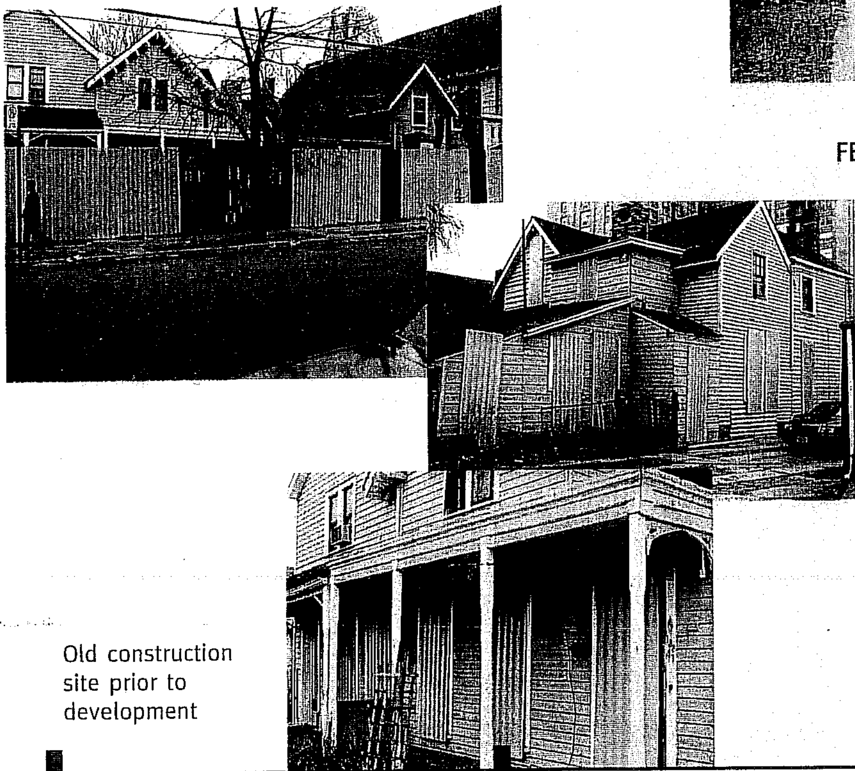
138-149 Barclay Ave

FLUSHING, QUEENS, NEW YORK

138-149 Barclay Avenue » FLUSHING, QUEENS, NEW YORK

TIMELINE

138-149 Barclay Avenue "80/20" Development

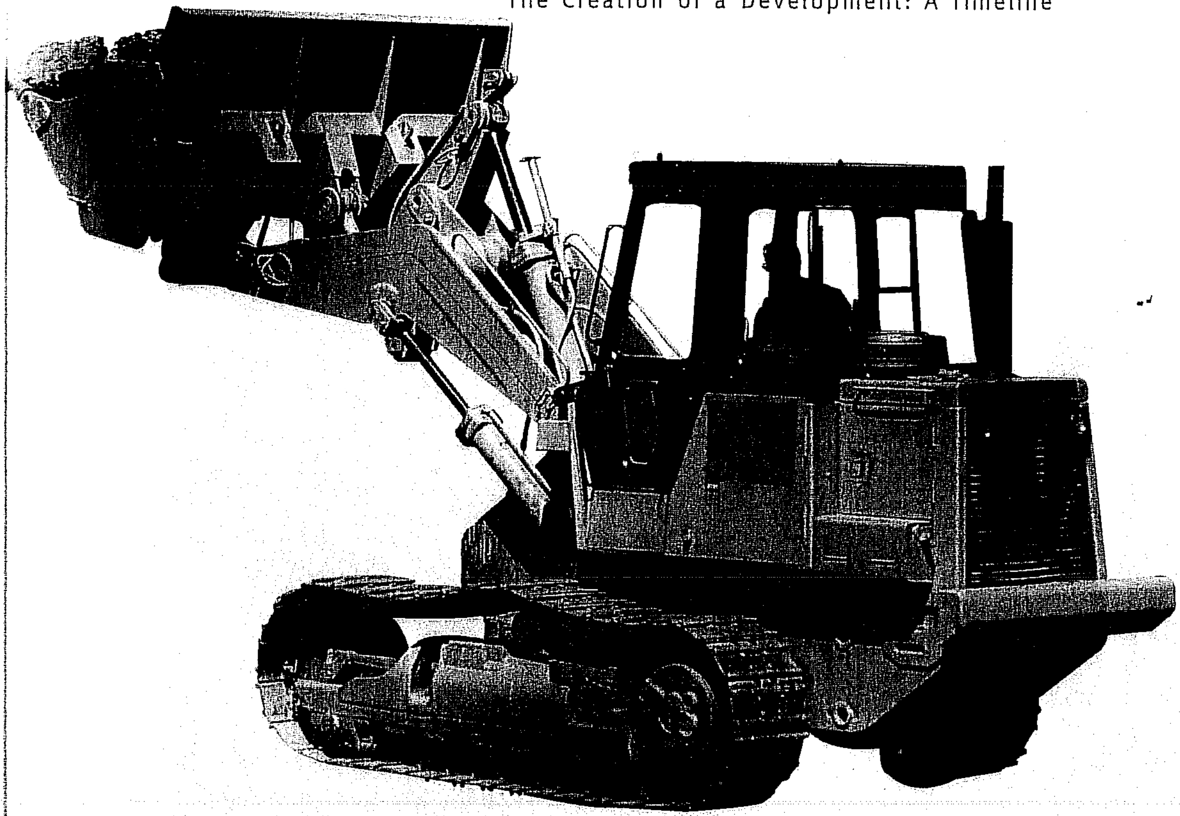


Old construction site prior to development

FEBRUARY 95 Initial Meeting with the Bluestones.

HDC staff meets with the Bluestone Organization, a family owned business which builds, owns and manages residential rental property in Queens, to discuss whether HDC can finance the development of a new 65-unit apartment house on Barclay Avenue in Flushing. A thriving neighborhood in the heart of the City's largest borough, Flushing's growth is fueled by the influx of a rapidly growing Asian-American immigrant population.

During the winter of 1995, HDC reviews options for obtaining credit enhancement for a long-term bond issue to provide permanent financing for the Barclay Avenue Development, which is to contain 65 units (including 13 for low and very low-income families) and parking for 33 cars.



JULY 95 Project Begins Construction.

In July, HDC decides to apply for mortgage insurance from its subsidiary, the New York City Residential Mortgage Insurance Corporation ("REMIC"). The claims paying ability of REMIC was rated A+ by Fitch Investors Service the previous month.

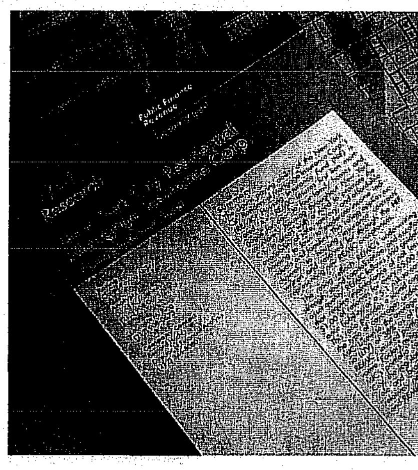
At that time, utilizing the proceeds of a Chemical Bank (now Chase Manhattan) construction loan, the Bluestones begin construction of the project, demolishing three vacant and dilapidated single family homes to make way for the new six story building.

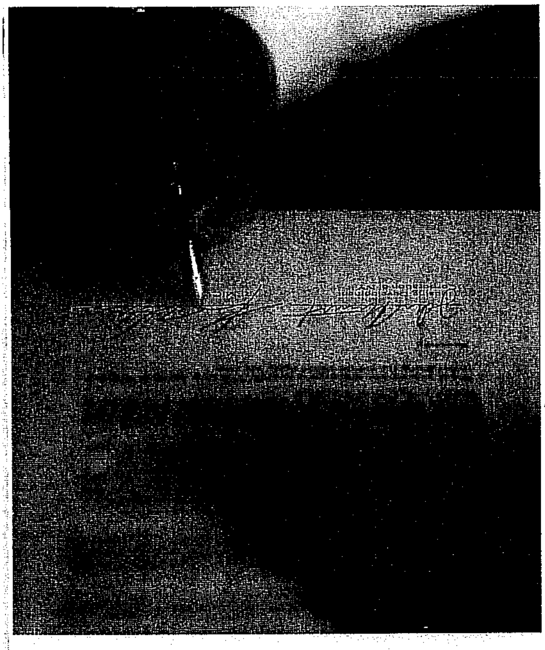
OCTOBER 95 HDC Submits Mortgage Insurance Application to REMIC.

After obtaining and reviewing an appraisal and developing a conservative operating budget to ensure that sufficient revenues will be available to adequately maintain the building, HDC arrives at a final project underwriting with the Bluestones and submits an application for mortgage insurance to REMIC.

DECEMBER 95 HDC Issues its Permanent Financing Commitment an[d] REMIC issues its Commitment to Insure HD[C] Permanent Mortgage.

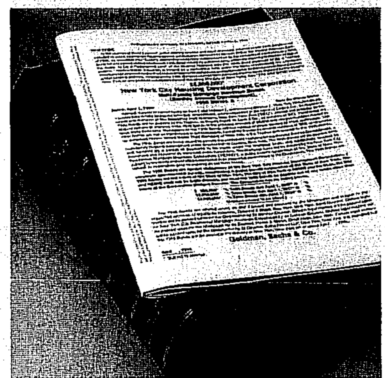
After independently reviewing the underwriting for the project submit[ted] by HDC and negotiating the terms of its commitment, the staff of REMIC agrees to provide 100% insurance for HDC's mortgage. This marks the first time that REMIC will provide 100% mortgage insurance for a loan to be[...] as HDC, permitting it to r[...] exempt bond issue.





After obtaining the approval of its Members, HDC issues $5,620,000 of tax-exempt bonds to provide a 35-year fixed rate mortgage at an interest rate of 6.71% for the Barclay Avenue development. The bond proceeds are escrowed pending the completion of the project and rental of the units.

APRIL 96 HDC Issues $5,620,000 of tax-exempt bonds.

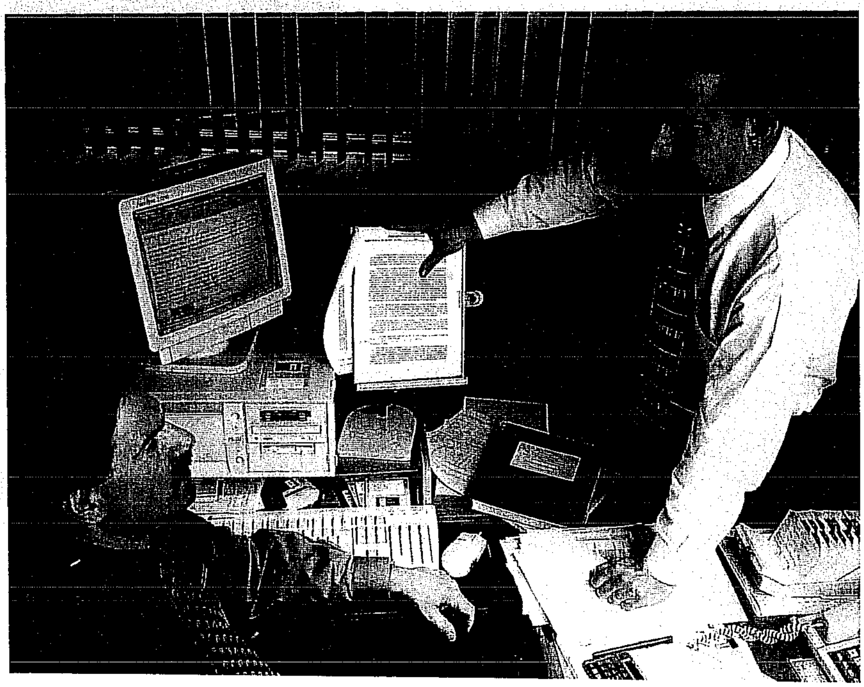


ade by a public benefit corporation such
capital through a publicly offered tax-

MAY/JUNE 96 Marketing Plan Approved and Marketing of the Low-Income Units Commences.

FEBRUARY 96 Begin Bond Document Preparation.

