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

1 REPORT OF THE CHAIRPERSON AND PRESIDENT
4 1995 PROJECTS AND PARTNERS
12 MEMBERS AND OFFICERS
14 PROJECTS FINANCED BY THE CORPORATION
17 FINANCIAL STATEMENTS
18 REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
43 THE CORPORATION'S STAFF

apartments in 1995. REMIC also received an A+ rating from Fitch Investors Service, which will enable HDC to sell bonds for the permanent financing of a 65-unit "80/20" rental development in Queens. The Fitch rating also allowed the City pension system, a major purchaser of permanent loans for affordable housing, to lower rates for such loans by 20 basis points.

The "80/20" Program

The past year saw the Corporation's "80/20" rental housing production program continue to expand. In October, HDC sold $18,675,000 in bonds to finance a 148-unit "80/20" on Jane Street in Greenwich Village being developed by the Rockrose Development Corp. A letter of credit issued by Fleet Bank-NY secured the financing. Fleet, together with a major German bank, provided the credit support for a second $150,000,000 bond issue for a 722-unit "80/20" development under construction on West 59th Street and Columbus Avenue. This mixed-use project being developed by the Brodsky Organization also will contain over 85,000 square feet of office and retail space. Together these two projects will create 178 units of newly constructed low income housing at no direct cost to the City of New York in addition to generating hundreds of construction and permanent jobs.

In December, the Members approved two additional bond issues totaling $59,000,000 for two projects which will contain 330 rental units. The first was for a 265-unit development located on West 89th Street and Amsterdam Avenue, the last undeveloped site in the City's West Side Urban Renewal Area. This project has been on the drawing board for more than a decade. Subject to our ability to obtain tax-exempt private activity bond volume authority, we expect to bring the transaction to market in 1996. Also, the Members approved a $6,000,000 bond issue to provide the permanent loan for a 65-unit project under construction on Barclay Avenue in the Flushing section of Queens. The financing is significant for the Corporation in several respects. It is the first unsubsidized "80/20" development the Corporation will finance outside of Manhattan. The project is symbolic of the growing strength of the City's neighborhoods and we hope to be able to finance other such projects outside of Manhattan in the future. The financing is also the first which will rely upon the credit strength of REMIC, our insurance subsidiary, whose claims paying ability was rated A+ by Fitch.

Two Bridges Mixed-Income Rental

HDC played a vital role in bringing a 198-unit mixed-income project to fruition in 1995. Located in the Two Bridges Urban Renewal Area, just north of the Manhattan Bridge, this long-planned project will provide affordable housing to a range of formerly homeless, low and moderate income families. HDC is utilizing its own reserves to provide a $7,500,000 first mortgage at a rate of 8% as well as a $700,000 second mortgage at a 1% interest rate. The project, which is being developed by Settlement Housing Fund and the Two Bridges Neighborhood Council, is also being constructed with financing provided by The Dime Savings Bank of New York, HPD and the Federal Home Loan Bank of New York. NatWest Bank, now known as Fleet Bank, is providing nearly $10,000,000 in equity for the development, which received an allocation of Federal Low Income Housing Tax Credits.

Affordable Housing Permanent Loan Program

In December, HDC set aside an additional $15,000,000 of its own reserves to fund permanent mortgage loans for projects which are to be renovated in conjunction with HPD's multifamily rehabilitation programs. Through this new initiative HDC will commit to make permanent loans at rates equal to the interest rate on 10-year U.S. Treasury Bonds plus 100 basis points. These rates are approximately 125-150 basis points below those available from other conventional lenders. The lower HDC rates will better leverage limited public subsidies, helping HPD to rehabilitate more housing with fewer City dollars while keeping rents for low income families at affordable levels. We expect that the $15,000,000 will finance over 1,000 units of rehabilitated housing for low and moderate income New Yorkers in the coming year.

Neighborhood Entrepreneurs Program Seed Money Loan

In September, the Corporation agreed to provide an $850,000 Seed Money Loan to an entity established by the New York City Housing Partnership (the "Partnership") which is working with HPD to renovate occupied City-owned housing. Such buildings are tenanted by the City's lowest income families who, on average, earn less than $8,000 per year. The City has embarked upon an ambitious effort to rehabilitate and sell these buildings to an array of local not-for-profit community groups and small for-profit entrepreneurs whose businesses are located in the areas in which the properties are situated. The Neighborhood Entrepreneurs Program ("NEP") was created by HPD, with the assistance of the Partnership, as the means through which small business persons can renovate and purchase these occupied properties, which, in the past, have proved so difficult for the City to operate and ultimately sell. HDC's Seed Money Loan will help the Partnership and the eleven entrepreneurs, who will renovate the 1,000 apartments comprising the first round of the NEP, to cover operating deficits and pay for the costs of relocating tenants prior to and during the renovation. HDC's funds are lent without interest and will be repaid from the proceeds of construction loans and Federal Low Income Housing Tax Credit syndication proceeds.

As this Report indicates, 1995 was a year of continued significant accomplishment for the Corporation. However, these achievements were the result, not only of the hard work of the Corporation's staff, but of the many partnerships which HDC and REMIC have developed. The body of the Annual Report examines in greater depth the crucial roles which our many partners: developers, not-for-profits, banks, consultants and HPD have played in developing the affordable housing the Corporation has financed. As Federal programs are reduced or even eliminated in the coming years, we will have to rely increasingly on our partners' ingenuity and resourcefulness if we are to fulfill our mission to expand the supply of affordable housing and build viable communities. While government programs may be curtailed, we are confident that the relationships we have developed will continue to grow so that we can meet the challenging tasks ahead.

