



Report to Members

Fiscal Year End
October 31, 2008

Marc Jahr, President



DATE: April 21, 2009

TO: The Chairperson and Members

FROM: Marc Jahr

SUBJECT: Report on REMIC Fiscal Year 2008 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, 2008. Certificates of Insurance were issued for eleven properties with an insured amount of \$12.8 million, representing 634 units and \$43.2 million in mortgage amount outstanding. Commitments to Insure were issued for twenty-one properties with an insured amount of \$32.6 million, representing 3,134 units and \$148.7 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2008 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 the 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 35 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$589,291.

As of March 2009, REMIC had a “AA” rating from Standard & Poor’s.

FISCAL YEAR 2008 SUMMARY

During fiscal year 2008 (November 1, 2007 through October 31, 2008), REMIC issued Commitments to Insure to twenty-one properties, with a total of 3,134 units, a total insured amount of \$32,593,062, and a total mortgage amount of \$148,746,311. It was an active year for REMIC as we insured the most number of units for any full year in REMIC history. In terms of mortgage amount, REMIC recorded the highest dollar amount of mortgages insured for any single year in REMIC history. During fiscal year 2008, REMIC issued Certificates of Insurance to eleven properties, with a total of 634 units, a total insured amount of \$12,821,098, and a total mortgage amount of \$43,200,195.

As of October 31, 2008, REMIC had a total amount of insurance outstanding of \$129.5 million with a total mortgage amount outstanding related to such insurance of \$417.8 million. In addition, REMIC had total commitments outstanding of \$44.6 million with a total mortgage amount outstanding related to such insurance of \$197.2 million.

The following are the details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2008:

COMMITMENTS TO INSURE:

<u>Property</u>	<u>Lender</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
<i>Bronx</i>				
1334 Louis Nine Apartments	HDC	\$2,499,000	\$12,495,000	123
3035 White Plains Road	HDC	\$857,000	\$4,285,000	74
680 East 140th St	CPC	\$795,000	\$1,060,000	38
890 Prospect Avenue	HDC	\$1,083,000	\$5,415,000	124
Boricua Village: Site A1	HDC	\$3,372,000	\$16,860,000	136
Boricua Village: Site B	HDC	\$2,515,000	\$12,575,000	100
Creston Towers	HDC	\$422,000	\$2,110,000	43
Longwood Gardens	HDC	\$475,000	\$2,375,000	25
Montmac (UNIMAC II)	HDC	\$651,000	\$3,255,000	111
Westside Bronx	HDC	\$625,000	\$3,125,000	146
<i>Total Bronx</i>		<i>\$13,294,000</i>	<i>\$63,555,000</i>	<i>920</i>

COMMITMENTS TO INSURE (Continued):

<u>Property</u>	<u>Lender</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
<i>Brooklyn</i>				
1825 Atlantic Avenue	HDC	\$1,074,000	\$5,370,000	150
45 Malta Street	HDC	\$440,000	\$2,200,000	48
Bristol Hopkinson/Beacon	HDC	\$1,394,000	\$6,970,000	168
River Rock	HDC	\$2,355,000	\$471,000	54
YWCA of Downtown Brooklyn	HDC	\$560,000	\$2,800,000	84
<i>Total Brooklyn</i>		<i>\$5,823,000</i>	<i>\$17,811,000</i>	<i>504</i>
<i>Manhattan</i>				
263 West 153rd Street	HDC	\$494,000	\$2,470,000	85
Clinton Parkview	HDC	\$2,259,000	\$11,295,000	96
Fabria Houses	HDC	\$310,000	\$1,550,000	65
River Terrace	HDC	\$1,939,062	\$9,695,309	431
<i>Total Manhattan</i>		<i>\$5,002,062</i>	<i>\$25,010,309</i>	<i>677</i>
<i>Queens</i>				
65-60 Austin Street	HDC	\$1,470,000	\$7,350,000	50
Big Six	HDC	\$7,004,000	\$35,020,002	983
<i>Total Queens</i>		<i>\$8,474,000</i>	<i>\$42,370,002</i>	<i>1,033</i>
TOTAL		<u>\$32,593,062</u>	<u>\$148,746,311</u>	<u>3,134</u>