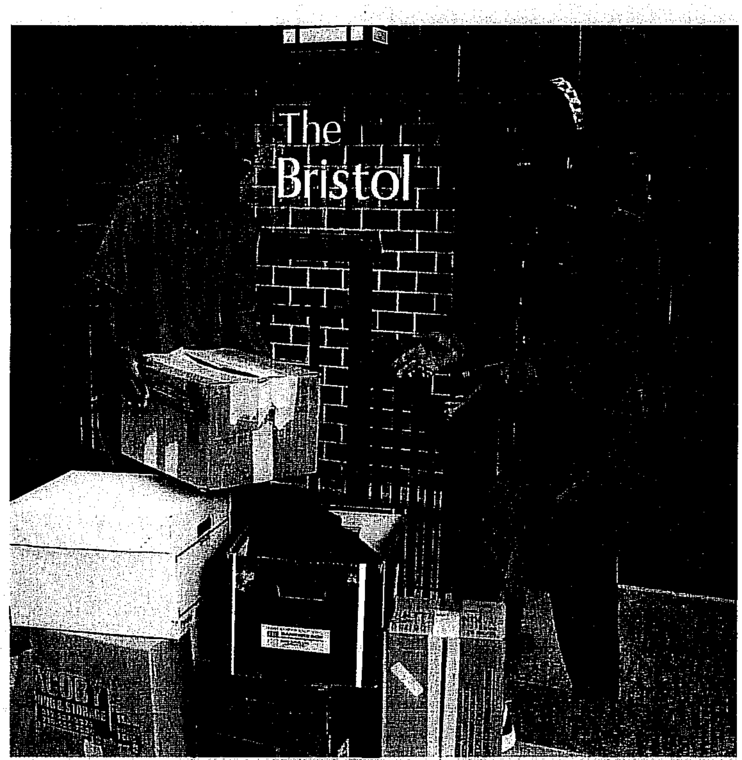
Having received an allocation of tax-exempt Private Activity Bond Volume Cap sufficient to finance the project, HDC staff begins the preparation of documents necessary to issue bonds to finance the Barclay Avenue project permanent mortgage loan. Working with the Corporation's senior underwriter, Goldman Sachs & Co., and bond counsel, Hawkins, Delafield & Wood, the Corporation completes the preparation of an Official Statement and Bond Resolution in March.



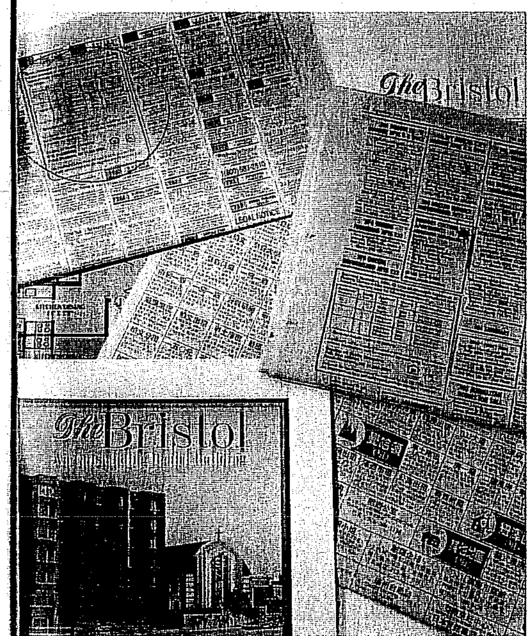
In order to help assure that the low-income units in the project are available to all residents of the City, HDC requires the Bluestones to submit a marketing plan which calls for Citywide advertising and outreach to community and not-for-profit groups. In June, the Bluestones begin advertising for the low-income units.

NOVEMBER 96 Construction is Completed and Occupancy Begins.

In November, sixteen months after demolition began, construction is completed. A Temporary Certificate of Occupancy is issued, allowing the first residents to move into a new development now known as The Bristol. Within 60 days, The Bristol is fully leased, providing affordable housing to 65 families.



1st Tenants Move into 138-149 Barclay Avenue ("The Bristol").



JANUARY 97 HDC Makes the Permanent Loan.

With the project completed and fully rented, HDC is able to make its REMIC-insured permanent mortgage loan. The Bluestones are able to utilize the HDC loan proceeds to repay the project's construction lender. The Bristol is established as an affordable housing resource for future generations of New Yorkers.

Projects Currently Financed by the Corporation

Project Name	Original Loan Amount	Number of Units
Brooklyn		
Linden Plaza	$ 50,345,450	1,527
Manhattan		
Independence Plaza	$ 64,594,680	1,332
Knickerbocker Plaza	24,844,100	578
North Waterside	12,859,300	370
Waterside	61,577,000	1,100
Yorkville Towers	62,717,942	1,258
Queens		
Kew Gardens Hills	$ 10,367,000	1,269
Ocean Park	18,265,900	602
TOTAL	**$ 305,571,372**	**8,036**

Project Name	Original Loan Amount	Number of Units
Bronx		
Einstein Staff Housing	$ 8,783,100	634
Boulevard Towers I	3,299,300	329
Boulevard Towers II	6,764,600	356
Bruckner Towers	2,656,500	208
Candia House	1,406,600	103
Carol Gardens	3,330,000	314
Corlear Gardens	972,100	117
Delos House	1,557,100	124
Fordham Towers	1,296,100	168
Janel Towers	3,916,200	229
Keith Plaza	6,819,800	301
Kelly Towers	4,528,800	301
Kingsbridge Apts.	2,000,000	90
Kingsbridge Arms	769,700	105
Montefiore Hospital II	7,662,400	398
Noble Mansion	2,618,800	236
Robert Fulton Terrace	2,357,900	320
Scott Towers	2,748,700	351
Stevenson Commons	25,000,000	947
University River View	5,798,800	225
Woodstock Terrace	2,213,400	319
Brooklyn		
Atlantic Plaza Towers	$ 5,375,400	716
Atlantic Terminal 2C	4,677,500	200
Atlantic Terminal 4A	6,949,400	304
Brighton House	1,477,000	191
Cadman Plaza North	2,081,300	250
Cadman Towers	9,487,100	421
Contello III	1,277,900	160
Crown Gardens	5,882,600	238
Essex Terrace	1,750,000	104
Middagh Street Apts.	1,008,800	43
Prospect Towers	2,193,800	153
Tivoli Towers	8,098,200	302
Manhattan		
1199 Plaza	$ 39,920,500	1,586
Beekman Staff Residence	1,226,300	90
Bethune Towers	1,518,400	133
Clinton Towers	10,298,500	396
Columbus House	3,502,500	248
Columbus Manor	2,500,000	202
Columbus Park	1,467,900	162
Confucius Plaza	23,390,400	760
Cooper-Gramercy	4,766,100	167
East Midtown Plaza	17,157,400	746
Esplanade Gardens	14,437,500	1,870
Glenn Gardens	8,196,000	266
Goddard Towers	2,381,600	193
Gouveneur Gardens	5,993,600	778
Heywood Towers	5,398,100	188
Hudsonview Terrace	11,546,500	395
Jefferson Towers	1,619,000	189
Lands End I	7,226,800	250
Leader House	6,269,400	279
Lincoln-Amsterdam	6,031,500	186
New Amsterdam House	6,461,300	228
RNA House	1,841,600	207
Riverbend	8,267,900	622
Riverside Park	26,028,300	1,190
Rosalie Manning Apts.	903,800	108
Ruppert House	16,778,000	652
St. Martin's Tower	2,865,500	179
Strycker's Bay	1,971,800	233
Tower West	3,996,100	216
Town House West	1,100,000	47
Tri-Faith House	1,494,800	147
Trinity House	2,540,500	199
Village East Towers	3,560,600	434
Washington Sq., S.E.	1,905,200	174
West Side Manor	3,147,200	245
West Village	12,034,500	420
Westview Apartments	1,656,000	137
Westwood House	1,500,000	124
Queens		
Bay Towers	$ 5,476,900	374
Bridgeview III	1,951,600	170
Court Plaza	5,370,800	246
Dayton Towers	14,871,800	1,752
Forest Hills Crescent	1,757,600	240

Project Name	Original Loan Amount	Number of Units
Goodwill Terrace	3,606,100	207
Seaview Towers	13,264,700	461
Sky View Towers	3,910,900	232
Staten Island		
North Shore Plaza	$ 17,156,100	535
TOTAL	**$ 487,026,500**	**28,120**

Project Name	Original Loan Amount	Number of Units
Bronx		
2404,2412,2416 Crotona	$ 3,222,800	74
Academy Gardens	18,120,300	471
Brookhaven I	5,673,500	95
Clinton Arms	4,962,700	86
Felisa Rincon de Gautier Houses	7,420,400	109
McGee Hill Apts.	3,677,200	59
McKinley Manor	3,738,100	60
Miramar Court	4,895,900	90
Rainbow Plaza	9,088,200	127
SEBCO/Banana Kelly	4,510,200	65
Target V-Phase I	5,552,100	83
Thessalonica Courts	13,940,000	192
Villa Alejandrina	4,084,600	71
Washington Plaza	4,954,000	75
Woodycrest Court II	3,199,800	58
Brooklyn		
1650 President Street	$ 2,411,200	48
Boro Park Courts	8,459,100	131
Crown Heights Dev. 1	2,197,400	36
Crown Heights Dev. 2	1,744,700	32
Fulton Park Sites 7 & 8	13,780,700	209
La Cabana	9,603,700	167
President Arms Apts.	1,326,500	32
Prospect Arms Apts.	3,505,700	91
Manhattan		
Caparra La Nueva	$ 5,908,800	84
Charles Hill Towers	7,373,200	101
Cooper Square	10,678,100	146
Ennis Francis Houses	16,794,100	230
Hamilton Heights Terrace	8,654,300	132
Lenoxville	5,584,700	118
Lexington Gardens	7,749,800	108
Lower East Side-Phase II	5,665,000	100
Metro North Court	6,063,300	91
Revive 103	4,318,100	60
Will' A View Apts.	3,777,300	55
TOTAL	**$ 222,635,500**	**3,686**

Project Name	Original Loan Amount	Number of Units
Manhattan		
520 West 43rd Street	$ 55,070,000	375
400 West 59th Street	150,000,000	722
189 West 89th Street	53,000,000	265
600 Columbus	24,600,000	166
The Brittany	57,000,000	272
Carnegie Park	70,000,000	462
Columbus Green	14,500,000	95
James Tower	30,000,000	201
Key West	49,000,000	207
Manhattan Park/ Roosevelt Island	158,466,700	1,107
The Monterey	104,600,000	522
Tribeca Tower	55,000,000	440
Village West	18,675,000	148
The Westmont	32,500,000	163
West End Towers	156,086,600	1,000
Queens		
The Bristol	$ 5,620,000	65
TOTAL	**1,034,118,300**	**6,210**

Project Name	Original Loan Amount	Number of Units
Bronx		
Allerton Coops	$ 6,094,365	698
Lewis Morris Apts.	11,363,700	271
Brooklyn		
Ditmas Arms	$ 2,235,000	66
Linden Blvd.	1,047,161	101
Ocean Avenue	499,765	49
Washington Avenue	1,186,609	102
Manhattan		
Kamol Apartments	$ 995,736	48
White Star Houses	549,147	52
Queens		
Cunningham Heights I&II	$ 20,370,000	1,056
Met Houses III	5,432,051	468
TOTAL	**$ 49,773,534**	**2,911**

Project Name	Original HDC Loan	Original HAC Loan	Number of Units
Bronx			
St. Edmond's Court	—	$5,550,000	111
2051 Grand Concourse*	$ 4,450,000	—	63
Brooklyn			
1010 Development*	$ 919,800	—	16
405 Development	—	$ 945,000	24
196 Rockaway Parkway	—	2,617,000	71
255 Ocean Avenue	—	1,808,000	40
Golden Gates Apts.	—	4,225,000	85
Manhattan			
Logan Plaza*	$ 10,291,000	$ 1,845,407	130
Two Bridges	8,241,997	—	198
Upper Fifth Avenue	10,000,000	9,245,100	151
Queens			
Astoria Apartments	$ 2,193,200	$3,951,500	62
Queenswood	11,200,600	$17,929,100	296
Scheur House of Flushing*	13,229,700	—	155
Staten Island			
Harbour View*	$ 9,713,500	—	122
TOTAL	**$ 70,239,797** (HDC)	**$ 48,116,107** (HAC)	**1,524**

**Project receives annual subsidy from the Housing Assistance Corporation*

Project Name	Original Loan Amount	Number of Units
Bronx		
1290/1326 Grand Concourse	$ 3,680,000	104
Artist's Housing	915,400	23
Robin Housing	2,977,600	101
Brooklyn		
285 Development	$ 1,800,000	58
Clarkson Gardens	2,000,000	105
Willoughby/Wyckoff Apts.	2,755,400	68
Woodruff Apartments	3,250,000	84
Manhattan		
Revive 103 North	$ 1,863,000	30
TOTAL	**$ 19,241,400**	**573**

Project Name	Original Loan Amount	Number of Units
Bronx		
Montefiore Medical Center	$ 8,400,000	116
Manhattan		
Beth Israel	$ 36,600,000	236
New York Hospital	115,582,688	520
TOTAL	**$ 160,582,688**	**872**