Deborah C. Wright

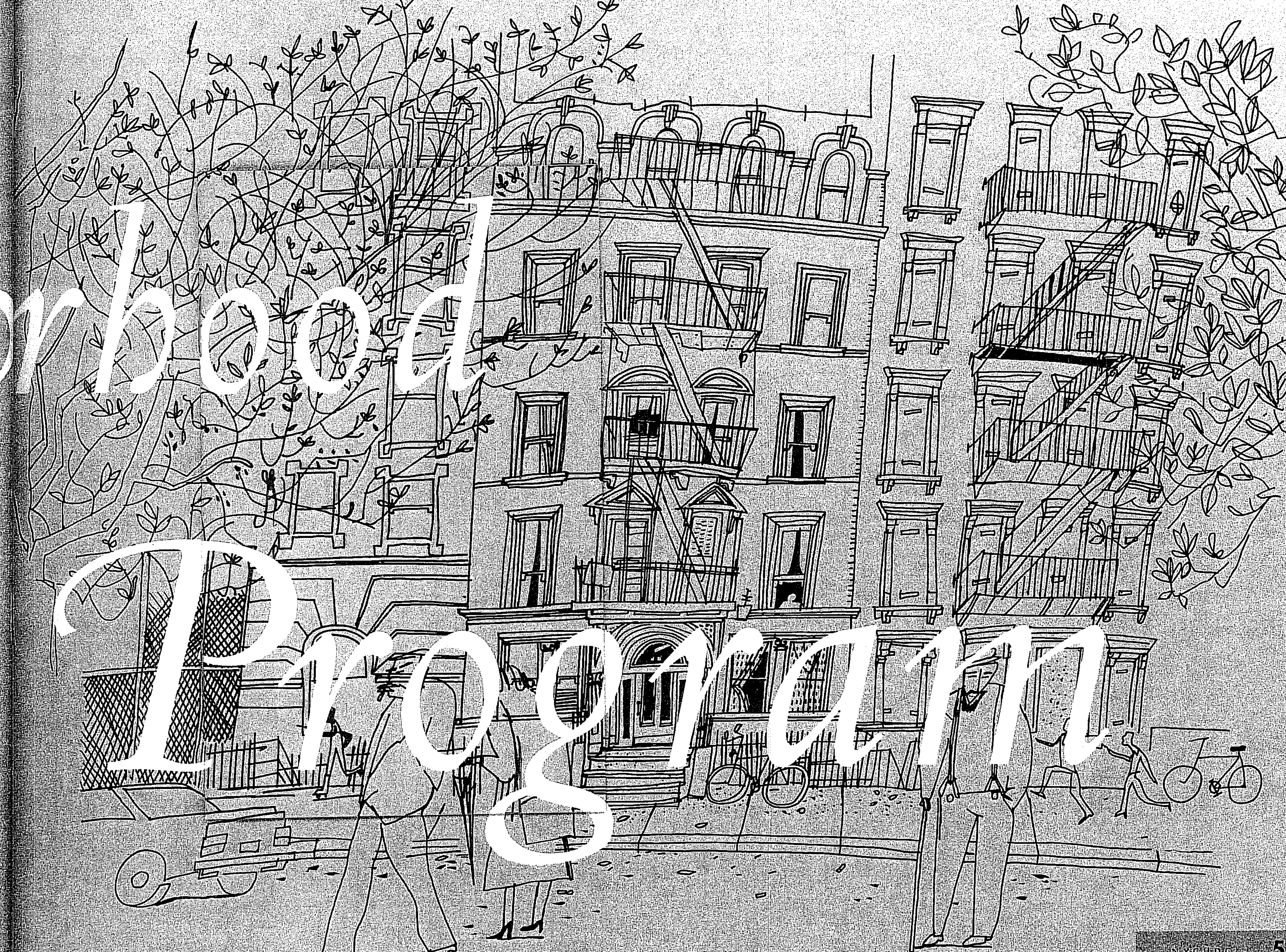
DEBORAH C. WRIGHT
CHAIRPERSON

Barbara Udell

BARBARA UDELL
PRESIDENT

Neighbo Entrepreneurs

The Neighborhood Entrepreneurs Program is the centerpiece of the City of New York's array of new initiatives to renovate City-owned residential property and return it to responsible private owners who will maintain it as affordable rental housing. Developed and administered in conjunction with the New York City Housing Partnership, the Neighborhood Entrepreneurs Program will enable locally-based businessmen and women to rehabilitate and assume ownership of City-owned occupied and vacant residential property. The City is providing the funds which are necessary to renovate these properties, while the Housing Partnership is providing technical assistance to the entrepreneurs selected to participate in this inaugural round of the program through which 1,000 units of affordable housing will be renovated and sold. HDC's $850,000 Seed Money Loan will enable the Housing Partnership and the entrepreneurs to temporarily relocate residents during the renovation process and pay for social services designed to help the tenants of these buildings obtain employment by providing them with training and job opportunities.

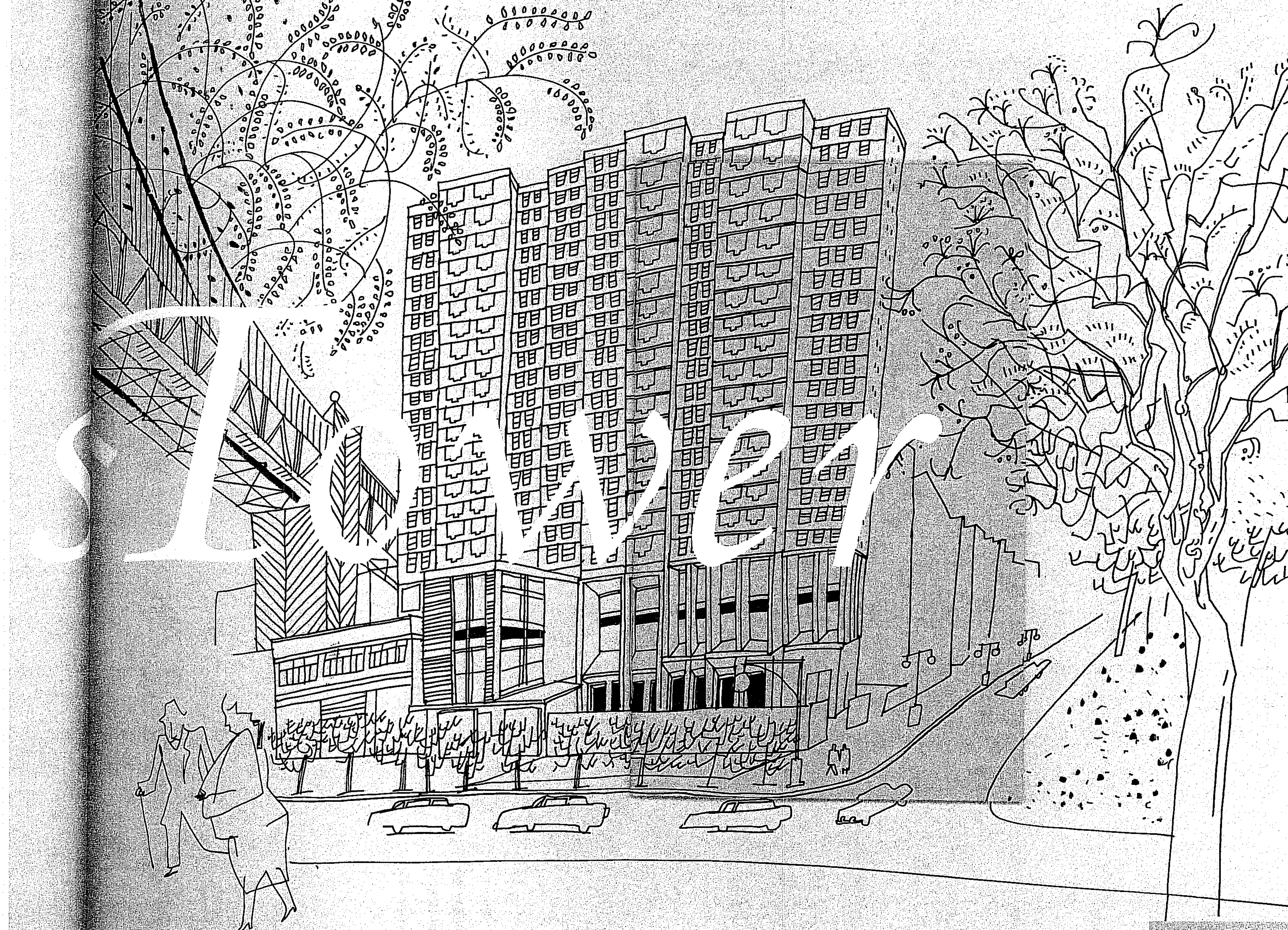

orhood
Program

The "80/20"

