



Report to Members 2006

New York City
Residential Mortgage Insurance Corporation

Emily A. Youssouf, *President*



DATE: April 24, 2007

TO: The Chairperson and Members

FROM: Emily Youssouf

SUBJECT: Report on REMIC FY 2006 Activities

During the past twelve months, I am pleased to recognize that the New York City Residential Mortgage Insurance Corporation (“REMIC”) continued its role in helping to establish and maintain the available stock of affordable housing throughout New York City. Attached please find a summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2006.

The level of both insurance certificates and insurance commitments increased significantly from 2005 to 2006 primarily due to the New York City Housing Development Corporation’s application (“HDC”) for mortgage insurance on the top 20% on a significant number of New HOP projects and the insuring of mortgages securitized by HDC in its Multi-Family Housing Revenue Bonds, 2004 Series J bonds (the “2004 Series J Mortgages”). By the end of fiscal year 2006, REMIC issued mortgage insurance certificates for 33 properties with 1,571 units and 29 commitments to insure with 1,427 units. Additionally, in 2006 REMIC posted its largest operating surplus of over \$3.5 million, providing additional insurance capacity.

A detailed summary of Fiscal Year 2006 is attached.

REMIC – Mission and History

New York City Residential Mortgage Insurance Corporation 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 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 it's restructuring, REMIC has grown significantly. To date, including FY 2006, REMIC has issued 395 commitments to insure, with a total of 12,573 units and total mortgage amount of almost \$530 million. Furthermore, REMIC's insurance portfolio has performed very well through the years. In its 33 years of existence, REMIC has only paid 12 claims for insured loans totaling \$589,291.

2006 Summary

During Fiscal Year 2006 which ran from November 1, 2005 through October 31, 2006, REMIC issued 29 commitments to insure, with a total of 1,427 units and a total mortgage amount of \$73,358,770. During FY 2006, REMIC insured 33 loans that included 1,571 units containing a total mortgage amount of \$79,261,125. Following are details of the commitments to insure and the certificates of insurance that REMIC issued in 2006.

FY 2006 Commitments to Insure

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amt</u>	<u># of Units</u>
<i><u>Bronx</u></i>			
1002 Garrison Avenue	HDC	\$457,763	20
309 Alexander Avenue	HDC	\$192,343	11
4673 Park Avenue	HDC	\$176,881	9
1142 Longfellow Avenue	HDC	\$817,953	111
Morris Heights Cluster	HDC	\$1,612,554	203
3880 Orloff Avenue	HDC	\$10,740,000	101
<i><u>Brooklyn</u></i>			
218 St. James Place	HDC	\$228,871	12
219 Sackman Street	HDC	\$887,415	38
270 Rochester Avenue	HDC	\$378,875	16
36 Crooke Avenue	HDC	\$1,021,352	71
46-56 Sullivan Street	HDC	\$561,225	26
<i><u>Manhattan</u></i>			
Harriet Tubman	HDC	\$5,920,000	74
The Hamilton	HDC	\$6,080,000	77
Madison Plaza	HDC	\$7,360,000	77
1860-62 Lexington Avenue	HDC	\$448,339	15
30-32 Bradhurst Avenue	HDC	\$990,000	25
328, 340 Pleasant Avenue	HDC	\$548,935	10
520 Audubon Avenue	HDC	\$1,231,334	46
540 Audubon Avenue	HDC	\$815,179	45
70-74 East 116 th Street	HDC	\$671,265	23
80, 88-90 Edgecombe Avenue	HDC	\$693,655	66
2006 Amsterdam Avenue	HDC	\$639,029	21
201 West 146 th Street	HDC	\$123,312	12
160-166 Morningside Avenue	HDC	\$636,660	30
414 Equities (multiple addresses)	HDC	\$3,020,000	42
132-138 East 112 th Street	HDC	\$6,210,000	43
130-136 West 112 th Street	HDC	\$5,450,000	41
<i><u>Queens</u></i>			
89-44 162 nd Street	HDC	\$10,065,000	90
9501 Rockaway Beach Blvd	HDC	\$5,380,000	72
Total		\$73,358,770	1,427