Project Name	Original Loan Amount	Number of Units
Bronx		
591 E. 165th Street	$ 239,400	30
988,992 Boston Road	122,800	31
1038-1077 Boston Road	911,334	149
675 Coster Street	297,823	33
889,890 Dawson Street	1,120,000	96
Sheridan Manor	10,979,000	450
651 Southern Boulevard*	181,983	41
302 Willis Avenue*	398,000	35
Brooklyn		
141-3 Fifth Avenue*	$ 753,200	36
753 Greene Avenue	164,000	41
480 Nostrand Avenue	250,000	25
171 Rockaway Boulevard*	111,183	44
5201 Snyder Avenue	318,278	32
Manhattan		
110 W. 111th Street*	$ 704,000	48
1-7 West 137th Street	602,000	51
9 W. 137th Street	270,329	17
205-213 W. 145th Street*	1,362,431	62
2492 Frederick Douglass Boulevard*	153,000	27
TOTAL	**$ 18,938,761**	**1,248**

**committed*

Project Name	Original Loan Amount	Number of Units
Bronx		
South Bronx Cooperatives: Daly Avenue	$ 1,888,304	32

Project Name	Original Loan Amount	Number of Units
Tremont-Vyse I	1,416,228	24
Tremont-Vyse II	1,062,171	18
Tremont-Vyse III	1,770,285	30
Brooklyn		
South Williamsburg	$ 6,645,000	105
Manhattan		
Maple Court	$ 11,863,627	135
Maple Plaza*	16,750,000	155
TOTAL	**$ 41,395,615**	**499**

*Committed

Project Name	Original Loan Amount	Number of Units
Bronx		
New Settlement Apts.	$ 99,185,602	893
Manhattan		
NYC Housing Authority Harlem Site	$ 43,414,398	664
TOTAL	**$ 142,600,000**	**1,557**

Project Name	Original Loan Amount	Number of Units
Bronx		
1296 Sheridan Avenue	$ 2,537,000	59
Manhattan		
2006 Amsterdam Avenue	$ 774,000	18
2445-9 F. Douglass Blvd.	1,677,000	39
230-45, 255-9 West 116 St.	2,537,000	59
TOTAL	**$ 7,525,000**	**175**

New York Equity Fund 1992

Project Name	Original Loan Amount	Number of Units
Bronx		
Bronx Beulah Houses	$ 2,235,881	70
Daniel Nickerson Terrace	2,123,676	65
Harry DeRienzo	281,042	17
King Third Ave./ Franklin Ave.	1,845,320	42
Tolisano Gardens	128,275	13
Raul Morales	1,872,749	44
Lillian Ware Associates	515,322	15
Brooklyn		
CCD Two	$ 1,106,303	43
Malcolm-Hancock and Bainbridge	1,654,361	50
Mt. Carmel Houses	1,692,849	60
New Lots West	1,593,488	51
PAD	2,158,121	67
Sheshbazzar	1,702,349	61
St. John's Apartments	1,649,545	48
Union Sutter	655,394	36
Von King Apartments	1,734,603	55
Manhattan		
La Casa	$ 1,380,324	41
Mandela Apartments	2,260,230	70
Mandela Apartments II	1,404,738	42
Mutual Housing Partnership	768,937	30
Roosevelt Lane LP	1,221,387	46
Sass Houses	2,880,686	40
Triboro Houses	1,613,307	94
TOTAL	**$ 34,478,887**	**1,100**

Project Name	Original Loan Amount	Number of Units
Brooklyn		
Abraham Residence	$ 814,049	75
Manhattan		
219 Henry Street	$ 370,396	22
305 West 97th Street	1,126,836	97
107-109 Avenue D	612,673	46
Casa Mutua	351,670	54
Staten Island		
Buckingham House	$ 227,640	36
TOTAL	**$ 3,503,264**	**330**

Members

RICHARD T. ROBERTS
Chairperson and Member ex-officio

Mr. Roberts was appointed Commissioner of the New York City Department of Housing Preservation and Development ("HPD") effective March 3, 1997. He most recently served as Vice President of Government and Community Relations at the Mount Sinai Medical Center. Prior to that, Mr. Roberts was an Assistant to the Mayor of the City of New York from 1994 to 1995. From January, 1993 to 1994, Mr. Roberts served as Vice President of the Edison Project, a private enterprise which manages public schools. Mr. Roberts started his career in 1989 as an associate at the law firm of Davis Polk & Wardwell. Mr. Roberts is a graduate of Yale University and Yale Law School and is a member of the New York Bar. He also serves as a trustee of the Brooklyn Children's Museum.

BILL GREEN
Vice-Chairperson and Member, term expires December 31, 1997

Mr.Green has served as a Board member of The Housing Partnership Development Corporation since 1993. Mr. Green has also served as a Board member of

the General American Investors Company, a New York Stock Exchange listed closed-end investment company, since January, 1993. Previously, he represented New York's 15th Congressional District in the U.S. House of Representatives for eight terms, from February 14, 1978 to January, 1993. From 1981 to 1992, he served on the House Appropriations Committee and was the Ranking Republican Member of its Veterans Affairs, Housing and Urban Development and Independent Agencies Subcommittee. Mr.Green co-chaired the National Commission on Severely Distressed Public Housing from 1991 to 1992. Prior to his election to the Congress, from 1970 to 1977, he was the Regional Administrator of the U.S. Department of Housing and Urban Development for the federal region which included New York, New Jersey, Puerto Rico and the Virgin Islands. Before that Mr. Green was a member of the New York State Assembly from 1965 to 1968. From 1961 to 1964, he served as Chief Counsel to the New York Joint Legislative Committee on Housing and Urban Development. Mr. Green has also been an attorney in private practice in New York City.

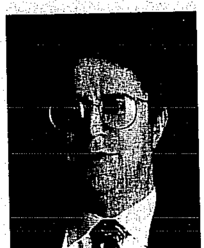
JOSEPH J. LHOTA
Member ex-officio

Mr. Lhota was appointed Director of the Office of Management and Budget in December, 1995. He most recently served as Commissioner of Finance since January 24, 1995. Prior to that, Mr. Lhota served as Chief of Staff to the Deputy Mayor for Finance and Economic Development. Prior to entering government service, Mr. Lhota was an investment banker with CS First Boston Corporation and Paine Webber Incorporated. He received his Bachelor of Science Degree from Georgetown University and an MBA from Harvard Business School.

Officers

BARBARA UDELL
President

Ms. Udell was appointed President effective June 13, 1994. During the two years prior to her appointment as President, she held the position of Vice President of Citicorp, where she headed a real estate securitization group. From 1971 to 1991, Ms. Udell was an investment banker for Dillon, Read & Co. Inc., where she provided corporate, municipal and real estate finance services. Ms. Udell also serves as President of the New York City Residential Mortgage Insurance Corporation.



ABRAHAM J. GREENSTEIN
Executive Vice President

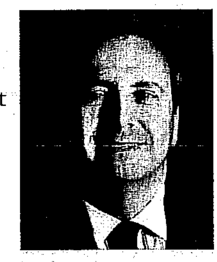
Mr. Greenstein was appointed Executive Vice President effective September 1, 1988. Mr. Greenstein joined the Corporation in January, 1983, and was appointed Vice President-Treasurer of the Corporation in April, 1983, and Senior Vice President for Finance in February, 1985. Prior to joining the Corporation, Mr. Greenstein served in the New York State Comptroller's Office for 10 years, where he was responsible for the development of financial analysis for the Office of the Special Deputy Comptroller, the State agency established to monitor the City's financial operations for the Financial Control Board and the Municipal Assistance Corporation for the City. Mr. Greenstein also serves as the President of the Housing New York Corporation.

CHARLES A. BRASS
Vice President for Development

Mr. Brass was appointed Vice President for Development on December 13, 1991. He joined the Corporation in March, 1984 and had held various positions in the Development Department until his appointment as Vice President. From 1981 to 1984, Mr. Brass worked for HPD's Development

ALFRED C. CERULLO, III
Member ex-officio
Mr. Cerullo was appointed Commissioner of the Department of Finance effective January, 1996. He previously served as Commissioner of the New York City Department of Consumer Affairs. Prior to that, Mr. Cerullo represented portions of the mid-island and the south shore communities of Staten Island in the New York City Council for four years. During his tenure on the City Council, he served as the legislative body's Republican Leader and was an active member of the Council Committee on Finance, and budget negotiation team. From 1986 to 1990, he served as Legal Counsel to the Minority Leader of the City Council. He is a graduate of St. John's University and St. John's University School of Law.

HARRY E. GOULD, JR.
Member, term expires December 31, 1999
Mr.Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, the largest privately owned independent distributor of printing paper in the United States. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May, 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a member of the Board of Directors of Domtar, Inc., a Canadian manufacturer of paper products and construction materials. He was a member of Colgate University's Board of Trustees from 1976 to 1982. He was a member and served on the Executive Committee of the President's Export Council, and was Chairman of the Export Expansion Subcommittee from 1977-1980. He is a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee. He is also a member of the Board of Directors of the USO of Metropolitan New York, United Cerebral Palsy Research and Educational Foundation and the National Multiple Sclerosis Society of New York and is a Trustee of the Riverdale Country School.

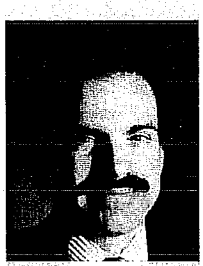


DAVID EMIL
Member, serving pursuant to law
Mr. Emil is the President and Chief Operating Officer of B.E. Restaurants Group. Previously, he served as President and Chief Executive Officer of the Battery Park City Authority from October, 1988 to November, 1994. Mr. Emil served as Deputy Commissioner and General Counsel of the New York State Department of Social Services from May, 1983 through September, 1988. He was an associate in the corporate and public finance departments of the law firm of Willkie Farr & Gallagher from January, 1981 to April, 1983, and from November, 1977 to January, 1979. He served as an Assistant Counsel to the Governor of the State of New York from January, 1979 to December, 1980.

and Policy Departments. Mr. Brass is the Immediate Past President of the Association of Local Housing Finance Agencies ("ALHFA"). He has also served on the Board of Directors of ALHFA since 1988.

MARTIN I. SIROKA
Vice President and General Counsel
Mr. Siroka, an attorney and member of the New York Bar, assumed the role of Vice President and General Counsel in January, 1987. He previously served the Corporation as Deputy General Counsel and Secretary. Prior to joining the Corporation in 1982, he held various legal positions with HPD.

DAVID S. BOCCIO
Vice President and Deputy General Counsel
Mr. Boccio was appointed to the position of Vice President effective March 27, 1996. He also serves as Deputy General Counsel, a position he has held since January, 1987. Mr. Boccio served as Secretary of the Corporation from 1987 through March, 1996. Prior to joining the Corporation in 1986, he was associated with a law firm in Washington, D.C. He is a member of the New York, Maryland and District of Columbia Bars.



WILLIAM A. MELTZER
Deputy General Counsel and Secretary
Mr. Meltzer, an attorney and member of the New York Bar, joined the Corporation in September, 1994 as Assistant General Counsel and was appointed Deputy General Counsel and Secretary in March, 1996. Prior to joining the Corporation, he was associated with law firms and the Federal Deposit Insurance Corporation in New York City.

Independent Auditors' Report

To the Members of the New York City Housing Development Corporation

We have audited the accompanying combined balance sheet of the New York City Housing Development Corporation (the "Corporation"), as of October 31, 1996, and the related combined statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended. These combined financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 1996, and the results of its operations, the changes in its fund balances and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG Peat Marwick LLP
January 29, 1997

Combined Balance Sheet

October 31, 1996 (with comparative combined total as of October 31, 1995) (in thousands)

	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1996	Combined Total 1995
ASSETS						
Cash	$ 610	—	3	1	614	1,001
Investments (note 4)	537,260	28,773	35,025	26,940	627,998	598,131
Total Cash and Investments	**537,870**	**28,773**	**35,028**	**26,941**	**628,612**	**599,132**
Receivables:						
Mortgage loans (note 5)	1,940,225	44,165	—	—	1,984,390	1,907,193
Accrued interest	13,291	1,284	—	—	14,575	14,368
Sale of mortgages	4,382	—	—	—	4,382	4,803
Other (note 6)	27,547	—	189,380	—	216,927	219,709
Total Receivables	**1,985,445**	**45,449**	**189,380**	—	**2,220,274**	**2,146,073**
Unamortized issuance costs	12,797	—	2,468	—	15,265	13,354
Due from (to) other funds	(3,766)	3,951	(8)	(177)	—	—
Fixed assets	98	—	—	13	111	165
Other assets (note 5)	29,154	—	—	—	29,154	226
Total Assets	**$ 2,561,598**	**78,173**	**226,868**	**26,777**	**2,893,416**	**2,758,950**
LIABILITIES AND FUND BALANCES						
Liabilities:						
Bonds payable (note 7)	$1,897,748	—	228,477	—	2,126,225	2,005,907
Net Premium (Discount) on bonds payable	(1,904)	—	(10,164)	—	(12,068)	(11,170)
Accrued interest payable	36,504	—	6,710	—	43,214	45,094
Payable to the City of New York (note 9)	81,622	78,173	804	—	160,599	185,950
Payable to mortgagors	109,993	—	—	—	109,993	108,172
Restricted earnings on investments	1,222	—	—	—	1,222	2,065
Accounts and other payables	662	—	—	129	791	736
Deferred fee and mortgage income	32,909	—	—	—	32,909	31,182
Due to the United States Government (note 11)	2,169	—	—	—	2,169	2,053
Total Liabilities	**2,160,925**	**78,173**	**225,827**	**129**	**2,465,054**	**2,369,989**
FUND BALANCES						
Restricted	303,707	—	—	26,648	330,355	306,837
Unrestricted	96,966	—	1,041	—	98,007	82,124
Total Fund Balances	**400,673**	—	**1,041**	**26,648**	**428,362**	**388,961**
Commitments and Contingencies (notes 12 & 13)						
Total Liabilities and Fund Balances	**$ 2,561,598**	**78,173**	**226,868**	**26,777**	**2,893,416**	**2,758,950**

See accompanying notes to the combined financial statements.