Through the Corporation's highly successful "80/20" program, HDC financed 4,851 units of housing over the past decade. In 1995, the Corporation financed an additional 870 rental apartments: 722 units at 400 West 59th Street and an additional 148 units at 100 Jane Street, both in Manhattan. In total, the program has created 1,150 apartments for low and very low income families in economically integrated projects at no direct cost to the City of New York. The "80/20" program, which relies upon HDC's ability to issue tax-exempt bonds and the City's provision of real estate tax exemptions, has generated nearly $1,000,000,000 of construction activity in the City over the past decade and has helped to provide a significant boost to the City's construction industry. Thus, not only a significant contributor to the City's affordable housing efforts, the "80/20" program creates hundreds of construction and permanent jobs, generates millions of dollars in local and State tax revenues and helps preserve the City's long-term tax base by creating new housing in a very tight market.

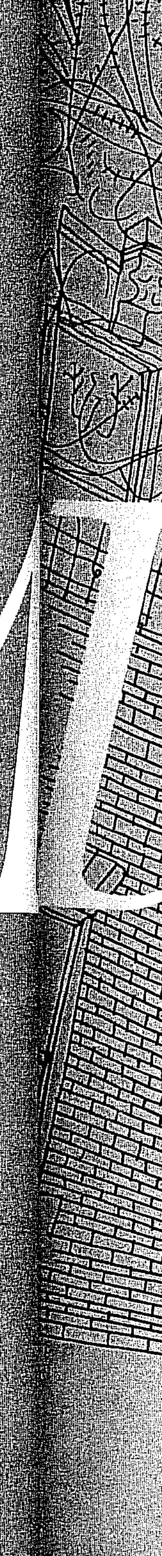
Two Bridges

Two Bridges Tower will be a twenty-one story building located between the Manhattan and Williamsburg Bridges in Manhattan. A bold experiment in mixed-income housing, the project will contain a total of 198 units, 30% of which are expected to be occupied by formerly homeless families, 20% of which will be available to other low income households and 50% of which will be rented to moderate and middle income families. This economically integrated project will also contain three floors of commercial space to be occupied by Hamilton Madison House which will provide social services to residents of the area. HDC participated with HPD, The Dime Savings Bank of New York and the Federal Home Loan Bank of New York to structure the creative financing for this unique project. HDC is providing $8.25 million in construction and permanent financing for this new building being developed by Settlement Housing Fund and the Two Bridges Neighborhood Council. NatWest Bank, now known as Fleet Bank, provided the substantial equity contribution which completed the financing package for this future affordable housing resource.


Tower

REM

The New York City Residential Mortgage Insurance Corporation ("REMIC") became a subsidiary of HDC in 1993. Originally created in the mid-1970's, REMIC has dramatically expanded its mortgage insurance activities in the past two years by committing to insure over 1,200 units of affordable housing. In total, REMIC has insured over 15,000 units throughout the City. This year REMIC received an investment grade rating of A+ from Fitch Investor's Service. The A+ rating will enable REMIC to continue to expand its activities in the future by building upon its core business of insuring permanent mortgage loans made on rehabilitated rental housing properties in the City's low and moderate income neighborhoods. By providing mortgage insurance, REMIC protects lenders against the risk of a mortgage default enabling them to provide long-term fixed rate loans at lower rates of interest thereby helping leverage City subsidies for affordable housing. The two developments highlighted herein exemplify the quality affordable housing REMIC helped make possible this past year.



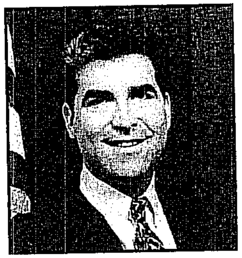

ONE WAY

Members

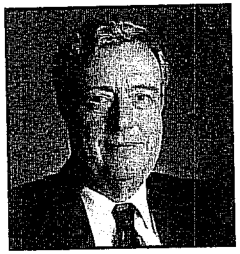
Officers

*Deborah C. Wright**

Alfred C. Cerullo, III



Bill Green



Harry E. Gould, Jr.

Joseph J. Lhota

David Emil

Barbara Udell

Charles A. Brass

David S. Boccio

Abraham J. Greenstein

Martin I. Siroka

*Deborah C. Wright**

CHAIRPERSON AND
MEMBER EX-OFFICIO

Ms. Wright was appointed Commissioner of the New York City Department of Housing Preservation and Development ("HPD") effective January 1, 1994. She most recently served as one of the three Board Members of the New York City Housing Authority ("NYCHA"), from May, 1992 to December, 1993. During her term as a Board Member of NYCHA she took on the broad managerial responsibilities of General Manager. Prior to that Ms. Wright was a member of the New York City Planning Commission from 1990 to 1992, while simultaneously serving as an Adjunct Professor at the Graduate School of Architecture Planning and Preservation at Columbia University. In addition, Ms. Wright was Executive Director of the Community Partnership Development Corporation, a corporation affiliated with the New York City Partnership, Inc. from 1988-1990, and was Director of Marketing of the Partnership from 1987-1988. Ms. Wright started her career as an associate in CS First Boston Corporation's Corporate Finance Group. Ms. Wright is a graduate of Harvard Business School and Harvard Law School and is a member of the New York Bar.

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 from March 1, 1994 to January 24, 1995. 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.

Alfred C. Cerullo, III

MEMBER EX-OFFICIO

Mr Cerullo was appointed Commissioner of the Department of Finance effective January, 1996. Through May 1996, he also served as Commissioner of the New York City Department of Consumer Affairs, a position he has held since March, 1994. Previously, 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

(serving pursuant to law)

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.

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 and Policy Departments. Mr. Brass is President of the Association of Local Housing Finance Agencies ("ALHFA") and 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

DEPUTY GENERAL COUNSEL
AND SECRETARY

Mr. Boccio joined the Corporation in December, 1986, and was appointed Deputy General Counsel and Secretary in January, 1987. 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.

