



Report to Members

Fiscal Year End
October 31, 2007

Marc Jahr, President



DATE: June 3, 2008

TO: The Chairperson and Members

FROM: Marc Jahr

SUBJECT: Report on REMIC Fiscal Year 2007 Activities

I am pleased to report 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 during the fiscal year ended October 31, 2007. Certificates of Insurance were issued for sixteen properties with an insured amount of \$18.8 million, representing 785 units and \$71.2 million in mortgage amount outstanding. Commitments to Insure were issued for eleven properties with an insured amount of \$10.9 million, representing 751 units and \$58.0 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2007 is attached for your review.

MISSION & HISTORY

The 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.

Founded as the New York City Rehabilitation Mortgage Insurance Corporation 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 worked to promote the issuance of residential loans, many of which would not have proceeded without credit enhancement.

In 1993, the State Legislature amended the REMIC statute, changing REMIC’s parameters to no longer restrict REMIC to designated distressed areas, but instead, to encourage REMIC to insure mortgages throughout New York City. At the same time, REMIC was renamed the New York City Residential Mortgage Insurance Corporation and was reorganized as a subsidiary of New York City Housing Development Corporation (“HDC”). The original \$7.5 million loan was returned to the City with HDC funding REMIC reserve requirements as required by REMIC’s enabling statute. 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 becoming a subsidiary of HDC, REMIC has actively sought to become a more formidable presence in the mortgage insurance business by significantly increasing the volume of its underwriting while maintaining adherence to strict underwriting standards. In its 34 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$589,291

As of January, 2008, REMIC has a “AA” rating from Standard & Poor’s, and a “AA-” rating from Fitch Ratings.

FISCAL YEAR 2007 SUMMARY

During fiscal year 2007 (November 1, 2006 through October 31, 2007), REMIC issued Commitments to Insure to eleven properties, with a total of 751 units, a total insured amount of \$10,922,260, and a total mortgage amount of \$58,041,298. During fiscal year 2007, REMIC issued Certificates of Insurance to sixteen properties, with a total of 785 units, a total insured amount of \$18,815,058, and a total mortgage amount of \$71,150,058.

As of October 31, 2007, REMIC had a total amount of insurance outstanding of \$122 million with a total mortgage amount outstanding related to such insurance of \$387 million. In addition, REMIC had total commitments outstanding of \$31 million with a total mortgage amount outstanding related to such insurance of \$81 million.

The following are the details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2007:

<u>COMMITMENTS TO INSURE:</u>				
<u>Property</u>	<u>Lender</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
<i>Bronx</i>				
1068 Gerard Avenue	HDC	\$733,000	\$3,665,000	82
1085 Washington Avenue	HDC	\$1,138,000	\$5,690,000	92
1460 Clay Avenue/Claremont Park Apartments	HDC	\$1,466,260	\$7,331,298	98
429 East 156 th Street/Melrose Commons Site 5	HDC	\$610,000	\$3,050,000	63
499-501 East 165 th Street/Morrisania Terrace	HDC	\$284,000	\$1,420,000	42
870 Freeman Street/Freeman Gardens**	HDC	\$261,000	\$1,305,000	36
<i>Manhattan</i>				
15-21 West 116 th Street/Shabazz	HDC	\$1,170,000	\$5,850,000	38
201 West 148 th Street**	HDC	\$357,000	\$1,785,000	25
304 West 117 th Street/Big Larkspur**	HDC	\$3,520,000	\$17,600,000	94
318 West 117 th Street/Little Larkspur**	HDC	\$689,000	\$3,445,000	22
<i>Queens</i>				
138-52 Elder Avenue/Selfhelp KIV	HDC	\$694,000	\$6,900,000	159
TOTAL		\$10,922,260	\$58,041,298	751

***Committed and Insured in the same fiscal year*

CERTIFICATES OF INSURANCE:				
<u>Property</u>	<u>Lender</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
<i>Bronx</i>				
2244 Morris Avenue	CPC	\$686,000	\$1,225,000	54
3880 Orloff Avenue	HDC	\$2,148,000	\$10,740,000	101
55 West 184 th Street	CPC	\$552,000	\$552,000	26
870 Freeman Street/Freeman Gardens**	HDC	\$261,000	\$1,305,000	36
912 East 178 th Street	Chase	\$1,880,000	\$1,880,000	79
<i>Brooklyn</i>				
1054-1096 Bergen Avenue/Ralph Avenue II	HDC	\$1,962,000	\$9,810,000	72
789 Belmont Avenue	CPC	\$360,000	\$360,000	8
<i>Manhattan</i>				
130-136 West 112 th Street	HDC	\$1,090,000	\$5,450,000	41
132-138 East 112 th Street	HDC	\$1,242,000	\$6,210,000	43
201 West 148 th Street**	HDC	\$357,000	\$1,785,000	25
202-212 East 4 th Street/Nazareth Housing	Chase	\$470,552	\$470,552	15
254 & 262 West 154 th Street/Macombs Manor	Chase	\$1,917,506	\$1,917,506	55
304 West 117 th Street/Big Larkspur**	HDC	\$3,520,000	\$17,600,000	94
318 West 117 th Street/Little Larkspur**	HDC	\$689,000	\$3,445,000	22
414 Equities LLC	HDC	\$604,000	\$3,020,000	42
<i>Queens</i>				
9501 Rockaway Beach Blvd.	HDC	\$1,076,000	\$5,380,000	72
TOTAL		\$18,815,058	\$71,150,058	785