Combined Statement of Revenues and Expenses

October 31, 1996 (with comparative combined total as of October 31, 1995) (in thousands)

	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1996	Combined Total 1995
REVENUES						
Interest on loans (note 5)	$ 126,516	—	—	—	126,516	124,666
Earnings on investments (note 4)	24,900	—	2,120	1,943	28,963	25,319
Fees and charges (note 11)	6,536	—	213	243	6,992	6,331
Other (note 6)	19	—	14,378	—	14,397	14,539
Total Revenues	**157,971**	**–**	**16,711**	**2,186**	**176,868**	**170,855**
EXPENSES						
Interest and amortization (note 7)	109,141	—	16,259	—	125,400	121,559
Salaries and related expenses	5,225	—	—	220	5,445	5,256
Services of New York City	335	—	—	—	335	335
Trustees' and other fees	1,313	—	77	17	1,407	1,493
Amortization of debt issuance costs	732	—	150	—	882	864
Corporate operating expenses (note 8)	1,330	—	—	148	1,478	1,600
Non-operating expenses (note 9)	2,520	—	—	—	2,520	4,198
Total Expenses	**120,596**	**–**	**16,486**	**385**	**137,467**	**135,305**
Excess of Revenues Over Expenses	**37,375**	**–**	**225**	**1,801**	**39,401**	**35,550**
Operating Transfers to Corporate Services Fund	138	—	—	(138)	—	—
Excess of Revenues Over Expenses after Operating Transfers	**37,513**	**–**	**225**	**1,663**	**39,401**	**35,550**
Allocation of Excess of Revenues Over Expenses:						
Restricted fund balance	19,604	—	—	1,663	21,267	22,098
Unrestricted fund balance	17,909	—	225	—	18,134	13,452
Total	**$ 37,513**	**–**	**225**	**1,663**	**39,401**	**35,550**

See accompanying notes to the combined financial statements.

Combined Statement of Changes in Fund Balances

October 31, 1996 (with comparative combined total as of October 31, 1995) (in thousands)

	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1996	1995
RESTRICTED						
Balance at beginning of year	$ 281,852	—	—	24,985	306,837	304,227
Excess of revenues over expenses after Operating Transfers	19,604	—	—	1,663	21,267	22,098
Net transfers from (to) unrestricted fund balances	2,251	—	—	—	2,251	(19,488)
Balance at End of Year	**303,707**	**—**	**—**	**26,648**	**330,355**	**306,837**
UNRESTRICTED						
Balance at beginning of year	81,308	—	816	—	82,124	49,184
Excess of revenues over expenses after Operating Transfers	17,909	—	225	—	18,134	13,452
Net transfers from (to) restricted fund balances	(2,251)	—	—	—	(2,251)	19,488
Balance at End of Year	**96,966**	**—**	**1,041**	**—**	**98,007**	**82,124**
Total Fund Balances at End of Year	**$ 400,673**	**—**	**1,041**	**26,648**	**428,362**	**388,961**

See accompanying notes to the combined financial statements.

Combined Statement of Cash Flows

October 31, 1996 (with comparative combined total as of October 31, 1995) (in thousands)

	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES						
Excess of revenues over expenses after operating transfers	$ 37,513	—	225	1,663	39,401	35,550
Net adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities (note 2)	294	(1,000)	3,039	(43)	2,290	2,620
Changes in assets and liabilities:						
Net change in accrued bond interest payable	(1,880)	—	—	—	(1,880)	2,712
Net change in investment interest receivable	180	1,040	5	(9)	1,216	(286)
Net change in accrued earnings payable to mortgagors	(4,505)	—	—	—	(4,505)	224
Net change in accrued earnings payable to the City of New York	4,786	4,887	(113)	—	9,560	10,081
Net change in other assets	(28,943)	—	—	—	(28,943)	26
Net change in accounts and other payables	48	—	—	(4)	44	(259)
Net change in accrued mortgage and loan interest receivable	(534)	(170)	—	—	(704)	(66)
Net change in other receivables	54	—	—	—	54	(6)
Net change in receivable from Battery Park City	—	—	(2,992)	—	(2,992)	(2,842)
Net change in servicing fee receivable	9	—	—	—	9	(8)
Net transfers between programs	(2,023)	2,057	—	(34)	—	—
Net change in deferred bond refunding costs	(2,306)	—	—	—	(2,306)	(1,175)
Net change in due to the United States Government	366	—	—	—	366	(673)
Total Changes in Assets and Liabilities	**(34,748)**	**7,814**	**(3,100)**	**(47)**	**(30,081)**	**7,728**
Restricted earnings on investments	(280)	—	—	—	(280)	657
Loan principal payments received	31,595	—	—	—	31,595	26,725
Mortgage and loan advances	(123,564)	—	—	—	(123,564)	(168,653)
Receipt of mortgagor and other escrows	142,140	—	—	—	142,140	143,750
Deferred commitment and financing fees	1,551	—	—	—	1,551	1,381
Disbursements of mortgagor escrows	(75,368)	—	—	—	(75,368)	(63,571)
Disbursements to the City of New York	(65,610)	(11,346)	(533)	—	(77,489)	(88,162)
Issuance costs	(2,794)	—	—	—	(2,794)	(1,449)
Total Adjustments to Reconcile Excess of Revenues Over Expenses	**(126,784)**	**(4,532)**	**(594)**	**(90)**	**(132,000)**	**(138,974)**
Net Cash Provided by (Used In) Operating Activities	**$ (89,271)**	**(4,532)**	**(369)**	**1,573**	**(92,599)**	**(103,424)**

See accompanying notes to the combined financial statements.

Combined Statement of Cash Flows

October 31, 1996 (with comparative combined total as of October 31, 1995) (in thousands)

	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1996	Combined Total 1995
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Proceeds from sale of bonds	$ 371,465	—	—	—	371,465	160,737
Retirement of bonds	(253,819)	—	—	—	(253,819)	(85,395)
Net Cash Provided by (Used In) Non-Capital Financing Activities	**117,646**	**—**	**—**	**—**	**117,646**	**75,342**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchase of fixed assets	(20)	—	—	—	(20)	(56)
Net Cash Provided by (Used In) Capital Financing Activities	**(20)**	**—**	**—**	**—**	**(20)**	**(56)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale of investments, at cost	12,483,146	128,608	255,534	13,796	12,881,084	8,585,117
Purchase of investments	(12,511,888)	(124,077)	(255,165)	(15,368)	(12,906,498)	(8,556,378)
Net Cash Provided by (Used In) Investing Activities	**(28,742)**	**4,531**	**369**	**(1,572)**	**(25,414)**	**28,739**
Increase (decrease) in cash	(387)	(1)	—	1	(387)	601
Cash at beginning of year	997	1	3	—	1,001	400
Cash at End of Year	**$ 610**	**—**	**3**	**1**	**614**	**1,001**

See accompanying notes to the combined financial statements.

Notes to the Combined Financial Statements

as of October 31, 1996

The New York City Housing Development Corporation (the "Corporation" or "HDC") is a corporate governmental agency constituting a public benefit corporation of the State of New York (the "State"). The Corporation is also a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, ("Code"). The Corporation was established in 1971 under the provisions of Article XII of the Private Housing Finance Law (the "Act") of the State and is to continue in existence for at least as long as bonds, notes or other obligations of the Corporation are outstanding. The Corporation was created to encourage the investment of private capital through low-interest mortgage loans and to provide safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, the Corporation is empowered to, among other things, finance new construction and housing rehabilitation and to provide permanent financing for multifamily residential housing. The Corporation participates in the federal government's housing assistance programs, principally those established by Section 236 of the National Housing Act of 1934, as amended, and Section 8 of the United States Housing Act of 1937, as amended. The bonds and notes of the Corporation are not debts of either the State or The City of New York (the "City").

The Corporation finances most of its activities through the issuance of bonds and notes.

Pursuant to section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards, the financial activities of the Housing Assistance Corporation ("HAC"), the Housing New York Corporation ("HNYC") and the New York City Residential Mortgage Insurance Corporation ("REMIC") have been included in the Corporation's combined reporting entity (see notes 3 B, C and D). Additionally, pursuant to the same section, the Corporation's combined financial statements are included in the City's financial statements as a component unit for financial reporting purposes. Under the City's financial statements, the Corporation is included under the category of Housing and Economic Development Enterprise Funds.

The Corporation follows the principles of fund accounting in that each program's assets, liabilities and fund balances are accounted for as separate entities.

Each program utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. Other significant accounting policies are:

A. Investments
Investments, which consist principally of securities of the United States and its agencies, certificates of deposit ("CDs"), repurchase agreements and open time deposits ("OTDs"), are carried at amortized cost, which approximates market, plus accrued interest (see note 4).

B. Earnings on Investments
Earnings on investments include interest income, gain and loss on investment sales and amortization of investment discount and premium. Investment earnings on monies held for the City, project Reserves for Replacement and certain other project escrows are not included in the Corporation's revenues, rather, they are reported in the Combined Balance Sheet as payable to the City or payable to mortgagors.

C. Debt Issuance Costs and Bond Discount
Debt issuance costs and bond discount are amortized over the life of the related bond and note issues using the effective yield method.

D. Operating Transfers
Transfers from the various programs to the Corporate Services Fund represent (i) fees earned by the Corporation for administering its respective programs and (ii) escrow funds and excess investment earnings neither required by the programs nor returnable to the mortgagors.

E. Restricted Earnings on Investments
Restricted earnings on investments represent the cumulative amount by which pass-through program revenues exceed expenses. Such amounts are recorded as restricted liabilities since they represent accumulated excess investment earnings that, under the terms of the bond resolutions and mortgage loan documents, are expected to be credited to the mortgagors.

F. Amortization of Fixed Assets
Leasehold improvements and fixed assets are amortized over their useful lives using the straight-line method.

G. Fees and Charges
Commitment and financing fees are recognized on the accrual basis over the life of the related mortgage.

H. Statement of Cash Flows—Supplemental Disclosure
For purposes of the Combined Statement of Cash Flows, the Corporation excludes all investments from cash equivalents. Bond interest paid during fiscal year 1996 for the Corporation and HNYC was $110,839,000 and $13,421,000, respectively. The following schedule details the net adjustments to reconcile excess of revenues over expenses after operating transfers to net cash provided by (used in) operating activities for the year ended October 31, 1996, with comparative combined totals for 1995:

(in thousands)	Total HDC	Total HAC	Total HNYC	Total REMIC	Combined Totals 1996	1995
Amortization of:						
Debt Issuance Costs	$ 729	—	150	—	879	860
Original Bond Issue Discount	44	—	523	—	567	532
Investment Discount and Premium	(1,549)	(1,000)	51	(48)	(2,546)	(2,018)
Mortgage Discount and Premium	(155)	—	—	—	(155)	(150)
Deferred Fee and Mortgage Income	(44)	—	—	—	(44)	(300)
Deferred Bond Refunding Costs	1,198	—	2,315	—	3,513	3,333
Depreciation and Amortization	71	—	—	5	76	100
Losses on Other Receivables	—	—	—	—	—	263
Total Adjustments	**$ 294**	**(1,000)**	**3,039**	**(43)**	**2,290**	**2,620**

Included in the caption Disbursements to The City of New York on the Combined Statement of Cash Flows is an amount of $67,997,000 which represents mortgage advances made in accordance with servicing agreements entered into with the City within the Corporation's Development Services Program ("DSP") (see notes 5 & 9). For HNYC this caption includes $533,000 of mortgage and loan advances.