**On February 22, 1996, Ms. Wright announced her departure from HPD to be effective by the end of March, 1996.*

Projects Currently Financed by the Corporation

General Housing Program

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

Mitchell-Lama (223-f Refinancings)

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
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	$	487,926,300	26,120

Section 8 Program

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

Projects Currently Financed by the Corporation

Continued

Vacant Building Program

PROJECT NAME		ORIGINAL LOAN AMOUNT	NUMBER OF UNITS
Bronx			
591 E. 165th Street	$	215,905	30
988,992 Boston Road*		123,790	31
1038 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*		185,217	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
9 W. 137th Street*		319,040	17
205-213 W. 145th Street*		1,362,431	62
2492 Frederick Douglass Boulevard*		153,000	27
TOTAL	$	18,384,184	1,197

*committed

Limited Equity Cooperative Program

PROJECT NAME		ORIGINAL LOAN AMOUNT	NUMBER OF UNITS
Bronx			
South Bronx Cooperatives:			
Daly Avenue	$	1,888,304	32
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	134
TOTAL	$	24,645,615	343

Housing New York Construction Management Program

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

Vacant Building Participation Loan Program

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

Tax Credit Bridge Loan Program

PROJECT NAME		ORIGINAL LOAN AMOUNT	NUMBER OF UNITS
New York Equity Fund 1992:			
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	$	1,016,764	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	$	34,289,845	1,100
Corporate Housing Initiatives Limited Partnership:			
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	$	[illegible],503,263	330

Financial Statements

Independent Auditor's 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 and its subsidiaries, Housing Assistance Corporation, Housing New York Corporation and Residential Mortgage Insurance Corporation (the "Corporation"), as of October 31, 1995, 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, 1995, 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, 1996

Combined Balance Sheet

October 31, 1995 (with comparative combined total as of October 31, 1994) (in thousands)

	HOUSING DEVELOPMENT CORPORATION PROGRAMS	HOUSING ASSISTANCE CORPORATION PROGRAMS	HOUSING NEW YORK CORPORATION PROGRAMS	RESIDENTIAL MORTGAGE INSURANCE CORPORATION PROGRAMS	COMBINED TOTAL 1995	COMBINED TOTAL 1994
ASSETS						
Cash	$ 997	1	3	—	1,001	400
Investments (note 4)	504,027	33,344	35,450	25,310	598,131	620,584
TOTAL CASH AND INVESTMENTS	505,024	33,345	35,453	25,310	599,132	620,984
Receivables:						
Mortgage loans (note 5)	1,863,028	44,165	—	—	1,907,193	1,767,318
Accrued interest	13,254	1,114	—	—	14,368	13,917
Sale of mortgages	4,803	—	—	—	4,803	5,188
Other (note 6)	33,322	—	186,387	—	219,709	217,269
TOTAL RECEIVABLES	1,914,407	45,279	186,387	—	2,146,073	2,003,692
Unamortized issuance costs	10,736	—	2,618	—	13,354	13,980
Due from (to) other funds	(5,790)	6,008	(7)	(211)	—	—
Fixed assets	146	—	—	19	165	206
Other assets	226	—	—	—	226	246
TOTAL ASSETS	$ 2,424,749	84,632	224,451	25,118	2,758,950	2,639,302
LIABILITIES AND FUND BALANCES						
Liabilities:						
Bonds and notes payable (note 7)	$ 1,779,746	—	226,161	—	2,005,907	1,929,566
Net Premium (Discount) on bonds payable	(483)	—	(10,687)	—	(11,170)	(11,649)
Accrued interest payable	38,384	—	6,710	—	45,094	42,383
Payable to the City of New York (note 9)	99,867	84,632	1,451	—	185,950	194,821
Payable to mortgagors	108,172	—	—	—	108,172	96,440
Restricted earnings on investments	2,065	—	—	—	2,065	1,407
Accounts and other payables	603	—	—	133	736	593
Deferred fee and mortgage income	31,182	—	—	—	31,182	30,098
Due to the United States Government (note 11)	2,053	—	—	—	2,053	2,038
TOTAL LIABILITIES	2,061,589	84,632	223,635	133	2,369,989	2,285,697
FUND BALANCES:						
Restricted	281,852	—	—	24,985	306,837	304,227
Unrestricted	81,308	—	816	—	82,124	49,184
TOTAL FUND BALANCES	363,160	—	816	24,985	388,961	353,411
Commitments and Contingencies (notes 12 & 13)						
TOTAL LIABILITIES AND FUND BALANCES	$ 2,424,749	84,632	224,451	25,118	2,758,950	2,639,108

See accompanying notes to the combined financial statements.

Combined Statement of Revenues and Expenses

October 31, 1995 (with comparative combined total as of October 31, 1994) (in thousands)

	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1995	Combined Total 1994
REVENUES						
Interest on loans (note 5)	$ 124,666	—	—	—	124,666	116,010
Earnings on investments (note 4)	21,843	—	2,155	1,321	25,319	19,236
Fees and charges (note 11)	5,891	—	212	228	6,331	7,643
Gain on early retirement of debt	—	—	—	—	—	22
Other (note 6)	130	—	14,409	—	14,539	14,531
TOTAL REVENUES	152,530	—	16,776	1,549	170,855	157,442
EXPENSES						
Interest and amortization (note 7)	105,235	—	16,324	—	121,559	116,002
Salaries and related expenses	5,042	—	—	214	5,256	4,857
Services of New York City	335	—	—	—	335	335
Trustees' and Other fees (note 5)	1,356	—	78	59	1,493	1,349
Amortization of debt issuance costs	714	—	150	—	864	1,896
Corporate operating expenses (note 8)	1,451	—	—	149	1,600	1,495
Non-operating expenses (note 9)	4,198	—	—	—	4,198	4,262
TOTAL EXPENSES	118,331	—	16,552	422	135,305	130,196
EXCESS OF REVENUES OVER EXPENSES	34,199	—	224	1,127	35,550	27,246
Operating Transfers to Corporate Services Fund	140	—	—	(140)	—	—
EXCESS OF REVENUES OVER EXPENSES AFTER OPERATING TRANSFERS	34,339	—	224	987	35,550	27,246
Allocation of Excess of Revenues Over Expenses:						
Restricted fund balance	21,111	—	—	987	22,098	17,658
Unrestricted fund balance	13,228	—	224	—	13,452	9,588
TOTAL	$ 34,339	—	224	987	35,550	27,246

See accompanying notes to the combined financial statements.

Combined Statement of Changes in Fund Balances

October 31, 1995 (with comparative combined total as of October 31, 1994) (in thousands)

	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1995	Combined Total 1994
RESTRICTED						
Balance at beginning of year	$ 280,229	—	—	23,998	304,227	295,651
Excess of revenues over expenses after Operating Transfers	21,111	—	—	987	22,098	17,658
Net transfers from (to) unrestricted fund balances	(19,488)	—	—	—	(19,488)	(9,082)
BALANCE AT END OF YEAR	281,852	—	—	24,985	306,837	304,227
UNRESTRICTED						
Balance at beginning of year	48,592	—	592	—	49,184	30,514
Excess of revenues over expenses after Operating Transfers	13,228	—	224	—	13,452	9,588
Net transfers from (to) restricted fund balances	19,488	—	—	—	19,488	9,082
BALANCE AT END OF YEAR	81,308	—	816	—	82,124	49,184
TOTAL FUND BALANCES AT END OF YEAR	$ 363,160	—	816	24,985	388,961	353,411

See accompanying notes to the combined financial statements.