***Committed and Insured in the same fiscal year*

YEAR-OVER-YEAR COMPARISON
FY 2007 VERSUS FY 2006

Commitments to Insure

	<u>FY 2006</u>	<u>FY 2007</u>
# Projects	29	11
# Units	1,427	751
Insured Amount	\$20,673,355	\$10,922,260
Mortgage Amount	\$73,358,770	\$58,041,298

Certificates of Insurance

	<u>FY 2006</u>	<u>FY 2007</u>
# Projects	33	16
# Units	1,571	785
Insured Amount	\$26,891,960	\$18,815,058
Mortgage Amount	\$79,261,125	\$71,150,058

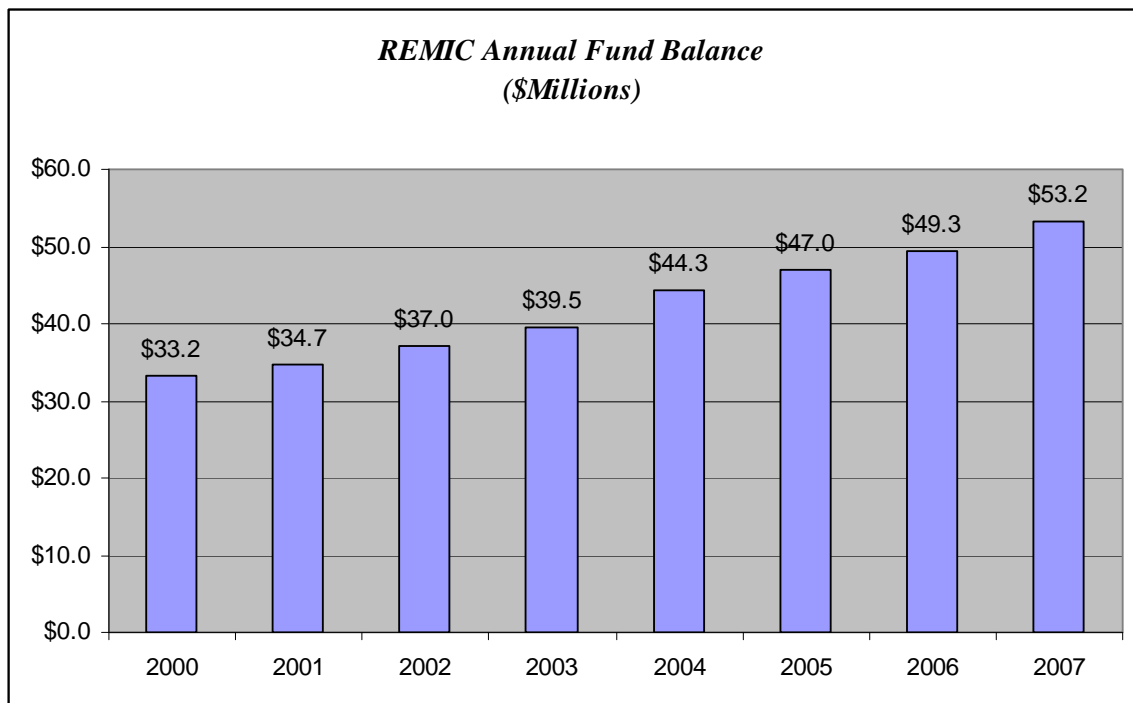
ANNUAL COMMITMENT ACTIVITY

<u>Fiscal Year</u>	<u># Loans</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
1993	4	\$1,567,381	\$1,928,744	187
1994	13	\$2,693,548	\$3,763,660	334
1995	14	\$5,014,621	\$7,208,793	393
1996	26	\$18,865,200	\$23,366,950	1,139
1997	24	\$14,912,594	\$18,428,876	1,162
1998	28	\$14,604,742	\$15,572,362	686
1999	36	\$19,652,037	\$36,923,037	1,077
2000	69	\$28,622,957	\$61,518,039	1,668
2001	53	\$25,765,925	\$79,727,587	1,232
2002	33	\$16,290,443	\$42,190,603	789
2003	47	\$41,525,739	\$119,952,922	1,673
2004	11	\$8,411,263	\$12,285,612	329
2005	8	\$10,079,063	\$33,367,750	477
2006	29	\$20,673,355	\$73,358,770	1,427
2007	<u>11</u>	<u>\$10,922,260</u>	<u>\$58,041,298</u>	<u>751</u>
<i>Total</i>	<u>406</u>	<u>\$239,601,128</u>	<u>\$587,635,003</u>	<u>13,324</u>

REMIC FY 2007 FUND BALANCES

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>TOTAL BALANCE</u>
Mortgage Insurance	\$441,737.00	\$4,409,148.88	\$4,850,885.88
Housing Insurance	\$30,547,025.40	\$3,032,329.14	\$33,579,354.54
Premium Reserve	\$0.00	\$14,885,191.49	\$14,885,191.49
Cumulative Unrealized Gains/Losses	(\$154,426.37)	\$0.00	(\$154,426.37)
TOTAL	<u>\$30,834,336.03</u>	<u>\$22,326,669.51</u>	<u>\$53,161,005.54</u>

At the close of fiscal year 2007, REMIC had an amortized fund balance of \$53,161,005.54, an 8% increase from fiscal year-end 2006.