FY 2006 Mortgages Insured

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amt</u>	<u># of Units</u>
<i>Bronx</i>			
341 East 138 th Street	CPC-NYR	\$451,355	9
2172 Anthony Avenue	CPC-NYR	\$410,000	22
128 East Clarke Place	CPC-NYR	\$2,529,000	65
1002 Garrison Avenue	HDC	\$457,763	20
309 Alexander Avenue	HDC	\$192,343	11
4673 Park Avenue	HDC	\$176,881	9
1142 Longfellow Avenue	HDC	\$817,953	111
Morris Heights Cluster	HDC	\$1,612,554	203
3880 Orloff Avenue	HDC	\$10,740,000	101
<i>Brooklyn</i>			
221-233 Parkville Avenue	HDC	\$4,550,000	41
218 St. James Place	HDC	\$228,871	12
219 Sackman Street	HDC	\$887,415	38
270 Rochester Avenue	HDC	\$378,875	16
36 Croke Avenue	HDC	\$1,021,352	71
46-56 Sullivan Street	HDC	\$561,225	26
<i>Manhattan</i>			
21 West 131 st Street	CPC-NYR	\$549,000	10
2204 Frederick Douglass Blvd.	CPC-TRS	\$920,000	8
276 West 119 th Street	HDC	\$14,000,000	97
Phelps House	HDC	\$12,645,000	169
160 West 142 nd Street	CPC-NYR	\$648,000	22
Harriet Tubman	HDC	\$5,920,000	74
The Hamilton	HDC	\$6,080,000	77
Madison Plaza	HDC	\$7,360,000	77
1860-62 Lexington Avenue	HDC	\$448,339	15
30-32 Bradhurst Avenue	HDC	\$990,000	25
328, 340 Pleasant Avenue	HDC	\$548,935	10
520 Audubon Avenue	HDC	\$1,231,334	46
540 Audubon Avenue	HDC	\$815,179	45
70-74 East 116 th Street	HDC	\$671,265	23
80, 88-90 Edgecombe Avenue	HDC	\$693,655	66
2006 Amsterdam Avenue	HDC	\$639,029	21

Continued FY 2006 Mortgages Insured

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amt</u>	<u># of Units</u>
<i>Manhattan Continued</i>			
201 West 146 th Street	HDC	\$123,312	12
160-166 Morningside Avenue	HDC	\$636,660	30
414 Equities (multiple addresses)	HDC	\$3,020,000	42
132-138 East 112 th Street	HDC	\$6,210,000	43
130-136 West 112 th Street	HDC	\$5,450,000	41
<i>Queens</i>			
89-44 162 nd Street	HDC	\$10,065,000	90

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

Comparison between FY 2005 – FY 2006

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

Commitments in FY 2006

Number: 29 Projects – 1,427

Mortgage Amount: \$73,358,770

Insurance Amount: \$20,673,355

Insurance in FY 2006

Number: 33 Projects – 1,571

Mortgage Amount: \$79,261,125

Insurance Amount: \$26,891,960

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 2006, REMIC issued 6 commitments to insure the top 20% of New HOP projects with a total mortgage amount of approximately \$40,865,000 and with 389 units.

Affordable Housing Permanent Loan Program

REMIC both committed and insured mortgage insurance for 20 developments originally financed under HDC's Affordable Housing Permanent Loan Program (AHPLP) and which were subsequently added to a pool of loans (2004 Series J Mortgages) that HDC securitized through the issuance of the New York City Housing Development Corporation Multi-Family Housing Revenue Bonds. REMIC insurance was put on the top 20% of the loan balance for each of the developments which encompass 803 units throughout the Bronx, Brooklyn and Manhattan for insurance of approximately \$2.8 million of total loan balances of approximately \$14.2 million.