Combined Statement of Cash Flows

October 31, 1995 (with comparative combined total as of October 31, 1994) (in thousands)

	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1995	Combined Total 1994
CASH FLOWS FROM OPERATING ACTIVITIES						
Excess of revenues over expenses after operating transfers	$ 34,339	—	224	987	35,550	27,246
Net adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities (note 2)	(253)	(1)	2,913	(39)	2,620	4,595
Changes in assets and liabilities:						
Net change in accrued bond and note interest payable	2,712	—	—	—	2,712	(10,735)
Net change in investment interest receivable	(265)	(1)	—	(20)	(286)	209
Net change in accrued earnings payable to mortgagors	224	—	—	—	224	21
Net change in accrued earnings payable to the City of New York	7,190	2,972	(81)	—	10,081	9,769
Net change in other assets	26	—	—	—	26	(4)
Net change in accounts and other payables	(255)	—	—	(4)	(259)	836
Net change in accrued mortgage and loan interest receivable	104	(170)	—	—	(66)	(795)
Net change in other receivables	(6)	—	—	—	(6)	7,631
Net change in receivable from Battery Park City	—	—	(2,842)	—	(2,842)	1,187
Net change in servicing fee receivable	(8)	—	—	—	(8)	(43)
Net transfers between programs	(55)	35	—	20	—	—
Net change in deferred bond refunding costs	(1,175)	—	—	—	(1,175)	(33,805)
Net change in due to the United States Government	(464)	—	(209)	—	(673)	(630)
TOTAL CHANGES IN ASSETS AND LIABILITIES	8,028	2,836	(3,132)	(4)	7,728	(26,359)
Restricted earnings on investments	657	—	—	—	657	(82)
Loan principal payments received	26,725	—	—	—	26,725	48,793
Mortgage and loan advances	(168,653)	—	—	—	(168,653)	(126,429)
Receipt of mortgagor and other escrows	143,750	—	—	—	143,750	187,329
Deferred commitment and financing fees	1,381	—	—	—	1,381	2,525
Disbursements of mortgagor escrows	(63,571)	—	—	—	(63,571)	(71,338)
Disbursements to the City of New York	(83,965)	(2,509)	(1,688)	—	(88,162)	(109,075)
Issuance costs	(1,449)	—	—	—	(1,449)	(4,264)
TOTAL ADJUSTMENTS TO RECONCILE EXCESS OF REVENUES OVER EXPENSES	(137,350)	326	(1,907)	(43)	(138,974)	(94,305)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (103,011)	326	(1,683)	944	(103,424)	(67,059)

See accompanying notes to the combined financial statements.

Combined Statement of Cash Flows

October 31, 1995 (with comparative combined total as of October 31, 1994) (in thousands)

	HOUSING DEVELOPMENT CORPORATION PROGRAMS	HOUSING ASSISTANCE CORPORATION PROGRAMS	HOUSING NEW YORK CORPORATION PROGRAMS	RESIDENTIAL MORTGAGE INSURANCE CORPORATION PROGRAMS	COMBINED TOTAL 1995	COMBINED TOTAL 1994
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Proceeds from sale of bonds and notes	$ 160,737	—	—	—	160,737	492,588
Retirement of bonds and notes	(85,395)	—	—	—	(85,395)	(338,361)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	$ 75,342	—	—	—	75,342	154,227
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchase of fixed assets	(56)	—	—	—	(56)	(26)
NET CASH PROVIDED BY (USED IN) CAPITAL FINANCING ACTIVITIES	$ (56)	—	—	—	(56)	(26)
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale of investments, at cost	8,162,901	105,388	283,288	33,540	8,585,117	11,707,153
Purchase of investments	(8,134,569)	(105,717)	(281,605)	(34,487)	(8,556,378)	(11,794,692)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	$ 28,332	(329)	1,683	(947)	28,739	(87,539)
Increase (decrease) in cash	607	(3)	—	(3)	601	(397)
Cash at beginning of year	390	4	3	3	400	797
CASH AT END OF YEAR	$ 997	1	3	—	1,001	400

See accompanying notes to the combined financial statements.

Notes to the Combined Financial Statements

as of October 31, 1995

NOTE 1: *Organization*

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 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.

NOTE 2: *Summary of Significant Accounting Policies*

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 1995 for the Corporation and HNYC was $101,829,000 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, 1995, with comparative combined totals for 1994:

(in thousands)	TOTAL HDC	TOTAL HAC	TOTAL HNYC	TOTAL REMIC	COMBINED TOTALS 1995	COMBINED TOTALS 1994
AMORTIZATION OF:						
Debt Issuance Costs	$ 710	—	150	—	860	1,873
Original Bond Issue Discount	9	—	523	—	532	494
Investment Discount and Premium	(1,832)	(1)	(141)	(44)	(2,018)	160
Mortgage Discount and Premium	(150)	—	—	—	(150)	(143)
Deferred Fee and Mortgage Income	(300)	—	—	—	(300)	(1,158)
Deferred Bond Refunding Costs	952	—	2,381	—	3,333	3,202
Depreciation and Amortization	95	—	—	5	100	167
Losses on Other Receivables	263	—	—	—	263	—
TOTAL ADJUSTMENTS	$ (253)	(1)	2,913	(39)	2,620	4,595

Included in the caption Disbursements to The City of New York on the Combined Statement of Cash Flows is an amount of $82,542,000 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 $1,688,000 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

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.

NOTE 3: *Description of Programs and Corporate Services Fund*

(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.

The 1982 Multi-Family Housing Bond Program was established in fiscal year 1983 in connection with the refinancing of the Multi-Family Variable Rate Bonds which financed two projects. In December 1993, the 1982 Multi-Family Housing bonds were retired and the mortgages were transferred at cost to the Corporate Services Fund.

A Capital Reserve Fund was established as additional security for the bondholders. The Capital Reserve Fund is required to maintain cash and investments of $18,104,000. Should the fund fall below the required amount, the City has a moral obligation to restore the fund to the minimum requirement. These monies would constitute interest-free loans and would then be repaid to the City from future collections. To date, revenues have been sufficient to cover expenses. At this time, the Corporation does not anticipate that the reserves will be utilized to cover program expenses.

(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, the State of New York Mortgage Agency ("SONYMA") insured mortgage loans, the Government National Mortgage Association ("GNMA") mortgage-backed securities and other mortgage loans.

The respective bond issues are secured by the revenues earned on the loans, securities and other pledged assets for a particular series of bonds including Section 8 rental subsidy payments funded under the United States Housing Act of 1937, as amended.

The 1993 Series A & B Bonds refinanced four bond issues which provided construction and permanent financing of 35 Section 8 assisted multifamily 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).

(d) 80/20
The bonds under this program were issued to provide the funds for the construction and 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, letters of credit from national banking associations, 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 are to be 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 may grant monies to the City, any agency or instrumentality of the City, or to the Corporation 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 and notes are neither debts of the State, the BPCA, the City nor the Corporation.

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, 1995 is $1,527,000.

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, 1995 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, 1995 is $14,925,000.

NOTE 4: *Investments and Deposits*

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 1995, investment gains amounted to $1,760,000 while losses amounted to $537,000. At October 31, 1995, the market value including accrued interest exceeded the amortized cost basis of the portfolio by $20,899,000.

