



Report to Members 2005

New York City
Residential Mortgage Insurance Corporation

Emily A. Yousouf, *President*



DATE: April 24, 2007

TO: The Chairperson and Members

FROM: Emily Youssouf

SUBJECT: Report on REMIC FY 2005 Activities

Attached please find a summary of the activities and accomplishments of the New York City Residential Mortgage Insurance Corporation during the fiscal year ending October 31, 2005.

I am pleased to report that the Corporation has continued its role in helping to establish, strengthen, and maintain available stock of affordable housing throughout all areas of New York City. While there has been a slight decrease in the number of insurance commitments issued in FY 2005, the number of units insured actually increased by 148 in FY 2005. Furthermore, REMIC posted a record net income of approximately \$2.7 million.

A detailed summary of Fiscal Year 2005 is attached.

REMIC – Mission and History

New York City Residential Mortgage Insurance Corporation (REMIC) is a public benefit corporation created to promote the production and rehabilitation of affordable housing in New York City through the issuance of mortgage insurance. REMIC plays an integral role in New York City's efforts to stabilize and revitalize the City's diverse neighborhoods.

Established in 1973 by the State Legislature, with a \$7.5 million loan from New York City, REMIC was created to promote the development of affordable housing in specifically designated distressed areas of New York City. Using mortgage insurance, REMIC works to promote the issuance of residential loans, many which would not proceed without credit enhancement.

In 1993 the State Legislature amended the REMIC statute—REMIC was no longer limited to designated distressed areas, but instead, allowed to insure mortgages throughout the City. At the same time, REMIC was reorganized as a subsidiary of the New York City Housing Development Corporation (HDC) and the original \$7.5 million was returned to the City with HDC funding REMIC reserve amount requirements. These legal changes and transfers of funds created a “new REMIC” entity, while certain reserve requirements remained in place for the “old REMIC” insured projects.

Since its restructuring, REMIC has grown significantly. To date, including FY 2005, REMIC has issued 366 commitments to insure, with a total of 11,146 units and total mortgage amount of over \$450 million dollars. Furthermore, REMIC's insurance portfolio has performed very well through the years. In the 32 years of its existence, REMIC has only paid claims for insured loans totaling \$589,291.

2005 Summary

During Fiscal Year 2005 which ran from November 1, 2004 through October 31, 2005, REMIC issued 8 commitments to insure totaling 477 units containing a total mortgage amount of \$33,367,750. During Fiscal Year 2005, REMIC insured 9 loans that comprised 281 units containing a total mortgage amount of \$26,044,549. As of year-end 2005, REMIC insured mortgages had a balance of \$264 million and had insurance valued at \$82.4 million in effect. Following are details of the commitments to insure and the certificates of insurance that REMIC issued in 2005. Additionally, a comparison between Fiscal Year 2004 and 2005 is provided.

Comparison between FY 2004 – FY 2005

Commitments in FY 2004

Number: 11 Projects – 329 units

Mortgage Amount: \$12,285,612

Insurance Amount: \$8,411,263

Insurance in FY 2004

Number: 9 Projects – 408 units

Mortgage Amount: \$32,525,750

Insurance Amount: \$7,828,250

Commitments in FY 2005

Number: 8 Projects – 477 units

Mortgage Amount: \$33,367,750

Insurance Amount: \$10,079,063

Insurance in FY 2005

Number: 9 Projects – 281 units

Mortgage Amount: \$26,044,549

Insurance Amount: \$7,299,654

FY 2005 Commitments to Insure

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amt</u>	<u># of Units</u>
<i>Bronx</i>			
863 Westchester Avenue	HDC	\$2,870,000	69
2348 Webster Avenue	HDC	\$1,335,000	63
128 East Clark Place	CPC-NYR	\$2,529,000	65
445 East 171 st Street	Carver	\$637,000	4
<i>Brooklyn</i>			
1054-1096 Bergen Ave.	HDC	\$9,810,000	72
<i>Manhattan</i>			
250 West 116 th Street	HDC	\$2,815,000	32
2075 Adam Clayton Powell Boulevard	Carver	\$726,750	3
595 Columbus Ave.	HDC	\$12,645,000	169
TOTAL		\$33,367,750	477

FY 2005 Mortgages Insured

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amt</u>	<u># of Units</u>
<i>Bronx</i>			
645 Melrose Avenue	CPC-NYR	\$565,549	12
234 & 236 Cumberland St.	CPC-NYR	\$900,000	7
445 East 171 st Street*	Carver	\$637,000	4
<i>Brooklyn</i>			
420 Eastern Parkway	CPC-NYR	\$325,000	16
64 West 9 th Street	HDC	\$3,060,000	26
<i>Manhattan</i>			
4 West 121 st Street	CPC-TRC	\$417,000	4
210-214 East 118 th Street**	HDC	\$3,400,000	27
<i>Queens</i>			
96-06 161 st Street**	HDC	\$9,100,000	90
Shoreview Apts., Beach 94 th Street	HDC	\$7,640,000	92
TOTAL		\$26,044,549	281

*Committed and Insured in the same Fiscal Year are captured on each summary page.