I. Allowance for Credit Losses
The Corporation's mortgage loan portfolio is extensively secured (see note 5), and, as such, the Corporation believes that the likelihood of experiencing credit losses relating to its bonded mortgage programs is remote and therefore material charges against income will not be required.

J. Combined Financial Presentation
For purposes of financial statement presentation, the accounts of certain programs have been combined as follows:

(I) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION:

(a) Multi-Family Bond Programs:

1. General Housing
2. Section 223(f)
3. Housing Revenue Bond Program
4. 80/20
5. Hospital Residence
6. Residential Cooperative Housing

(b) Corporate Services Fund

(II) HOUSING ASSISTANCE CORPORATION

(III) HOUSING NEW YORK CORPORATION

(IV) NEW YORK CITY RESIDENTIAL MORTGAGE INSURANCE CORPORATION

Certain of the summarized programs listed above are comprised of the discrete bond programs presented in the bonds payable table in note 7.

K. Deferred Bond Refunding Costs
The Corporation follows Governmental Accounting Standards Board's Statement 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities. This statement requires that gains or losses arising from debt refundings be deferred and amortized over the lesser of the remaining life of the old debt or the life of the new debt. Note 7: Bonds Payable, describes these refundings.

L. Combined Total
The combined total data is the aggregate of the Corporation and its component units (subsidiaries). No consolidations or other eliminations were required to be made in arriving at the totals.

M. Estimates and Assumptions
A number of estimates and assumptions relating to the reporting of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with Generally Accepted Accounting Principles. Actual results could differ from those estimates.

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

The Corporation operates two separate major programs. One program is governed by the Corporation's respective bond resolutions and the other program concerns its Corporate Services Fund.

(i) Multi-Family Bond Programs:

(a) General Housing
The General Housing Bond Program was established when the Corporation was created and accounts for the construction and permanent financing of six multifamily projects. A Capital Reserve Fund originally was established as additional security for the bondholders. Prior to September 10, 1996, the City had a moral obligation to restore the fund to the minimum reserve requirement. On September 10, 1996, the bonds under the General Housing Bond Program were refunded and the Corporation issued the Multi-Family Housing Revenue Bonds, 1996 Series A, under the Housing Revenue Bond Program (see note 7). On this date the Capital Reserve Fund ceased to exist and the City's moral obligation was terminated.

(b) Section 223(f)
The Multifamily and 1991 Multi-Unit Refunding Bond Programs were originally established in 1977

and 1980, respectively, in connection with the refinancing of 81 existing multifamily housing projects which had been financed by Mitchell-Lama mortgage loans payable to the City.

(c) Housing Revenue Bond Program
Under the Housing Revenue Bond Program, the Corporation issues bonds payable solely from assets held under the Housing Revenue Bond Resolution. Currently, the program includes Federal Housing Administration ("FHA") insured mortgage loans, State of New York Mortgage Agency ("SONYMA") insured mortgage loans, Government National Mortgage Association ("GNMA") mortgage-backed securities and other mortgage loans.

The bond issues are secured by the revenues earned on the loans, securities and other pledged assets including Section 8 rental subsidy payments funded under the United States Housing Act of 1937, as amended, and Section 236 interest reduction subsidies under Section 236 of the National Housing Act of 1934, as amended.

The 1993 Series A & B Bonds refinanced four bond issues which provided construction and permanent financing of 35 Section 8 assisted multi-family housing projects.

The 1994 Series A Bonds were issued to provide permanent financing for newly rehabilitated Participation Loan Program ("PLP") multifamily rental buildings.

On August 3, 1995, the Corporation issued the 1995 Series A Multi-Family Housing Revenue Bonds to refund the 1985 First Series Multi-Family Housing Bonds (FHA Insured Mortgage Loans), the 1985 Series A Multi-Family Mortgage Revenue Bonds (GNMA Mortgage Backed Securities) and the 1985 First Series Insured Multi-Family Mortgage Revenue Bonds (see note 7).

On September 10, 1996, the Corporation issued the 1996 Series A Multi-Family Housing Revenue Bonds to refund the General Housing Bonds (see note 7).

(d) 80/20
The bonds under this program were issued to provide funds for the construction and/or permanent financing for multifamily housing projects. A portion of the projects in this program provide or will provide a mixture of market rate apartments (up to 80 percent) and apartments for low and moderate income tenants (at least 20 percent, or in certain cases at least 15 percent) as required by the Internal Revenue Code and as authorized by Section 654(23-c) of the New York State Private Housing Finance Law. In certain projects, all of the apartments are set aside for low and moderate-middle income tenants.

(e) Hospital Residence
The bonds under this program were issued to provide financing for residential facilities for hospital staff.

(f) Residential Cooperative Housing
The bonds under this program were issued to provide a portion of the permanent financing for residential housing cooperative programs.

Multi-Family bonds listed above are secured through one or more of the following mechanisms: pledged receipts of the scheduled mortgage payments and investments, bank letters of credit, FHA mortgage insurance, SONYMA mortgage insurance, bond insurance, GNMA mortgage-backed securities or a Federal National Mortgage Association ("Fannie Mae") collateral agreement, all specified in the respective bond resolutions.

(ii) Corporate Services Fund:

This fund accounts for (i) fees and earnings transferred from the programs described above; (ii) Section 8 administrative fees; (iii) income from Corporate Services Fund investments; (iv) payment of the Corporation's operating expenses; and (v) the Dedicated Account (see note 5(A)(ii)).

(B) HOUSING ASSISTANCE CORPORATION

The Housing Assistance Corporation is a public benefit corporation of the State established pursuant to Section 654-b of the New York State Private Housing Finance Law as a subsidiary of the Corporation. HAC is to continue in existence until terminated by law; provided, however, that no such termination shall take effect as long as its obligations remain outstanding. Upon termination of HAC, all of its rights and properties shall pass to and be vested in the City.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development or assist the Corporation in financing such developments.

(C) HOUSING NEW YORK CORPORATION

The Housing New York Corporation is a public benefit corporation of the State established pursuant to Section 654-c of the New York State Private Housing Finance Law as a subsidiary of the Corporation. HNYC shall remain in existence until terminated by law; provided, however, that no such termination shall take effect as long as obligations of HNYC remain outstanding, unless adequate provision has been made for the payment thereof. Upon termination of the existence of HNYC, all of its rights and properties shall pass to and be vested in the City.

HNYC is authorized to issue bonds and notes in an aggregate principal amount not exceeding $400 million plus an additional principal amount for the purposes of (1) funding any related debt service reserve, (2) providing capitalized interest and (3) providing certain fees, charges and expenses.

The proceeds of the obligations of HNYC were used to finance the Housing New York Program, a joint effort of the City and the State, created for the purpose of providing residential housing facilities for low and moderate income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HNYC granted monies to the City to finance the aforementioned residential housing facilities. The obligations of HNYC are to be repaid out of assigned excess revenues generated by development at Battery Park City. These revenues consist of excess cash flow to the Battery Park City Authority ("BPCA") resulting from rental and other payments under leases with private owners. HNYC is also authorized and empowered to receive monies from the Corporation, the BPCA, any other public benefit corporation, the federal government or any other source. The bonds of HNYC are not a debt of the State, the BPCA, the City or the Corporation. Authorization for the funding of the Housing New York Program ended on July 1, 1995. Consequently, HNYC can no longer issue bonds or notes to fund the Housing New York Program.

Revenue Bond Program:
The proceeds of the Bonds were used to finance the initial phase of the Housing New York Program. The City used these monies to fund all or a portion of the substantial rehabilitation and/or construction of approximately 1,557 residential housing units and related facilities in the boroughs of Manhattan and The Bronx.

(D) NEW YORK CITY RESIDENTIAL MORTGAGE INSURANCE CORPORATION

The New York City Residential Mortgage Insurance Corporation is a public benefit corporation established pursuant to Section 654-d of the New York State Private Housing Finance Law as a subsidiary of HDC. REMIC is the successor entity to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC") which was dissolved on January 27, 1993. REMIC has the authority to insure residential mortgage loans throughout the City in order to promote the preservation of neighborhoods which are blighted, are becoming blighted or may become blighted, to discourage divestment and encourage the investment of mortgage capital in such neighborhoods and to provide safe, sanitary and affordable housing accommodations to persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations. REMIC is to continue in existence until terminated by law; provided, however, that no such law shall take effect so long as contracts to insure mortgages, commitments to insure, or other obligations remain outstanding, unless adequate provision has been made for the payment thereof. Upon termination of REMIC, all of its rights and properties shall pass to and be vested in the Corporation.

REMIC is required to maintain certain reserves, one of which is the housing insurance fund which shall be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts. The housing insurance fund requirement as of any particular date must be in an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to housing insurance contracts, plus (ii) twenty percent of the insured amounts under housing insurance contracts other than insured amounts which are due and payable pursuant to (i) above, plus (iii) twenty percent of the amounts to be insured under REMIC's commitments to insure. The housing insurance fund requirement at October 31, 1996 is $2,852,000.

REMIC must also maintain a mortgage insurance fund which shall also be used as a revolving fund solely for the payment of liabilities arising from mortgage insurance contracts which are contracts of the Old REMIC or contracts based on commitments of the Old REMIC. The mortgage insurance fund requirement as of any particular date shall be an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to mortgage insurance contracts, plus (ii) an amount equal to the greater of (A) $7,500,000 or (B) twenty percent of the sum of the insured amounts under mortgage insurance contracts and the amounts to be insured under commitments to insure. The mortgage insurance fund requirement at October 31, 1996 is $7,500,000.

Any income or interest earned on the funds described above due to the investment of those funds in excess of their respective requirements shall be transferred at least annually to the premium reserve fund described below.

A premium reserve fund must also be maintained for the purpose of providing for the payment of REMIC's liabilities arising from its operations, including liabilities arising from housing and mortgage insurance contracts. The balance of this fund at October 31, 1996 is $10,428,000.

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. HAC, HNYC and REMIC are authorized to engage in investment activities pursuant to Section 654-b, Section 654-c and Section 654-d of the New York State Private Housing Finance Law, respectively, and in the case of HNYC, its bond resolution. Investment policies are set by the Members of the Corporation, HAC, HNYC and REMIC. These policies are carried out on an ongoing basis by the Corporation's Investment Committee. The Corporation and its subsidiaries principally invest in securities of the United States and its agencies, CDs, OTDs and repurchase agreements. Neither HDC, HAC, HNYC nor REMIC entered into any reverse repurchase agreements. According to management, the Corporation and its subsidiaries were not in violation of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, are held by the Corporation or its agents in the Corporation's name. Bond program investments are held by the trustee of the applicable program. All investment transactions are recorded on a delivery basis.

During fiscal year 1996, investment gains amounted to $5,029,000 while losses amounted to $33,000. At October 31, 1996, the market value including accrued interest exceeded the amortized cost basis of the portfolio by $10,974,000.

Fixed repurchase agreements amounted to $128,814,000 and are held pursuant to written master repurchase agreements which permit liquidation of the applicable securities in the event of a default. Maturities range from 1 to 31 days. Margin requirements are 101% for overnight repurchase agreements and 102% for repurchase agreements maturing up to 34 days, all of which are priced daily. These agreements are used to provide short term liquidity.

In addition to cash deposits, funds were invested in OTDs and Money Market and NOW accounts. Funds deposited into Money Market and NOW accounts were Section 8 Annual Contract Contribution funds received from the United States Department of Housing and Urban Development ("HUD"). These deposits as well as any other HUD deposits in the applicable bank are Federal Deposit Insurance Corporation ("FDIC") insured in an amount up to $100,000 collectively. Various bond programs and the Corporate Services Fund have invested in OTDs and Money Market accounts.

Bond programs hold the OTDs. During the fiscal year, HDC entered into one OTD agreement. At October 31, 1996, the cost basis of all unsecured OTDs amounts to $8,138,000. The cost basis of $1,320,000 in OTDs were collateralized by securities held by the respective bond program's trustee. OTDs have a total cost basis including accrued interest of $9,458,000 and a bank balance of $9,431,000. Interest rates on all OTDs range from 2.75% to 6.0%. Maturity dates range from January 31, 1997 to November 1, 1997.

The interest rates under two revolving term repurchase agreements are 6.59% and 6.6% with maturity dates of April 1, 2030 and May 1, 2012, respectively. Margin requirements under this agreement are 103% with weekly pricing of securities. These investments with a cost basis of $29,533,000 are included in the caption Term Repurchase Agreements in the following table. During the fiscal year, HDC entered into one term repurchase agreement that had a fixed interest rate for the first year of the agreement and will have variable interest rates thereafter. This investment amounts to $86,432,000 at October 31, 1996. HDC also continued investing in two variable interest rate term repurchase agreements, which amount to $1,607,000 and $4,133,000, respectively. Interest rates on all other remaining repurchase agreements range from 3.0% to 6.28%. Maturity dates on all fixed and term repurchase agreements range from November 1, 1996 to February 9, 2002.