The interest rate under one revolving fixed term repurchase agreement is 6.59% with a maturity date of April 1, 2030. Margin requirements under this agreement are 103% with weekly pricing of securities. This investment with a cost basis of $1,069,000 is included in the caption Fixed & Variable Term Repurchase Agreements in the table below. During the fiscal year, HDC entered into two variable term repurchase agreements. Interest rates on all repurchase agreements range from 3.28% to 6.59%. Maturity dates range from November 1, 1995 to November 3, 1997.

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. The cost basis of $2,249,000 in OTDs were collateralized by securities held by the respective bond program's trustee. OTDs have a total cost basis including accrued interest of $28,505,000 and a bank balance of $28,401,000. Interest rates on all OTDs range from 2.85% to 6%. Maturity dates range from December 31, 1995 to November 1, 1997.

Repurchase agreements amounted to $155,108,000 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 30 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.

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

Freddie Mac Notes amount to $22,328,000 with maturity dates ranging from November 8, 1996 to October 24, 2000. Yield rates on these investments range from 6.03% to 7.13%. Federal Farm Credit Notes amount to $1,003,000 with a maturity date of October 15, 1998 and a yield rate of 6.28%.

Combined cash deposits total $1,001,000 at October 31, 1995. These accounts were maintained with bond trustees as well as with major commercial banks. Cash deposits amounting to $382,000 are FDIC insured, while $19,000 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. All of REMIC's funds were fully invested at October 31, 1995.

Investments held in the Corporation's name by the Corporation, its agents and bond trustees at October 31, 1995:

SECURITY	TOTAL COST	CURRENT MARKET VALUE PLUS ACCRUED INTEREST	EXCESS OF MARKET VALUE OVER COST
(in thousands)			
U.S. Treasury Bonds	$ 93,538	111,031	17,493
U.S. Treasury Bills	94,341	94,323	(18)
U.S. Treasury Notes	144,618	147,816	3,198
U.S. Treasury Strips	193	198	5
Fixed Repurchase Agreements	155,108	155,108	—
G.N.M.A.	38,056	38,243	187
Open Time Deposits	28,505	28,505	—
Fixed & Variable Term Repurchase Agreements	17,737	17,737	—
Freddie Mac Notes	22,328	22,361	33
Federal Farm Credit Notes	1,003	1,004	1
NYC General Obligation Bonds	702	702	—
Money Market and NOW Accounts	2,002	2,002	—
TOTALS	$ 598,131	619,036	20,899

NOTE 5: *Mortgage and Other Loans*

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. Five of the eight projects receive interest reduction subsidies under Section 236 of the National Housing Act of 1934, as amended, from HUD. To the extent that the projects do not generate sufficient funds to meet the annual debt service requirements, payments may be made first from the General Reserve Fund to the extent available and then from the Capital Reserve Fund.

On December 1, 1993, the mortgages for the two projects under the 1982 Multi-Family Bond Program were transferred to the Corporate Services Fund at their adjusted cost basis. Available corporate resources were utilized to retire the outstanding bonds.

(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.

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) are payable to the City. With respect to the 1991 Multi-Unit Refunding Bond Program, the earnings on certain restricted funds (which are also excluded from revenues) are payable to the City.

(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).

(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. The mortgage loans under three programs 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 nine of the programs are held or serviced by the financial institution providing the credit enhancement for the respective bond program.

On April 6, 1994, the Corporation issued the 1994 Series A Multi-Family Mortgage Revenue Bonds to refinance the mortgage loan on the James Tower project and to refund the Multi-Family Development Bonds (James Tower Development), 1985 Issue 1 (see note 7).

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).

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 four 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-cancellable 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 or will be 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, 1995, 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. Therefore, the Corporation has 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 has 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 holds the first mortgage loan within the Corporate Services Fund on behalf of HAC. At October 31, 1995, the combined loan balance was $6,009,000.

(ii) Subsidy:
Certain projects receive tenant assistance payments on behalf of the eligible tenants.

NOTE 6: *Other Receivables*

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Other Receivables amounts to $33,322,000, 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 $186,387,000, which represents $142,728,000 in funds advanced to the City through October 31, 1995 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 to the Corporation see note 3C. The remaining balance of $43,659,000 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.

NOTE 7: *Bonds Payable*

(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.

(i) Multi-Family Bond Programs:

(a) General Housing
The bonds of the General Housing and 1982 Multi-Family Housing Bond Programs are general obligations of the Corporation. Substantially all of the programs' assets are pledged as collateral for the bonds.

On December 1, 1993, the 1982 Multi-Family Bonds were retired and the mortgages for the two projects were transferred to the Corporate Services Fund.

(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.The $15,610,000 par value of serial and term 1985 First Series FHA Insured Bonds have interest rates ranging from 8.5% to 9.875%. The $22,235,000 par value of serial and term 1985 Series A GNMA Bonds have interest rates ranging from 7.8% to 8.75%. The $13,430,000 par value of serial and term 1985 First Series Insured Bonds have interest rates ranging from 7.25% to 8.5%. 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). The $13,430,000 1985 First Series Insured Bonds redeemed on November 1, 1995 have been removed from the Combined Balance Sheet at October 31, 1995.

(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 April 6, 1994, the Corporation issued $28,000,000 of its Multi-Family Mortgage Revenue Bonds (James Tower Development), 1994 Series A, to refinance the mortgage loan for the project and to refund all of the outstanding Multi-Family Development Bonds, 1985 Issue 1, on April 18, 1994. The mortgage note had interest rates ranging from 8.41% to 8.54%. The 1994 Series A Bonds are variable rate bonds having an initial stated rate of 2% and a maximum rate of 12% and mature in 2005. The mortgage loan documents require the mortgagor to pay sufficient funds to cover the interest and principal on the bonds plus various fees.

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 advance refunding met the requirements of an in-substance defeasance, and, accordingly on October 31, 1995, none of the 1985 Issue A Bonds are an outstanding obligation of the Corporation. At October 31, 1994, 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.

(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, 1995, none of the 1985 Series 1 Bonds are an outstanding obligation of the Corporation. At October 31, 1995, the defeased MBIA Insured Residential Revenue Bonds (Royal Charter Properties-East, Inc. Project), 1985 Series 1, totaled $64,837,000.

(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 of the bonds 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 and notes payable caption on the Combined Balance Sheet for the Corporation and its subsidiaries includes $43,827,000 of deferred bond refunding costs on programs that were refinanced. For 1994 this caption included $44,773,000.

Deferred bond refunding costs include call premiums of $468,300 for the 1985 First Series PLP Multi-Family Housing Bond Program, $444,700 for the 1985 Series A Multi-Family Mortgage Revenue Bond Program (GNMA Mortgage Backed Securities) and $261,500 for the 1985 First Series Insured Multi-Family Mortgage Revenue 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 are neither debts of the State, the BPCA, the City nor 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 shall be 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, 1995, none of the 1987 Series Bonds are an outstanding obligation of HNYC. At October 31, 1995, the defeased 1987 Series Bonds totaled $192,101,000.

(D) NEW YORK CITY RESIDENTIAL MORTGAGE INSURANCE CORPORATION

REMIC is not authorized to issue any bonds or notes.