**This project was inadvertently omitted from the Commitment Summary in the 2004 Report to Members. The omission did not have any material or adverse effect and is fully captured in this Report.

HDC Programs

New HOP

Approximately ten years ago, HDC initiated the New Housing Opportunities Program (New HOP), our City's first middle-income housing program in more than a quarter century. Under this innovative program, HDC issues bonds (either taxable or tax-exempt) to provide financing for construction and permanent mortgage loans for new or substantially rehabilitated rental and cooperative housing for moderate and middle income New Yorkers.

During 2005, REMIC issued 2 commitments to insure the top 20% of New HOP projects with a total mortgage amount of approximately \$12,625,000 and with 104 units.

LAMP

HDC's Low-Income Affordability Marketplace Program (LAMP) combines the use of tax-exempt bond financing with the Federal Low Income Housing Tax Credits and other subsidies to produce affordable housing for those earning less than 60% of area median income.

In 2005, REMIC issued 3 Commitments to Insure the top 20% of LAMP projects with a total mortgage amount of \$16,850,000 and with 301 units.

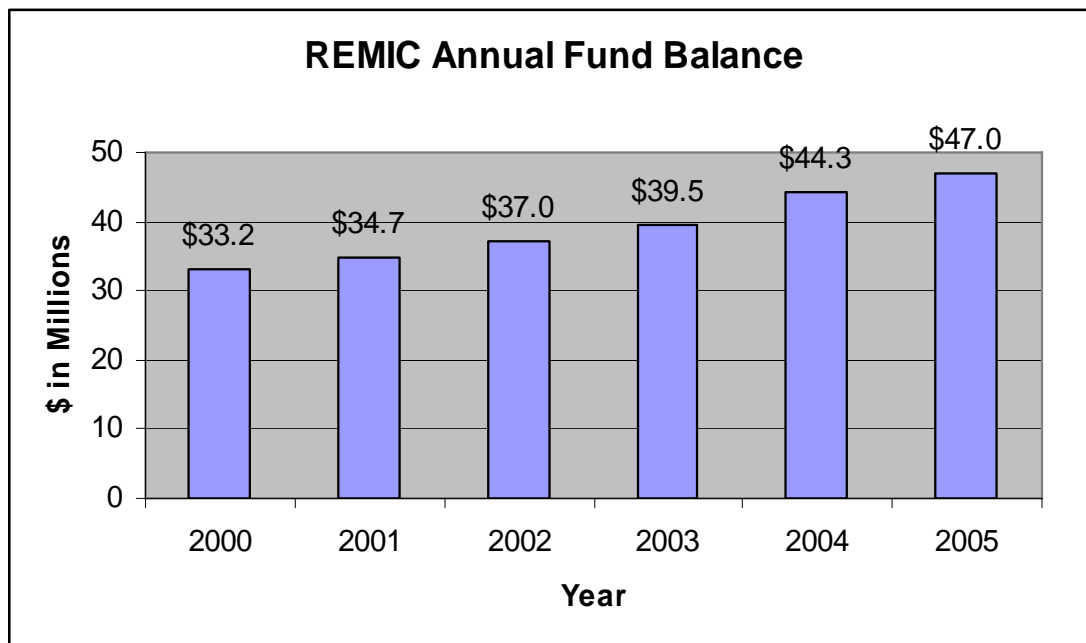
Annual Commitment Activity

<u>Year</u>	<u># of Loans</u>	<u>Mortgage Amt.</u>	<u>Insured Amt.</u>	<u># of Units</u>
1993	4	\$1,928,744	\$1,567,381	187
1994	13	\$3,763,660	\$2,693,548	334
1995	14	\$7,208,793	\$5,014,621	393
1996	26	\$23,366,950	\$18,865,200	1,139
1997	24	\$18,428,876	\$14,912,594	1,162
1998	28	\$15,572,362	\$14,604,742	686
1999	36	\$36,923,037	\$19,652,037	1,077
2000	69	\$61,518,039	\$28,622,957	1,668
2001	53	\$79,727,587	\$25,765,925	1,232
2002	33	\$42,190,603	\$16,290,443	789
2003	47	\$119,952,922	\$41,525,739	1,673
2004	11	\$12,285,612	\$8,411,263	329
2005	8	\$33,367,750	\$10,079,063	477
Total	366	\$456,234,935	\$208,005,513	11,146

REMIC FY 2005 Fund Balances

Fund	Restricted Fund Balance	Unrestricted Fund Balance	Total Balance
Mortgage Insurance Fund	\$1,561,484.00	\$3,523,312.13	\$5,084,796.13
Housing Insurance Fund	\$28,061,543.20	\$786,303.19	\$28,847,846.39
Premium Reserve Fund	\$0.00	\$11,995,771.72	\$11,995,771.72
Cumulative Unrealized Gains/Losses	\$1,055,317.87	\$0.00	\$1,055,317.87
TOTAL	\$30,678,345.07	\$16,305,387.04	\$46,983,732.11

At the close of Fiscal Year 2005 REMIC had an amortized fund balance of \$46,983,732.11, a 6% growth from FY 2004.