Freddie Mac Notes amount to $30,601,000 with maturity dates ranging from October 1, 1998 to November 9, 2001. Yield rates on these investments range from 5.74% to 7.29%. Federal Farm Credit Notes amount to $1,003,000 with a maturity date of October 15, 1998 and a yield rate of 6.28%.

New York City General Obligation Bonds have variable interest rates and amount to $702,000 with a maturity date of August 1, 2010.

Combined cash deposits total $614,000 at October 31, 1996. These accounts were maintained with bond trustees as well as with major commercial banks. HDC's cash deposits amounting to $323,000 are FDIC insured, while $18,000 of the City's Department of Housing Preservation and Development ("HPD") funds held for the City are collectively insured with other City funds in an amount up to $100,000. HNYC's cash balances totaled $3,000 of which $1,000 is FDIC insured. REMIC's cash deposits totaled $1,000, all of which are fully insured.

At October 31, 1996, investments held in the Corporation's name by the Corporation, its agents and bond trustees follow in the table below. The current market value column includes accrued interest.

Security	Total Cost	Current Market Value	Excess of Market Value Over Cost
(in thousands)			
U.S. Treasury Bonds	$61,007	69,825	8,818
U.S. Treasury Bills	77,139	77,233	94
U.S. Treasury Notes	130,423	132,484	2,061
U.S. Treasury Strips	28,517	28,625	108
Fixed Repurchase Agreements	128,814	128,814	—
G.N.M.A.	36,825	36,825	—
Open Time Deposits	9,458	9,458	—
Term Repurchase Agreements	121,705	121,705	—
Freddie Mac Notes	30,601	30,493	(108)
Federal Farm Credit Notes	1,003	1,004	1
NYC General Obligation Bonds	702	702	—
Money Market and NOW Accounts	1,804	1,804	—
Totals	**$627,998**	**638,972**	**10,974**

A general description of the mortgage and other loans in each of the programs follows:

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

(i) Multi-Family Bond Programs:

(a) General Housing

The mortgages are first liens on the respective properties. Three of the six projects receive interest reduction subsidies under Section 236 of the National Housing Act of 1934, as amended, from HUD.

On September 10, 1996, the Corporation refunded the General Housing bonds. The mortgages securing them were transferred to the 1996 Series A Bond Program within the Housing Revenue Bond Program.

(b) Section 223(f)

The mortgages were assigned to the Corporation by the City and subsequently modified, divided and recast into (a) FHA-insured first mortgages, to be serviced by the Corporation; and (b) subordinate non-insured second mortgages which were reassigned to the City. The mortgages are first liens on the respective properties. Thirty-two of the seventy-nine projects receive interest subsidies under Section 236 from HUD.

On June 1, 1996, the City sold 37 of the subordinate non-insured second mortgages to State Street Bank and Trust Company as Trustee of the NYC Mortgage Loan Trust. Simultaneously, the Corporation entered into a Real Estate Mortgage Investment Conduit Pooling and Servicing Agreement with the City and State Street Bank and Trust Company. Under this agreement the Corporation is responsible for servicing these 37 second mortgages. The Corporation earns a fee for servicing these loans.

With respect to the 223(f) Program, (a) the excess of mortgagors' payments over bond debt service payments, trustee fees and servicing fees to the Corporation and (b) the earnings on certain restricted funds (which are excluded from the Combined Statement of Revenues and Expenses) through April 30, 1996 are payable to the City. Commencing on May 1, 1996 all program revenues will be retained by the Corporation as all future cash flows were purchased by the Corporation for $21,000,000.

With respect to the 1991 Multi-Unit Refunding Bond Program, the earnings on certain restricted funds (which are also excluded from revenues) through April 30, 1996 are payable to the City. Commencing May 1, 1996 all program revenues will be retained by the Corporation as all amounts remaining due to the City were purchased by the Corporation for $11,000,000.

Through April 30, 1996, these funds were paid to the City by the Corporate Services Fund. Commencing May 1, 1996, amounts representing future excess cash flows will be amortized in the Corporate Services Fund over the remaining program life using the yield method. Amortization from May 1, 1996 through October 31, 1996 amounted to $436,000 and is included by the Corporate Services Fund as non-operating expenses. The unamortized portion of these payments is included under the caption Other Assets in the Combined Balance Sheet. Amounts previously recorded as non-operating expenses in the 223(f) Program and the Multi-Unit Program will be included in operating transfers as of May 1, 1996, and will inure net of amortization to the Corporation.

(c) Housing Revenue Bond Program
Under the Housing Revenue Bond Program, mortgage loans made to the projects refinanced under the 1993 Series A & B bond issues are FHA-insured, and include various construction costs, bond issuance costs and capitalized accrued interest. These projects receive housing assistance payments on behalf of the tenants pursuant to Section 8.

The 1994 Series A Bonds were issued to finance first mortgage loans for projects that have been or will be rehabilitated under HPD's Participation Loan Program under which HPD will fund subordinate mortgages.

During 1995 the Corporation refinanced two bond issues secured by mortgage loans. One bond issue had provided funds for FHA-insured mortgage loans, while the other issue had provided funds for SONYMA insured mortgage loans (see note 7).

On September 10, 1996, the Corporation issued the 1996 Series A Multi-Family Housing Revenue Bonds to refund the General Housing Bonds. The existing mortgages that secured the General Housing Bonds were transferred at cost. The bond refinancing is further described in Note 7: Bonds Payable.

(d) 80/20
The mortgage loans made to the projects in this program financed various construction costs, bond issuance costs and capitalized accrued interest.

The mortgage loans under five programs are FHA-insured and are held and serviced by the Corporation. The mortgage loans under three programs are FHA co-insured and are held and serviced by GNMA approved servicers. Currently, the mortgage loans under one program are insured under the SONYMA insurance program. The mortgage loans under two programs are secured by Fannie Mae pledged collateral pursuant to a collateral agreement. The loans under ten of the programs are held or serviced by the financial institution providing the credit enhancement for the respective bond program. The mortgage loan under one program will be insured by REMIC after completing the project.

On March 29, 1995, the Corporation issued the 1995 Series A Multi-Family Mortgage Revenue Bonds (Columbus Apartments) to refinance the mortgage loan on the Columbus Apartments project. The refinancing was effected by acquiring the related mortgage indebtedness with respect to the project. The project had previously been financed under the 1985 Issue A Multi-Family Mortgage Revenue (First Nationwide Savings—Columbus Apartments Project) Bonds which were defeased on September 30, 1994 (see note 7).

On November 10, 1995, the Corporation issued the Multi-Family Mortgage Revenue Bonds (400 West 59th Street Development) to finance the cost of acquiring, constructing and equipping a multi-family rental housing facility to be located at 400 West 59th Street.

Certain projects receive subsidies on behalf of the eligible tenants through either Section 8 housing assistance payments or HAC funds.

(e) Hospital Residence
The mortgage loan advances made to three projects include various acquisition and construction costs, bond issuance costs and capitalized accrued interest. Under one program, the mortgagor provided the bond trustee with a non-cancelable policy of insurance from the Municipal Bond Investors Assurance Corporation ("MBIA") which guarantees the payment of bond debt service. The loans under the remaining two programs are held and serviced by the financial institution providing the credit enhancement for the respective bond program.

(f) Residential Cooperative Housing
The mortgage loans provide permanent financing for three bond issues. The loans under this program are

serviced by the Corporation and insured by the SONYMA insurance program.

(ii) Other Loans:

Development Services Program:
In 1987, the DSP was created to assist the City in implementing its many housing programs for low, moderate and middle income residents. As of October 31, 1996, the DSP consists of eight subprograms. The source of funding for the DSP is certain corporate reserves which have been set aside in a separate account, the Dedicated Account, which is included in the Corporate Services Fund. Loans made under the DSP are either interest free or have low interest rates. The Corporation's role in seven subprograms involves the lending of the funds on deposit in the Dedicated Account. In the other subprogram, the Corporation has servicing responsibilities with regard to loans made by HPD (see note 12).

The City has terminated the Seward Park project under the DSP and HDC has no legal right to pursue action against the borrower for loan repayment. In fiscal year 1995 the Corporation included a charge of $263,000 representing the principal amount of the loan in the Combined Statement of Revenues and Expenses under the heading Trustees' and Other Fees.

(B) HOUSING ASSISTANCE CORPORATION

(i) Mortgage Loans:

Mortgage loan advances made to eight projects include various construction costs and capitalized accrued interest. Certain mortgages are second liens on buildings which have been rehabilitated. These loans accrue interest at the rate of 1% per annum although payments are not due for approximately twenty years from the dates of the loans. Other first and subordinate mortgage loans were made to fund certain expenses of constructing new projects. The secondary loans bear no interest for approximately twenty-five years from completion of construction and then bear interest at a rate of 1% per annum.

HAC had funded an 8.5% FHA-insured first mortgage loan in the amount of $2,193,000 and a 1% subordinate mortgage loan in the amount of $3,952,000 for Astoria Towers. To facilitate the processing of FHA insurance, the Corporation originally held the first mortgage loan within the Corporate Services Fund on behalf of HAC. On May 31, 1996, the Corporation purchased HAC's interest in the first mortgage from the City at a premium of $51,000. This premium is included in the mortgage and loan advances caption on the Combined Statement of Cash Flows. At October 31, 1996, the loan balances were $2,019,000 and $3,952,000, respectively.

(ii) Subsidy:

Certain projects receive tenant assistance payments on behalf of the eligible tenants.

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Other Receivables amounts to $27,547,000 which represents commitment and financing fees, servicing fees, Reserve for Replacement loans and Corporate Services Fund Other Loans described in note 5.

(B) HOUSING NEW YORK CORPORATION

Other Receivables amounts to $189,380,000, which represents $142,728,000 in funds advanced to the City through October 31, 1996 in accordance with the 1993 Series A Revenue Bond Resolution. The City used these monies to reimburse itself for the costs incurred in connection with the substantial rehabilitation of residential housing and related facilities in Manhattan and the Bronx under the Housing New York Program. For a description of the manner in which advances made to the City will be repaid see note 3C. The remaining balance of $46,652,000 represents funds used to cover debt service. On May 1, 1993, HNYC began to require payment of assigned excess revenues from the BPCA on each debt service date in amounts necessary to cover bond principal and interest and HNYC trustee fees. Amounts recorded under the caption Other Revenues on the Combined Statement of Revenues and Expenses are used to cover program expenses.

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

The Corporation's authority to issue bonds and notes for any corporate purpose is limited to the extent that (i) the aggregate principal amount outstanding may not exceed $2.8 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not currently exceed $30 million. As a result of the refunding of the General Housing Bonds, no bonds are currently subject to the Capital Reserve Fund requirement.

(i) Multi-Family Bond Programs:

(a) General Housing
The bonds of the General Housing Program are general obligations of the Corporation. Substantially all of the programs' assets are pledged as collateral for the bonds.

On September 10, 1996, the bonds of the General Housing Bond Program were refunded and the Corporation issued its 1996 Series A bonds under the Housing Revenue Bond Program.

(b) Section 223(f)
The bonds of the Multifamily Housing Bond Program are special limited obligations of the Corporation. The primary security for the bonds is the federal mortgage insurance obtained at the time the mortgages were

assigned from the City. Principal and interest are paid only from the monies received for the account of the insured mortgage securing that series, including payments made by, or on behalf of, the mortgagor or HUD.

The 1991 Multi-Unit Mortgage Refunding bonds are special revenue obligations of the Corporation secured solely by a pledge of the FHA-insured mortgage loans and the program's assets, as well as the revenues derived from these loans and assets.

(c) Housing Revenue Bond Program

The bonds issued under the Housing Revenue Bond Program are special revenue obligations of the Corporation payable solely from the revenues and assets pledged thereunder, pursuant to the Multi-Family Housing Revenue Bond general and supplemental resolutions (see Note 3).

On August 3, 1995, the Corporation issued $49,635,000 of its Multi-Family Housing Revenue Bonds, 1995 Series A, to advance refund all of its 1985 First Series Multi-Family Housing Bonds (FHA Insured Mortgage Loans) on August 17, 1995, 1985 Series A Multi-Family Mortgage Revenue Bonds (GNMA Mortgage Backed Securities) on August 24, 1995 and 1985 First Series Insured Multi-Family Mortgage Revenue Bonds on November 1, 1995. As a result of the refunding, the Corporation reduced its total debt service requirements by $35,100,000 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $14,115,000. No current expense was recognized on this refunding as required by Governmental Accounting Standards Board's Statement 23. The costs associated with the old debt issues are deferred as described in note 2(K), and are being amortized over the life of the new bond issue.