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

YEAR ENDING OCTOBER 31	NEW YORK CITY HOUSING DEVELOPMENT CORPORATION	HOUSING NEW YORK CORPORATION
(in thousands)		
1996	$ 27,154	$ —
1997	26,692	—
1998	28,570	—
1999	27,396	—
2000	28,758	—
TOTAL	$ 138,570	$ —

BONDS OUTSTANDING

Bonds payable comprise the following for the year ended October 31, 1995:

DESCRIPTION *(in thousands)*		BALANCE AT OCT. 31, 1994	ISSUED	RETIRED	BALANCE AT OCT. 31, 1995	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	$	230,685	—	(2,065)	228,620	17,984
TOTAL GENERAL HOUSING	$	230,685	—	(2,065)	228,620	17,984
SECTION 223(f):						
Multifamily Housing Bond Program—6.5% to 7.25% Bonds maturing in varying installments through 2019		329,926	—	(5,185)	324,741	26,979
1991 Multi-Unit Mortgage Refunding Bond Program—4.4% to 7.35% Serial and Term Bonds maturing in varying installments through 2019		99,135	—	(1,520)	97,615	8,620
TOTAL SECTION 223(f)	$	429,061	—	(6,705)	422,356	35,599
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		130,000	—	(1,985)	128,015	9,153
1994 Series A PLP Bond Program—8.4% and 8.95% Term Bonds maturing in varying installments through 2025		6,500	—	—	6,500	632
1995 Series A Multi-Family Housing Revenue Bond Program—3.5% to 5.6% Serial Bonds maturing in varying installments through 2007		—	49,635	—	49,635	4,680
TOTAL HOUSING REVENUE BOND PROGRAM	$	136,500	49,635	(1,985)	184,150	14,465

DESCRIPTION (in thousands)	BALANCE AT OCT. 31, 1994	ISSUED	RETIRED	BALANCE AT OCT. 31, 1995	ANNUAL DEBT SERVICE
80/20:					
1984 Series A Carnegie Park Project—Variable Rate Bonds due upon demand through 2016	$ 65,400	—	(600)	64,800	3,459
1985 First Series PLP—6.75% to 9.875% Serial and Term Bonds maturing in varying installments through 2017	15,760	—	(15,760)	—	—
1985 Series A GNMA Mortgage-Backed Securities—5.9% to 8.75% Serial and Term Bonds maturing in varying installments through 2016	22,615	—	(22,615)	—	—
1985 Series A Columbus Green Project—Variable Rate Bonds due upon demand through 2009	13,900	—	(125)	13,775	735
1985 First Series SONYMA Insured—5% to 8.5% Term and Serial Bonds maturing in varying installments through 2007	14,095	—	(14,095)	—	—
1985 Resolution 1 Parkgate Tower—Variable Rate Bonds due upon demand through 2007	46,905	—	(1,100)	45,805	6,371
1987 Series A GNMA Mortgage-Backed Securities—8.125% Term Bonds maturing in varying installments through 2019	4,225	—	(50)	4,175	398
1987 Series A HoDAG—8.625% and 9.625% Term Bonds maturing in varying installments through 2019	8,890	—	(145)	8,745	996
1988 Series A Carnegie Park Project—Variable Rate Bonds due upon demand through 2016	2,000	—	—	2,000	108
1989 Series A Upper Fifth Avenue Project—Variable Rate Bonds due upon demand through 2016	10,000	—	—	10,000	381
1989 Series A Queenswood Apartments—Variable Rate Bonds due upon demand through 2017	12,400	—	—	12,400	471

as of October 31, 1995

DESCRIPTION *(in thousands)*		BALANCE AT OCT. 31, 1994	ISSUED	RETIRED	BALANCE AT OCT. 31, 1995	ANNUAL DEBT SERVICE
1989 Series A Sheridan Manor Apartments— 7.2% and 7.45% Term Bonds maturing in varying installments through 2008	$	10,835	—	(430)	10,405	1,222
1990 Series A Related—East 96th Street Project— Variable Rate Bonds due upon demand through 2015		104,600	—	—	104,600	3,828
1993 Series A Columbus Gardens Project— Variable Rate Bonds due upon demand through 2007		27,200	—	(500)	26,700	1,491
1993 Series A & B Manhattan Park—6.25% to 8% Term Bonds maturing in varying installments through 2030		163,510	13,910	(14,935)	162,485	11,760
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— Variable Rate Bonds maturing in varying installments through 2005		27,600	—	(700)	26,900	1,701
1994 Series A York Avenue Development— Variable Rate Bonds due upon demand through 2024		57,000	—	—	57,000	2,195
1994 Series A Tribeca Towers Development— Variable Rate Bonds maturing in varying installments through 2024		—	55,000	—	55,000	2,090
1995 Series A Columbus Apartments Development— Variable Rate Bonds maturing in varying installments through 2025		—	23,570	—	23,570	1,070
1995 Series A & B Jane Street Development— Variable Rate Bonds maturing in varying installments through 2030		—	18,675	—	18,675	740
TOTAL 80/20	$	748,670	111,155	[illegible]	[illegible]	[illegible]

DESCRIPTION		BALANCE AT OCT. 31, 1994	ISSUED	RETIRED	BALANCE AT OCT. 31, 1995	ANNUAL DEBT SERVICE
HOSPITAL RESIDENCE:						
1988 Series 1 MBIA Insured—5.6% to 7.5% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2017	$	99,948	—	(3,460)	96,488	9,238
1993 Series A East 17th Street Properties—Variable Rate Term Bonds maturing in varying installments through 2023		36,600	—	—	36,600	1,427
1993 Series A Montefiore Medical Center—Variable Rate Term Bonds maturing in varying installments through 2030		8,400	—	—	8,400	319
TOTAL HOSPITAL RESIDENCE	$	144,948	—	(3,460)	141,488	10,984
RESIDENTIAL COOPERATIVE HOUSING:						
1990 Series A South Williamsburg Cooperative—7.9% Term Bonds maturing in varying installments through 2023		6,865	—	(65)	6,800	606
1990 Series A South Bronx Cooperative—8.1% Term Bonds maturing in varying installments through 2023		6,590	—	(60)	6,530	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	$	25,785	—	(125)	25,660	1,961
TOTAL BONDS PAYABLE HOUSING DEVELOPMENT CORPORATION	$	1,715,649	160,790	(85,395)	1,791,044	128,088
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	$	1,974,339	160,790	(85,395)	2,049,734	141,509

NOTE 8: *Consultant's Fees*

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

The fees paid by the Corporation for legal and consulting services in fiscal year 1995 for HDC include: $26,536 to Brownstein, Zeidman and Lore, a Professional Corporation, $3,414 to Hawkins, Delafield & Wood and $5,377 to Timothy P. Fisher, Esq. for legal services. The Corporation paid consulting fees in the amount of $24,360 to Bonnie Sprung, CPA, to assist in the preparation of the Corporation's financial statements and $76,115 to Hamilton Securities Group for strategic planning.