REMIC Insurance Capacity

Taking into consideration the funds that, by statute, must be maintained for the insurance entered into by the "Old" REMIC and the reserves set aside to cover the insurance commitment and contracts into which "New" REMIC has entered, the Corporation entered Fiscal Year 2006 with undesignated capacity of approximately \$76 million.

REMIC's continued ability to provide new insurance is primarily due to two factors. First, REMIC's FY 2005 operating profit of approximately \$2.7 million enables REMIC to provide an additional \$13.5 million of insurance capacity. Second, as the "Old" REMIC portfolio is reduced, monies are freed up to permit new insurance contracts to be written. During the past year, the "Old" REMIC portfolio was reduced by almost \$200,000, providing REMIC with the ability to underwrite approximately \$1 million in additional insurance.

Rating Agencies

Both Standard and Poor's and Fitch Ratings continue to maintain REMIC's credit ratings. Standard and Poor's currently rates REMIC at "AA" and Fitch rates REMIC at "AA-."

Claims Paid

During Fiscal Year 2005, there were no insurance claims paid on either "Old REMIC" or "New REMIC" properties. The total amount of claims paid since 1973 remains at \$589,291.

"Old" REMIC Properties

As of October 31, 2005, Old REMIC had in its portfolio insured mortgages from 7 lenders for 23 properties with 523 units. The current aggregate balance of these insured mortgages is \$2,289,306 with REMIC insurance in effect of \$1,597,854.

"New" REMIC Properties

As of October 31, 2005, REMIC had in its portfolio insured mortgages for 130 properties with 4,820 units. The current aggregate mortgage balance of these insured mortgages is \$261,724,684 with REMIC insurance in effect of \$80,827,194.

Investment Summary

As of October 31, 2005, REMIC reserves were invested in securities of Fannie Mae, the Federal Home Loan Bank, Money Market Accounts, Repurchase Agreements and U.S. Treasury Notes as described in the chart below.

<u>Amount</u>	<u>Provider</u>	<u>Interest Rate</u> <u>(%)</u>	<u>Maturity Date</u>	<u>First Call Date</u>
5,000,000.00	Federal Home Loan Bank	7.56	February 18, 2020	February 18, 2010
4,800,000.00	Federal Farm Credit Bank	5.24	September 5, 2013	October 5, 2005
1,200,000.00	Federal Home Loan Bank	4.5	July 23, 2015	July 23, 2004
7,000,000.00	Federal Home Loan Bank	5	Dec 22, 2011	June 22, 2005
3,000,000.00	Federal Home Loan Bank	5.25	February 17, 2015	February 17, 2006
3,200,000.00	Federal Home Loan Bank	5.54	January 13, 2017	July 13, 2005
2,405,000.00	Federal Home Loan Bank	5.75	January 30, 2019	July 30, 2004
3,400,000.00	FNMA Medium Term Notes	5.52	August 6, 2018	February 6, 2004
400,000.00	FNMA Medium Term Notes	6	February 26, 2024	August 26, 2004
11,500,000.00	FNMA Medium Term Notes	7.27	December 8, 2014	December 8, 2006
1,792,592.57	Money Market	2.95	October 31, 2006	
1,394,200.00	Repurchase	3.87	November 1, 2005	

Revenues and Expenses

The following is a review of REMIC's revenue and expenses for Fiscal Year 2005 with an explanation of each budget category.

FY 2005

REVENUES

INSURANCE PREMIUMS & FEES \$ 798,962.00

INVESTMENT INCOME \$2,578,854.00

FAIR MARKET VALUE ADJUSTMENT (\$ 533,843.80)

TOTAL REVENUES: \$ 2,843,972.20

EXPENSES

SALARIES & RELATED EXPENSES \$ 0

CONTRACT SERVICES-RATING AGENCY FEES \$ 22,083.34

REIMBURSEMENT OF HDC OVERHEAD \$ 150,000.00

INSURANCE CLAIMS \$ 0

TOTAL EXPENSES: \$ 172,083.34

REMIC OPERATING SURPLUS: \$ 2,671,888.86

Revenues and Expenses Explained

Revenues

Insurance Premiums and Fees

Insurance Premiums and Fees represent collections for the mortgage insurance and commitments issued by the Corporation. This income represents 24% of REMIC's revenues.

Investment Income

These funds were obtained as a result of the investments made by the Corporation and represent approximately 76% of total Corporation revenues.

Expenses

In FY 2005 expenses decreased by \$122,614 primarily due to last year's restructuring of REMIC in which operations are conducted by employees of the parent corporation, HDC.

Salaries and Related Expenses

None

Contract Services

Rating Agency fees of \$22,083.34 were paid to Fitch while Standard and Poor's fees are included in annual charges to HDC.

Other Expenses

Rent and Utilities include funds to cover payments of utilities and leasing a portion of the office space leased by the Housing Development Corporation and used by REMIC at 110 William Street, 10th floor.

Reimbursement of HDC Overhead

These funds were paid in accordance with the Service Agreement between HDC and REMIC.

Insurance Claims

No insurance claims were paid during FY 2005. The total amount of claims paid since 1973 is \$589,291.