On September 10, 1996, the Corporation issued $217,310,000 of its Multi-Family Housing Revenue Bonds, 1996 Series A, to refund all of its General Housing Bonds. The $224,965,000 par value of the General Housing serial and term bonds have interest rates ranging from 5.5% to 9%. As a result of the refunding, the Corporation reduced its total debt service requirements by $106,206,000 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $15,706,000. No current expense was recognized on this refunding as required by Governmental Accounting Standards Board's Statement 23. The costs associated with the old debt issues are deferred as described in note 2(K), and are being amortized over the life of the new bond issue.

(d) 80/20

The bonds under this heading are also special revenue obligations of the Corporation and different bonds are secured by different forms of security such as a pledge of the mortgage loans, the programs' assets, the revenues derived from these loans and assets, a letter of credit, FHA mortgage insurance, SONYMA mortgage insurance, GNMA mortgage-backed securities and Fannie Mae mortgage collateral agreements, each as the case may be.

On January 15, 1993, the Corporation issued its $164,645,000 Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loan), 1993 Series A and 1993 Series B to acquire the FHA-insured mortgage loan for the Manhattan Park Project from HUD. On February 15, 1993, the Corporation redeemed all of the 1985 Series A and 1987 Series A bonds except for $13,910,000 of the 1985 Series A bonds which are defeased and were redeemed on February 15, 1995.

On September 30, 1994, the Corporation drew down the letter of credit securing its Multifamily Mortgage Revenue (First Nationwide Savings - Columbus Apartments Project) 1985 Issue A Bonds. The funds, $24,572,000, were deposited in an irrevocable trust with an escrow agent to provide debt service payments which shall be sufficient to pay the principal or redemption price and interest due on the 1985 Bonds on or prior to the redemption date. The refunding met the requirements of an in-substance defeasance, and, accordingly on October 31, 1996, none of the 1985 Issue A Bonds are an outstanding obligation of the Corporation. The defeased 1985 Issue A Bonds totaled $23,570,000 which were retired on April 1, 1995.

On March 29, 1995, the Corporation issued $23,570,000 of its Multi-Family Mortgage Revenue Bonds, 1995 Series A, to refinance the mortgage loan for the Columbus Apartments project.

On December 29, 1994, the Corporation issued its $55,000,000 Multi-Family Mortgage Revenue Bonds (Related-Tribeca Towers), 1994 Series A, to finance the mortgage loan for the project.

On October 12, 1995, the Corporation issued its $18,675,000 Multi-Family Mortgage Revenue Bonds (100 Jane Street Development), 1995 Series A & B, to finance the mortgage loan for the project. The $825,000 Series B Bonds are federally taxable.

On November 10, 1995, the Corporation issued its $150,000,000 Multi-Family Mortgage Revenue Bonds (400 West 59th Street Development), 1995 Series A-1, A-2 & B, to finance the mortgage loan for the project. The $20,900,000 Series B Bonds are federally taxable.

On April 26, 1996, the Corporation issued its $5,620,000 Multi-Family Mortgage Revenue Bonds (Barclay Avenue Development), 1996 Series A, to finance the permanent mortgage loan for the project.

(e) Hospital Residence

The bonds under this program are secured by either bond insurance and/or a letter of credit and are special revenue obligations of the Corporation.

On November 22, 1988, the Corporation issued MBIA Insured Residential Revenue Refunding Bonds (Royal Charter Properties-East, Inc. Project), 1988 Series 1, in the amount of $115,583,000 to advance refund the MBIA Insured Residential Revenue Bonds (Royal Charter Properties-East Inc. Project), 1985 Series 1, in the amount of $96,022,000. The advance refunding met the requirements of an in-substance defeasance, and, accordingly on October 31, 1996, none of the 1985 Series 1 Bonds are an outstanding obligation of the Corporation. At October 31, 1996, the defeased MBIA Insured Residential Revenue

Bonds (Royal Charter Properties-East, Inc. Project), 1985 Series 1, totaled $58,467,000.

(f) Residential Cooperative Housing
The three bond issues of this program are special obligations of the Corporation which are payable from and secured by a pledge of payments to be made under the SONYMA insured mortgage loans. They are additionally secured or will be secured by the SONYMA mortgage insurance and the revenues and accounts of the respective issues.

All the bonds of the programs listed above are subject to redemption. Certain issues are also subject to special redemption provisions. The parameters under which the redemptions may occur are set forth in the respective bond resolutions.

The bonds payable caption on the Combined Balance Sheet for the Corporation and its subsidiaries includes $42,619,000 of deferred bond refunding costs on programs that were refinanced. For 1995 this caption included $43,827,000.

Deferred bond refunding costs include a call premium of $2,306,000 for the General Housing Bond Program.

(B) HOUSING ASSISTANCE CORPORATION

HAC is not authorized to issue any bonds or notes.

(C) HOUSING NEW YORK CORPORATION

HNYC is authorized to issue bonds in an aggregate principal amount not to exceed $400 million plus an additional principal amount for certain purposes (see note 3C). The bonds and notes of HNYC are not a debt of the State, the BPCA, the City or the Corporation.

Revenue Bond Program:
The 1987 & 1993 Series A Bonds are special revenue obligations of HNYC secured by a pledge of excess revenues from leases executed by the BPCA on or before January 1, 1986 which are in excess of amounts necessary to (1) satisfy certain of the BPCA's bond and note covenants, (2) fulfill all of the BPCA's legal and financial commitments and (3) pay the BPCA's operating and maintenance expenses. These bonds are also secured by monies and securities in the accounts held by the Trustee under and pursuant to the resolution, including the Debt Service Reserve Account. These bonds are not secured by any mortgages, leases or other interests in any of the residential housing facilities built with the proceeds of the bonds.

On December 16, 1993, HNYC issued $258,690,000 of its Senior Revenue Refunding Bonds, Series 1993, to advance refund the Revenue Bonds, 1987 Series A. HNYC deposited $241,353,000 in cash and investments in an irrevocable trust with an escrow agent to provide debt service payments which are sufficient to pay the principal or redemption price and interest due on the 1987 Series Bonds on or prior to the redemption or maturity date. The advance refunding met the requirements of an in-substance defeasance, and, accordingly on October 31, 1996, none of the 1987 Series Bonds are an outstanding obligation of HNYC. At October 31, 1996, the defeased 1987 Series Bonds totaled $186,791,000.

(D) NEW YORK CITY RESIDENTIAL MORTGAGE INSURANCE CORPORATION

REMIC is not authorized to issue any bonds or notes.

Required principal payments by the Corporation for the next five years are as follows:

Year ending October 31 *(in thousands)*		
1997	$	42,027
1998		33,775
1999		32,885
2000		34,413
2001		36,301
Total	**$**	**179,401**

The bonds of the HNYC do not require any principal payments during the succeeding five years.

BONDS OUTSTANDING
Bonds payable comprise the following for the year ended October 31, 1996:

Description *(in thousands)* *(variable rates cover fiscal year 1996)*	**Balance at Oct. 31, 1995**	**Issued**	**Retired**	**Balance at Oct. 31, 1996**	**Annual Debt Service**
HOUSING DEVELOPMENT CORPORATION					
Multi–Family Bond Programs:					
General Housing:					
General Housing Bond Program-3.75% to 9% Bonds maturing in varying installments through 2023	228,620	—	(228,620)	—	—
Total General Housing	**$ 228,620**	—	**(228,620)**	—	—

Description *(in thousands)* *(variable rates cover fiscal year 1996)*	Balance at Oct. 31, 1995	Issued	Retired	Balance at Oct. 31, 1996	Annual Debt Service
Section 223(f):					
Multifamily Housing Bond Program-6.5% to 7.25% Bonds maturing in varying installments through 2019	324,741	—	(5,600)	319,141	27,042
1991 Multi-Unit Mortgage Refunding Bond Program-4.4% to 7.35% Serial and Term Bonds maturing in varying installments through 2019	97,615	—	(1,615)	96,000	8,619
Total Section 223(f)	**$ 422,356**	**—**	**(7,215)**	**415,141**	**35,661**
Housing Revenue Bond Program:					
1993 Series A & B Bond Program-2.75% to 5.85% Serial and Term Bonds maturing in varying installments through 2026	128,015	—	(2,000)	126,015	9,110
1994 Series A PLP Bond Program-8.4% and 8.95% Term Bonds maturing in varying installments through 2025	6,500	—	(65)	6,435	730
1995 Series A Multi-Family Housing Revenue Bond Program-3.5% to 5.6% Serial Bonds maturing in varying installments through 2007	49,635	—	(2,440)	47,195	5,757
1996 Series A Multi-Family Housing Revenue Bond Program-3.6% to 5.625% Serial and Term Bonds maturing in varying installments through 2012	—	217,310	—	217,310	13,110
Total Housing Revenue Bond Program	**$ 184,150**	**217,310**	**(4,505)**	**396,955**	**28,707**
80/20:					
1984 Series A Carnegie Park Project-3.35% to 5.75% Variable Rate Bonds due upon demand through 2016	64,800	—	—	64,800	2,595
1985 Series A Columbus Green Project-3.35% to 5.75% Variable Rate Bonds due upon demand through 2009	13,775	—	—	13,775	552
1985 Resolution 1 Parkgate Tower-2.2% to 5.1% Variable Rate Bonds due upon demand through 2007	45,805	—	(4,890)	40,915	3,189
1987 Series A GNMA Mortgage-Backed Securities-8.125% Term Bonds maturing in varying installments through 2019	4,175	—	(60)	4,115	393
1987 Series A HoDAG-8.625% and 9.625% Term Bonds maturing in varying installments through 2019	8,745	—	(160)	8,585	997
1988 Series A Carnegie Park Project-3.4% to 5.8% Variable Rate Bonds due upon demand through 2016	2,000	—	—	2,000	81
1989 Series A Upper Fifth Avenue Project-2.25% to 4.7% Variable Rate Bonds due upon demand through 2016	10,000	—	—	10,000	335
1989 Series A Queenswood Apartments-2.45% to 5.25% Variable Rate Bonds due upon demand through 2017	12,400	—	(800)	11,600	423

Description *(in thousands)* *(variable rates cover fiscal year 1996)*	Balance at Oct. 31, 1995	Issued	Retired	Balance at Oct. 31, 1996	Annual Debt Service
1989 Series A Sheridan Manor Apartments-7.2% and 7.45% Term Bonds maturing in varying installments through 2008	10,405	—	(460)	9,945	1,228
1990 Series A Related-East 96th Street Project-2.35% to 5.1% Variable Rate Bonds due upon demand through 2015	104,600	—	—	104,600	3,553
1993 Series A Columbus Gardens Project-2.25% to 4.75% Variable Rate Bonds due upon demand through 2007	26,700	—	(1,300)	25,400	1,095
1993 Series A & B and 1995 Series A Manhattan Park-6.25% to 8% Term Bonds maturing in varying installments through 2030	162,485	—	(1,095)	161,390	11,761
1993 Series A Manhattan West Development-5.7% Term Bonds maturing in varying installments through 2036	141,735	—	—	141,735	8,079
1994 Series A James Tower Development-2.25% to 5.1% Variable Rate Bonds maturing in varying installments through 2005	26,900	—	(700)	26,200	1,595
1994 Series A York Avenue Development-2.45% to 5.15% Variable Rate Bonds due upon demand through 2024	57,000	—	—	57,000	1,965
1994 Series A Tribeca Towers Development-2.2% to 5.1% Variable Rate Bonds maturing in varying installments through 2024	55,000	—	—	55,000	1,869
1995 Series A Columbus Apartments Development-2.1% to 5% Variable Rate Bonds maturing in varying installments through 2025	23,570	—	(200)	23,370	1,069
1995 Series A & B Jane Street Development-2.45% to 6% Variable Rate Bonds maturing in varying installments through 2030	18,675	—	—	18,675	679
1995 Series A-1, A-2 & B 400 West 59th Street Development-2.25% to 6% Variable Rate Bonds due upon demand through 2030	—	150,000	—	150,000	18,218
1996 Series A Barclay Avenue Development-5.75% to 6.6% Term Bonds maturing in varying installments through 2033	—	5,620	—	5,620	365
Total 80/20	**$ 788,770**	**155,620**	**(9,665)**	**934,725**	**60,041**
Hospital Residence:					
1988 Series 1 MBIA Insured-5.6% to 7.5% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2017	96,488	—	(3,685)	92,803	10,194
1993 Series A East 17th Street Properties-1.6% to 5.95% Variable Rate Term Bonds maturing in varying installments through 2023	36,600	—	—	36,600	1,901