In addition, the following legal fees were paid: $333,058 to Hawkins, Delafield & Wood and $40,000 to Brownstein, Zeidman and Lore. The Corporation paid consulting fees in the amount of $2,641 to Goldman Sachs & Company. $140,000 was paid to Alee, King, Rosen & Fleming, Inc. for an environmental study. The Corporation has been reimbursed for the expenses set forth in this paragraph from either bond proceeds or project developers.

NOTE 9: *Payable to the City of New York*

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

HPD acts as the regulatory agency for the General Housing Program mortgages, and as such, receives servicing fees from HDC. At October 31, 1995, the General Housing 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 remits to the City any excess of mortgage interest income and investment earnings over related debt expense, trustee fees and servicing fees. These expenses are considered non-operating and amounted to approximately $3,039,000 for fiscal year 1995. As of October 31, 1995, the total liability to the City was $10,879,000. Under the 1991 Multi-Unit Refunding Bond Program non-operating expenses amounted to $1,041,000 for fiscal year 1995. As of October 31, 1995, the total liability to the City was $2,623,000.

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 1985 First Series Insured Multi-Family Mortgage Revenue Bond Program which was refinanced on August 3, 1995 and is now under the 1995 Series A Multi-Family Housing Revenue Bond Program (see note 7) and the 1987 Series A (FHA Insured Mortgage Loans) Multi-Family Housing Bond Program. Included in non-operating expenses were $56,000 in the 1985 bond program, $44,000 in the 1987 bond program and $18,000 in the 1995 bond program. As of October 31, 1995, all funds had been advanced. The total funds payable to the City over the life of the bond programs are $6,676,000 in the 1987 bond program and $6,698,000 in the 1995 bond program.

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, 1995.

The Corporation under its DSP has initiated an HPD Loan Servicing Program. From 1991 through 1994 HPD transmitted $340,753,000 and for 1995 $68,181,000 to the Corporation for this activity. At October 31, 1995, the Corporation held $54,297,000 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, 1995, total resources payable to the City amounted to $84,632,000.

(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, 1995, total funds held for the City amounted to $1,451,000.

NOTE 10: *Retirement System*

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 $31,000 and REMIC paid $11,000 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 participates in this plan.

NOTE 11: *Due to the United States Government*

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, 1995, the Corporation held $2,002,000 in prefunded annual contributions. Related fees earned during fiscal year 1995 amounted to $1,846,000 and are included in the Corporate Services Fund.

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 Internal Revenue Code of 1986, as amended, ("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, 1995, HDC had set aside $51,000 in rebateable funds.

NOTE 12: Commitments

(A) NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

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

YEAR ENDING OCTOBER 31	
1996	$ 537,000
1997	545,000
1998	552,000
1999	583,000
2000	586,000
TOTAL	$ 2,803,000

For fiscal year 1995, the Corporation's rental expense amounted to $609,000.

Remaining mortgage commitments and other loan commitments at October 31, 1995 are as follows:

MORTGAGE LOANS:	
Multi-Family Bond Programs:	
80/20	$ 26,178,000
Hospital Residence	700,000
Residential Cooperative Housing	11,864,000
TOTAL MORTGAGE LOAN COMMITMENTS	$ 38,742,000
OTHER LOANS:	
Development Services Program	2,685,000
TOTAL COMMITMENTS	$ 41,427,000

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 is 85.85% or $134,000,000 and the AFL–CIO's share is 14.15% or $22,087,000.

(B) NEW YORK CITY RESIDENTIAL MORTGAGE INSURANCE CORPORATION

REMIC is committed under one operating lease for office space for minimum annual rentals for the next three years as follows:

YEAR ENDING OCTOBER 31	
1996	$ 92,000
1997	92,000
1998	92,000
TOTAL	$ 276,000

For fiscal year 1995, REMIC's rental expense amounted to $121,000.

As of October 31, 1995, REMIC insured loans with coverage totaling $30,619,000 and had outstanding commitments to insure loans with a maximum insurance coverage of $6,981,000.

NOTE 13: Contingencies

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.

NOTE 14: Subsequent Events

A. On November 10, 1995, 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 which will provide construction and permanent financing for 400 West 59th Street, a 722 unit 80/20 multi-family rental building.

SCHEDULE 1 (CONTINUED):

HOUSING REVENUE BOND PROGRAM
STATEMENT OF REVENUES AND EXPENSES
Fiscal Years 1995 and 1994:

(in thousands)	1995	1994
REVENUES		
Interest on Loans	$ 21,609	21,056
Earnings on Investments	1,760	774
Fees & Charges	68	40
TOTAL REVENUES	23,437	21,870
EXPENSES		
Interest & Amortization	8,933	7,840
Trustee & Other Fees	60	59
Debt Issuance Costs	97	77
Non-operating Expenses	18	—
TOTAL EXPENSES	9,108	7,976
EXCESS OF REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	14,329	13,894
Operating Transfers	61	—
EXCESS OF REVENUES OVER EXPENSES AFTER OPERATING TRANSFERS	$ 14,268	13,894

See accompanying independent auditor's report.

The Corporation's Staff

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President

Abraham J. Greenstein
Executive Vice President

Joan O'Brien
Executive Assistant to the President

Helen Bojceniuk
Executive Assistant to the Executive Vice President

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Vice President

Sivonne Hermann
Allison Jones
Assistant Directors

June Ricketts
Betty Scarlett
Administration

Financial Analysis

Bernard Hecht*
Director

Legal

Martin I. Siroka
Vice President and General Counsel

David S. Boccio
Deputy General Counsel and Secretary

William Meltzer
Assistant General Counsel

Michelle Abbott-Smith
Yvonne Glenn
Paralegals

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Director

Mary McConnell
Deputy Director

Blanche Hodges
Office Manager

Agnes M. Abraham
Administration

Miguel Alvarez
Ellie Candelario
John Evans
Edward Overton

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Assistant Treasurer

Maria N. Arroyo
Purchasing Manager

Nancy Wolf
Administration

Cash Management

Harry Fried
Assistant to the Treasurer

Giacomo Tafuro
Investment Analyst

Karyn Spector
Investment Administrator

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Joseph Porsia
Robert Serino
Renee Shepperson

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Karen Mattics
Assistant Director

Christine Chan
Sakhawat A. Kazmi
Annie Yiu

Computer Operations

Jeffrey DeVito
Supervisor

Accounting

Kenneth Mertz
Controller

Shirley Jarvis
Chief Accountant

Cathleen Baumann
Juliet Bolden
Evelyn Chen
Rhoda Deane-Yhap
Mary John
Cherrill McPhoy
Ana Maria Morales
Rui-Dan Peng
Frieda Schwartz
Bharat Shah
Moishe Weiss
Cheuk Yu

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Assistant Director

Geraldine Brown
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Administration

Denis Belic
Janice Briggs
Brian Karim
Scott Lakow
Delia Lau
Joan Morrison
Roberto Ramirez
Shirell Taylor
Dinard Vargas
Patricia Waller
Gwendolyn Williams

Management Information Systems

Michael Hirst
Director

Peter Malecki
Irene Yau

REMIC's Staff

Seymour Trommer
Senior Insurance Officer

Julio Colon
Director of Development

Edythe Solomon
Administration

Also serves as Vice President of REMIC