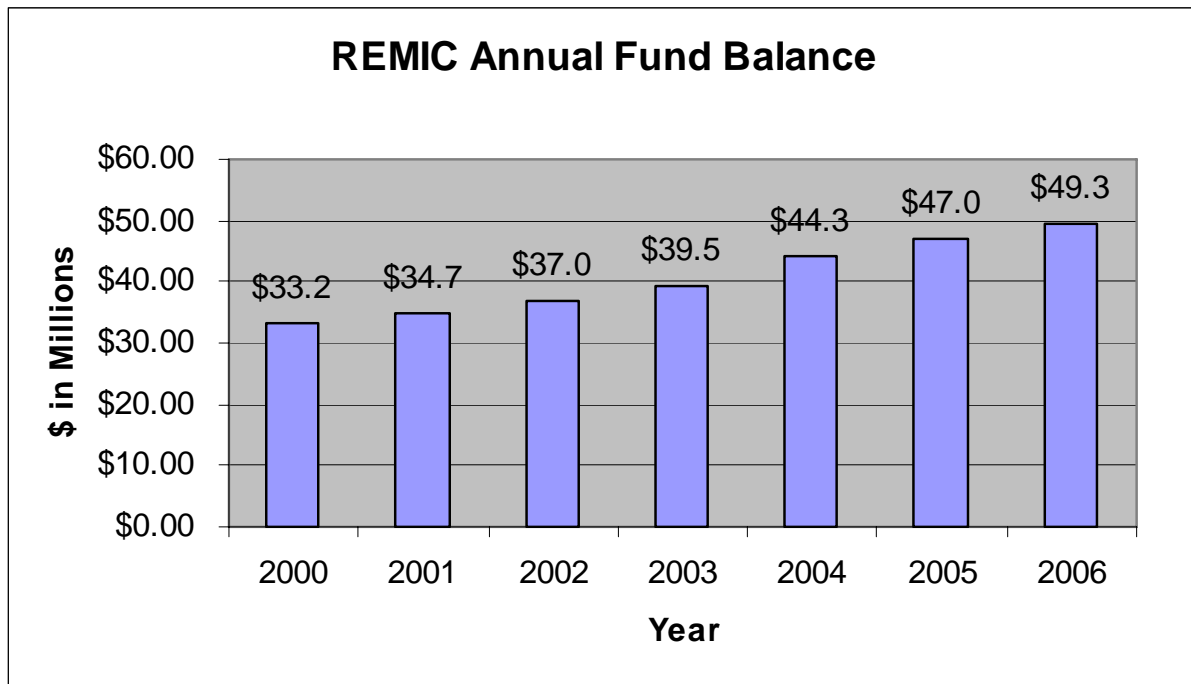
Annual Commitment Activity

<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
2006	29	\$73,358,770	\$20,673,355	1,427
Total	395	\$529,593,705	\$228,676,868	12,573

REMIC FY 2006 Fund Balances

Fund	Restricted Fund Balance	Unrestricted Fund Balance	Total Balance
Mortgage Insurance Fund	\$1,230,267.00	\$3,648,362.51	\$4,878,629.51
Housing Insurance Fund	\$29,627,486.60	\$226,296.70	\$29,853,783.30
Premium Reserve Fund	\$0.00	\$14,726,300.84	\$14,726,300.84
Cumulative Unrealized Gains/Losses	(\$135,098.74)	\$0.00	(\$135,098.74)
TOTAL	\$30,722,654.86	\$18,600,960.05	\$49,323,614.91

At the close of Fiscal Year 2006 REMIC had an amortized fund balance of \$49,323,614.91, a 5 % growth from FY 2005.



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 commitments and contracts into which “New” REMIC has entered, the Corporation entered Fiscal Year 2006 with undesignated capacity of approximately \$73 million.

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 Ratings rates REMIC at “AA-.”

Claims Paid

During Fiscal Year 2006, 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, 2006, Old REMIC had in its portfolio insured mortgages for 20 properties with 434 units. The current aggregate balance of these insured mortgages is \$1,901,520 with REMIC insurance in effect of \$1,214,905.

“New” REMIC Properties

As of October 31, 2006, REMIC had in its portfolio insured mortgages for 163 properties with 6,391 units. The current aggregate mortgage balance of these insured mortgages is \$339,625,004 with REMIC insurance in effect of \$107,230,595.

Investment Summary

As of October 31, 2006, 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>Maturity Date</u>	<u>First Call Date</u>
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	December 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
5,000,000.00	Federal Home Loan Bank	7.56	February 18, 2020	February 18, 2010
2,405,000.00	Federal Home Loan Mortgage Corp.	5.75	January 30, 2019	July 30, 2004
1,300,00.00	Federal Home Loan Mortgage Corp.	6.30	November 25, 2020	May 25, 2006
3,400,000.00	FNMA Medium Term Notes	5.52	August 6, 2018	February 6, 2004
400,000.00	FNMA Medium Term Notes	6.00	February 26, 2024	August 26, 2004
11,500,000.00	FNMA Medium Term Notes	7.27	December 8, 2014	December 8, 2006
1,861,800.00	Repurchase	5.19	November 1, 2006	N/A
3,507,311.28	Money Market	5.00	October 31, 2010	N/A

Revenues and Expenses

The following is a review of REMIC's revenue and expenses for Fiscal Year 2006 (without adjustments for Fair Market Value) with an explanation of each budget category.

FY 2006

REVENUES

INSURANCE PREMIUMS & FEES	\$ 898,169.63
INVESTMENT INCOME	<u>\$2,807,128.84</u>
<u>TOTAL REVENUES:</u>	\$3,705,298.47

EXPENSES

SALARIES & RELATED EXPENSES	\$ 0
CONTRACT SERVICES-RATING AGENCY FEES	\$ 25,000.00
REIMBURSEMENT OF HDC OVERHEAD	\$ 150,000.00
INSURANCE CLAIMS	<u>\$ 0</u>
<u>TOTAL EXPENSES:</u>	\$ 175,000.00

REMIC OPERATING SURPLUS: **\$3,530,298.47**

Revenues and Expenses Explained

Revenues

REMIC revenues grew from approximately \$3.4 million in FY 2005 to \$3.7 million in FY 2006, an increase in total revenues of approximately 9.7 % year-to-year.

Insurance Premiums and Fees

Insurance Premiums and Fee revenues represents collections for the mortgage insurance and commitments issued by the Corporation. This income remains 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

Salaries and Related Expenses

None

Contract Services

Rating Agency fees of \$25,000 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 2006. The total amount of claims paid since 1973 is \$589,291.