REMIC INSURANCE CAPACITY

In accordance with New York State statute, REMIC set aside reserves to cover insurance commitments and contracts entered into by “Old REMIC” and “New REMIC,” as well as properties currently in pipeline. REMIC ended fiscal year 2007 with undesignated capacity of approximately \$81 million.

CREDIT RATINGS

As of January 2008, both Standard & Poor’s and Fitch Ratings maintain credit ratings for REMIC. Standard & Poor’s rates REMIC a “AA,” while Fitch Ratings rates REMIC a “AA-.”

CLAIMS PAYMENT HISORY

During fiscal year 2007, 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, 2007, “Old REMIC” had in its portfolio insured mortgages for 13 properties with 268 units. The current aggregate balance of these insured mortgages is \$846,073 with REMIC insurance in effect of \$441,737.

“NEW REMIC” PROPERTIES

As of October 31, 2007, “New REMIC” had in its portfolio insured mortgages for 165 properties with 6,910 units. The current aggregate balance of these insured mortgages is \$386,557,319 with REMIC insurance in effect of \$121,631,516.

INVESTMENT SUMMARY

As of October 31, 2007, REMIC reserves were invested in securities of various U.S. Government Agencies and Repurchase Agreements. Details are provided below:

Par Amount	Provider	Interest Rate (%)	Maturity Date
\$4,800,000.00	Federal Farm Credit Bank	5.240	09/05/2013
\$1,701,455.85	Federal Home Loan Bank	0.000 (4.40% disc)	11/01/2007
\$7,000,000.00	Federal Home Loan Bank	5.000	12/22/2011
\$3,000,000.00	Federal Home Loan Bank	5.250	02/17/2015
\$1,200,000.00	Federal Home Loan Bank	4.500	07/23/2015
\$3,200,000.00	Federal Home Loan Bank	5.540	01/13/2017
\$5,000,000.00	Federal Home Loan Bank	7.560	02/18/2020
\$2,405,000.00	FHLMC	5.750	01/30/2019
\$1,300,000.00	FHLMC	6.300	11/25/2020
\$1,400,000.00	FHLMC	6.300	06/13/2022
\$10,000,000.00	FHLMC	6.020	12/22/2026
\$3,400,000.00	FNMA	5.520	08/06/2018
\$7,500,000.00	FNMA	6.125	12/20/2021
\$400,000.00	FNMA	6.000	02/26/2024
\$117,000.00	Repurchase Agreement (JPMorgan Chase)	4.400	11/01/2007

REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2007 (without adjustments for fair market value) with an explanation of each budget category:

	<u>FY 2006</u>	<u>FY 2007</u>
<u>Revenues:</u>		
Insurance Premiums & Fees	\$898,169.63	\$1,094,399.00
Investment Income	<u>\$2,807,128.84</u>	<u>\$2,937,520.11</u>
<i>Total Revenues</i>	<i>\$3,705,298.47</i>	<i>\$4,031,919.11</i>
<u>Expenses:</u>		
Salaries & Related Expenses	\$0.00	\$0.00
Contract Services - Rating Agency Fees	\$25,000.00	\$25,000.01
Reimbursement of HDC Overhead	\$150,000.00	\$150,000.00
Insurance Claims	<u>\$0.00</u>	<u>\$0.00</u>
<i>Total Expenses</i>	<i>\$175,000.00</i>	<i>\$175,000.01</i>
<i>REMIC OPERATING SURPLUS</i>	<i><u>\$3,530,298.47</u></i>	<i><u>\$3,856,919.10</u></i>

EXPLANATION OF REVENUES & EXPENSES

Revenues

REMIC revenues grew from approximately \$3.7 million in fiscal year 2006 to \$4.0 million in fiscal year 2007, an increase of approximately 8.8%.

Insurance Premiums & Fees

Insurance premiums and fees represent collections for mortgage insurance and commitments issued by REMIC, as well as application and commitment extension fees. For fiscal year 2007, insurance premiums and fees increased 22%, and represented 27% of REMIC's total revenues.

Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2007, investment income increased 5%, and represented 73% of REMIC's total revenues.

Expenses

Salaries & Related Expenses

None

Contract Services

Credit rating agency fees of \$25,000.01 were paid to Fitch Ratings – the same amount paid the previous year. Fees for REMIC's credit rating services from Standard & Poor's were included in annual charges to HDC.

Reimbursement of HDC Overhead

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

Insurance Claims

No insurance claims were paid during fiscal year 2007. The total amount paid since 1973 is \$589,291.