Description *(in thousands)* *(variable rates cover fiscal year 1996)*	Balance at Oct. 31, 1995	Issued	Retired	Balance at Oct. 31, 1996	Annual Debt Service
1993 Series A Montefiore Medical Center-2.3% to 4.85% Variable Rate Term Bonds maturing in varying installments through 2030	8,400	—	—	8,400	302
Total Hospital Residence	**$ 141,488**	—	**(3,685)**	**137,803**	**12,397**
Residential Cooperative Housing:					
1990 Series A South Williamsburg Cooperative-7.9% Term Bonds maturing in varying installments through 2023	6,800	—	(70)	6,730	605
1990 Series A South Bronx Cooperative-8.1% Term Bonds maturing in varying installments through 2023	6,530	—	(60)	6,470	588
1994 Series A Maple Court Cooperative-6.22% Term Bonds maturing in varying installments through 2027	12,330	—	—	12,330	767
Total Residential Cooperative Housing	**$ 25,660**	—	**(130)**	**25,530**	**1,960**
Total Bonds Payable Housing Development Corporation	**$ 1,791,044**	**372,930**	**(253,820)**	**1,910,154**	**138,766**
Housing New York Corporation Revenue Bond Program:					
1993 Series A Refunding Bonds-4.9% to 6% Serial and Term Bonds maturing in varying installments through 2020	258,690	—	—	258,690	13,421
Total Bonds Payable Housing New York Corporation	**$ 258,690**	—	—	**258,690**	**13,421**
Total Bonds Payable Prior to Deferred Bond Refunding Costs	**$ 2,049,734**	**372,930**	**(253,820)**	**2,168,844**	**152,187**
Deferred bond refunding costs				(42,619)	
Total Bonds Payable Net of Deferred Bond Refunding Costs				**$ 2,126,225**	

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

The fees paid by the Corporation for legal and consulting services in fiscal year 1996 for HDC include: $17,341 to Swidler & Berlin, $16,304 to Hawkins, Delafield & Wood, $7,151 to Ravin, Sarasohn, Cook & Baumgarten and $1,005 to Timothy P. Fisher, Esq. for legal services. The Corporation paid consulting fees in the amount of $31,872 to Hamilton Securities Group and $5,000 to W. Donald Campbell for strategic planning.

In addition, the following legal fees were paid: $253,761 to Hawkins, Delafield & Wood and $45,000 to Swidler & Berlin. The Corporation paid accounting fees in the amount of $15,360 to KPMG Peat Marwick for services provided as a result of bond refinancings. For environmental studies, the Corporation paid $47,500 to Alee, King, Rosen & Fleming, Inc., and $18,000 to McKeown & Franz, Inc. The Corporation has been reimbursed for the expenses set forth in this paragraph from either bond proceeds or project developers.

(B) NEW YORK CITY RESIDENTIAL MORTGAGE INSURANCE CORPORATION

REMIC paid legal fees of $2,088 to Whitman, Breed, Abbott & Morgan.

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

HPD acts as the regulatory agency for the 1996 Series A Housing Revenue Bond Program mortgages, and as such, receives servicing fees from HDC. At October 31, 1996, the 1996 Series A Housing Revenue Bond Program servicing fees payable to HPD were $28,000.

Mortgages in the Section 223(f) Housing Program were assigned to the Corporation by the City in order to generate monies for the City. The Corporation remitted to the City any excess of mortgage interest income and investment earnings over related debt expense, trustee fees and servicing fees accrued through April 30, 1996. These expenses are considered non-operating and amounted to approximately $1,495,000 for fiscal year 1996. As of October 31, 1996, the total liability to the City was $3,074,000. Under the 1991 Multi-Unit Refunding Bond Program non-operating expenses accrued through April 30, 1996 amounted to $476,000 for fiscal year 1996. All amounts payable to the City under the Multi-Unit Program were satisfied on June 21, 1996 (see Note 5).

Also included in this reporting classification are participation loan funds received from the City which are to be advanced to mortgagors and mortgage and investment earnings under the 1987 Series A (FHA Insured Mortgage Loans) Multi-Family Housing Bond Program and the 1995 Series A Multi-Family Housing Revenue Bond Program. Included in non-operating expenses were $42,000 and $71,000, respectively. As of October 31, 1996, all funds had been advanced. The total funds payable to the City over the life of the bond programs are $6,571,000 and $6,438,000, respectively.

The City provided funds for a subordinate mortgage loan to Sheridan Manor which were advanced pursuant to a mortgage held and serviced by the Corporation. The total liability to the City was $18,666,000 on October 31, 1996.

The Corporation under its DSP has initiated an HPD Loan Servicing Program. From 1991 through 1995 HPD transmitted $408,934,000 and for 1996 $58,147,000 to the Corporation for this activity. At October 31, 1996, the Corporation held $46,885,000 in the Corporate Services Fund for the City.

(B) HOUSING ASSISTANCE CORPORATION

The funds received from the City for HAC as well as any earnings on the funds (see note 3B) are also included in this reporting classification on the Combined Balance Sheet. At October 31, 1996, total resources payable to the City amounted to $78,173,000.

(C) HOUSING NEW YORK CORPORATION

The Corporation is servicing four loans under the Vacant Cluster Program with funds received from the City. At October 31, 1996, total funds held for the City amounted to $804,000.

The Corporation and REMIC are participating employers in the New York City Employee's Retirement System (the "System") of which 9 employees of the Corporation and 2 employees of REMIC are members. The Corporation paid $10,000 and REMIC paid $2,000 as their actuarially computed proportionate shares of the System's cost for the period covering the Corporation's fiscal year.

The Corporation offers its employees the option of participating in a Tax Sheltered Annuity Plan managed by The Equitable Life Assurance Society of the United States as an alternate retirement plan under Section 403(b) of the Internal Revenue Code. The Internal Revenue Service has approved the Corporation as an entity which can provide this type of plan to its employees. The majority of the Corporation's employees participate in this plan.

The amount reported in this classification is made up of two major components. A general description of each of the components is as follows:

A. DUE TO HUD

The Corporation has entered into contracts with HUD to administer housing assistance payment contracts with housing projects occupied by tenants qualifying for Section 8 housing assistance payments. Pursuant to the contracts, HUD makes annual contributions to the Corporation in an amount equal to the annual assistance payments plus an administrative fee, if applicable, for the Corporation. The Corporation receives the annual contract contributions periodically during the year and disburses funds monthly for the benefit of the covered projects. As of October 31, 1996, the Corporation held $1,804,000 in prefunded annual contributions. Related fees earned during fiscal year 1996 amounted to $1,920,000 and are included in the Corporate Services Fund.

On August 1, 1993, the Corporation entered into a Financial Adjustment Factor ("FAF") Refunding Agreement covering the 1993 Series A Multi-Family Housing Revenue Bond Program. Under this agreement the Corporation returns excess Section 8 subsidy funds to HUD. At October 31, 1996, this amount totalled $35,000.

B. REBATE FUND

In order to maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the Corporation established a separate fund, the Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Code are deposited. The Code requires the payment to the United States Treasury of the excess of the amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue. Project or construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within six months after the date of issue and debt service funds with annual gross earnings of less than $100,000 are exempt from this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. At October 31, 1996, HDC had set aside $330,000 in rebatable funds.

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

The Corporation is committed under one operating lease for office space for minimum annual rentals for the next five years as follows:

Year ending October 31

1997	$	292,000
1998		324,000
1999		337,000
2000		339,000
2001		339,000
Total	**$**	**1,631,000**

Thereafter, the Corporation is committed for another five years for a total minimum rental of $1,584,000. For fiscal year 1996, the Corporation's rental expense amounted to $532,000.

Remaining mortgage commitments and other loan commitments at October 31, 1996 are as follows:

Mortgage Loans:		
Multi-Family Bond Programs:		
80/20	$	96,172,000
Hospital Residence		700,000
Total Mortgage Loan Commitments	$	96,872,000
Other Loans:		
Development Services Program		1,854,000
Total Commitments	**$**	**98,726,000**

On December 27, 1993, the Corporation entered into a construction and permanent loan participation agreement with the American Federation of Labor and Congress of Industrial Organizations Housing Investment Trust ("AFL-CIO") to provide construction and permanent financing for Manhattan West, a 1,000 unit 80/20 project. The Corporation's share of the commitment was 85.85% or $134,000,000 and the AFL-CIO's share was 14.15% or $22,087,000. The loan achieved final endorsement on July 17, 1996.

(B) NEW YORK CITY RESIDENTIAL MORTGAGE INSURANCE CORPORATION

HDC is committed under one operating lease for office space and allocates a percentage of that office space to REMIC for minimum annual rentals for the next five years as follows:

Year ending October 31

1997	$	120,000
1998		125,000
1999		126,000
2000		126,000
2001		126,000
Total	**$**	**623,000**

Thereafter, HDC is committed for another five years and REMIC's total minimum allocated rental will be $588,000. For fiscal year 1996, REMIC's rental expense amounted to $123,000.

As of October 31, 1996, REMIC insured loans with coverage totaling $42,846,000 and had outstanding commitments to insure loans with a maximum insurance coverage of $6,633,000.

In the normal conduct of the Corporation's business, it is involved in litigation matters. In the opinion of management and the Corporation's legal counsel, the ultimate disposition of such litigation should not have a material adverse effect on the combined financial position of the Corporation.

A. On December 17, 1996, the Corporation issued $55,070,000 of its Multi-Family Mortgage Revenue Bonds (West 43rd Street Development), 1996 Series A & B to fund a mortgage loan which will provide construction and permanent financing for 520 West 43rd Street, a 375 unit 80/20 multi-family rental building.

B. On December 19, 1996, the Corporation issued $16,750,000 of its Mortgage Revenue Bonds (Maple Plaza Cooperative), 1996 Series A to fund a mortgage loan which will provide a portion of the construction and permanent financing for Maple Plaza Cooperative, a 155 unit 80/20 multi-family rental building.

C. On December 24, 1996, the Corporation issued $53,000,000 of its Multi-Family Mortgage Revenue Bonds (Related - West 89th Street Development), 1996 Series A to fund a mortgage loan which will provide construction and permanent financing for 189 West 89th Street, a 265 unit 80/20 multi-family rental building.

D. On December 30, 1996, the Corporation issued $13,200,000 of its Multi-Family Mortgage Revenue Bonds (400 West 59th Street Development), 1996 Series A to refund a portion of the Corporation's outstanding Multi-Family Mortgage Revenue Bonds (400 West 59th Street Development), 1995 Series B. Previously, the Corporation issued $150,000,000 of its Multi-Family Mortgage Revenue Bonds (400 West 59th Street Development), 1995 Series A-1, A-2 & B to fund a mortgage loan to provide construction and permanent financing for 400 West 59th Street, a 722 unit 80/20 multi-family rental building.

Other Information

SCHEDULE 1:
The following schedule represents the Balance Sheet and Revenue Statement of the Housing Revenue Bond Program as of October 31, 1996. This schedule is being presented to provide detail information on a program basis for the owners of the program's obligations.

Housing Revenue Bond Program
Balance Sheet
Fiscal Years 1996 and 1995

(in thousands)	1996	1995
ASSETS		
Cash and investments	$ 74,996	52,709
Mortgage loan receivable	481,458	253,768
Accrued interest receivable	1,925	1,862
Unamortized issuance cost	3,787	1,956
Due (to) from other funds	(524)	(496)
Other assets	18	15
Total Assets	**561,660**	**309,814**
LIABILITIES		
Bonds payable (including deferred bond refunding cost)	387,864	176,526
Discount on bonds payable	(1,481)	(52)
Accrued interest payable	7,769	4,894
Payable to New York City	6,466	6,698
Deferred fee and mortgage income	8,893	8,940
Due to the United States	1,884	2,003
Due to mortgagors	1,678	68
Total Liabilities	**413,073**	**199,077**
FUND BALANCES		
Restricted	148,587	110,737
Total Fund Balances	**148,587**	**110,737**
Total Liabilities and Fund Balances	**$ 561,660**	**309,814**

Housing Revenue Bond Program
Statement of Revenues and Expenses
Fiscal Years 1996 and 1995

(in thousands)	1996	1995
REVENUES		
Interest on loans	$ 25,646	21,609
Earnings on investments	3,416	1,760
Fees and charges	248	68
Total Revenues	**29,310**	**23,437**
EXPENSES		
Interest and amortization	12,516	8,933
Services of New York City	47	—
Trustee and other fees	89	60
Amortization of debt issuance costs	190	97
Non-operating expenses	71	18
Total Expenses	**12,913**	**9,108**
Excess of Revenues Over Expenses before Operating Transfers	**16,397**	**14,329**
Operating transfers	(207)	(61)
Excess of Revenues Over Expenses after Operating Transfers	**16,190**	**14,268**
Fund Balance at Beginning of Year	**110,737**	**109,608**
Net fund balance transfers between programs	21,660	(13,139)
Fund Balance at End of Year	**$ 148,587**	**110,737**

See accompanying independent auditors' report.

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