CERTIFICATES OF INSURANCE:

<u>Property</u>	<u>Lender</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
<u>Bronx</u>				
1115 College Ave/1249 Webster Ave	CPC	\$1,330,000	\$1,330,000	53
1490-1530 Jesup Avenue	CPC	\$550,000	\$550,000	65
1514 Sedgewick Ave	HDC	\$2,037,000	\$10,185,000	96
4611 Park Avenue	CPC	\$496,000	\$496,000	8
<i>Total Bronx</i>		<u>\$4,413,000</u>	<u>\$12,561,000</u>	<u>222</u>
<u>Brooklyn</u>				
281 Bainbridge Street	CPC	\$260,000	\$260,000	8
Borough Park Courts	HDC	\$3,261,098	\$6,552,195	131
Ralph Avenue	HDC	\$1,838,000	\$9,190,000	72
<i>Total Brooklyn</i>		<u>\$5,359,098</u>	<u>\$16,002,195</u>	<u>211</u>
<u>Manhattan</u>				
503 West 172nd Street	CPC	\$152,000	\$152,000	21
Azure Holdings	HDC	\$1,164,000	\$5,820,000	110
Cassiopeia/ 250 W. 116 th St	HDC	\$563,000	\$2,815,000	32
Shabazz/ 15-21 W. 116 th St	HDC	\$1,170,000	\$5,850,000	38
<i>Total Manhattan</i>		<u>\$3,049,000</u>	<u>\$14,637,000</u>	<u>201</u>
TOTAL		<u>\$12,821,098</u>	<u>\$43,200,195</u>	<u>634</u>

YEAR-OVER-YEAR COMPARISON
FY 2008 VERSUS FY 2007

Commitments to Insure

	<u>FY 2007</u>	<u>FY 2008</u>
# Projects	11	21
# Units	751	3,134
Insured Amount	\$10,922,260	\$32,593,062
Mortgage Amount	\$58,041,298	\$148,746,311

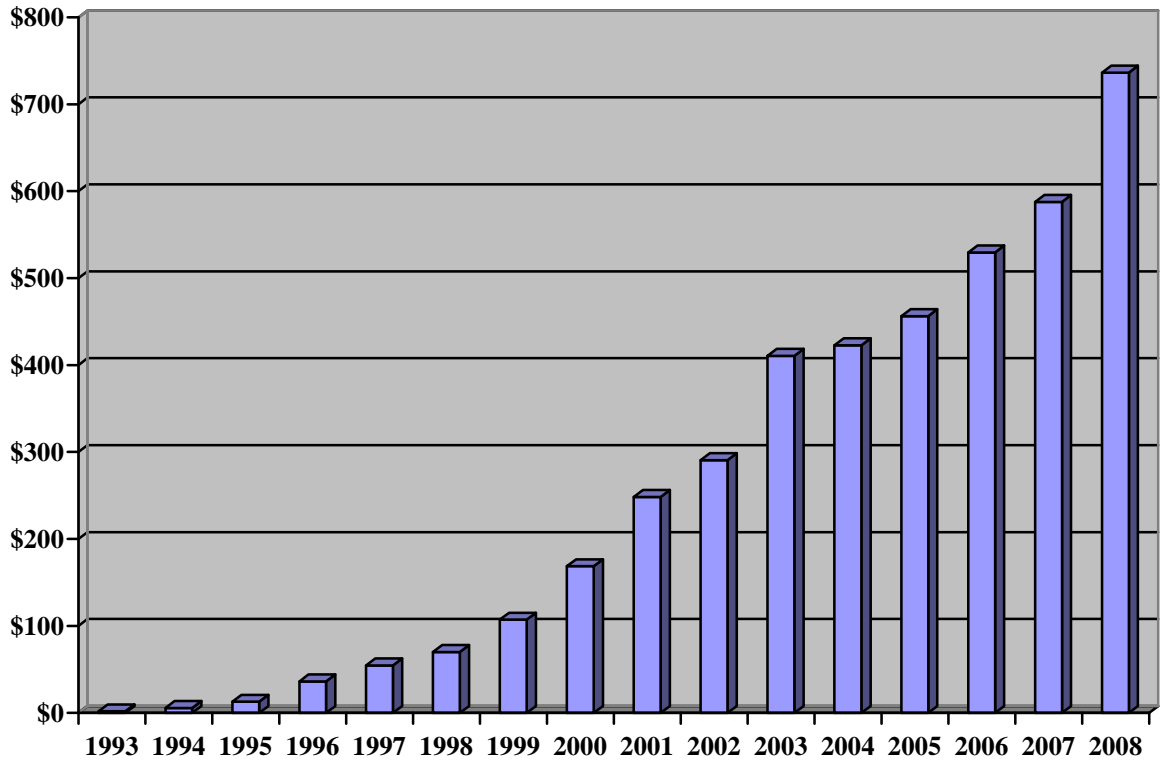
Certificates of Insurance:

# Projects	16	11
# Units	785	634
Insured Amount	\$18,815,058	\$12,821,098
Mortgage Amount	\$71,150,058	\$43,200,195

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	11	\$10,922,260	\$58,041,298	751
2008	21	\$32,593,062	\$148,746,311	3,134
Total	<u>427</u>	<u>\$272,194,190</u>	<u>\$736,381,314</u>	<u>16,458</u>

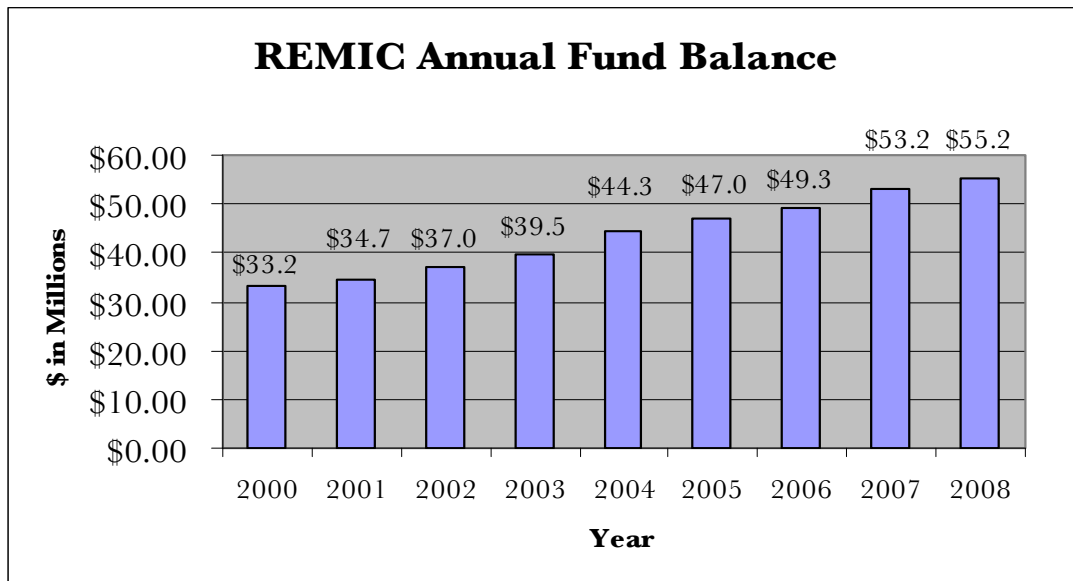
REMIC COMMITMENT HISTORY
Mortgage Amounts Committed Since 1993
(*\$Millions*)



REMIC FY 2008 FUND BALANCES

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>TOTAL BALANCE</u>
Mortgage Insurance	\$301,874.00	\$4,482,339.83	\$4,784,213.83
Housing Insurance	\$34,759,840.80	\$1,110,896.00	\$35,870,736.80
Premium Reserve	\$0.00	\$134.16	\$134.16
Operating Account	\$2,067,614.32	\$14,513,496.51	\$16,581,110.83
Petty Cash	\$0.00	\$200.00	\$200.00
Cumulative Unrealized Gains/Losses	(\$2,067,614.32)	\$0.00	(\$2,067,614.32)
TOTAL	<u>\$35,061,714.80</u>	<u>\$20,107,066.50</u>	<u>\$55,168,781.30</u>

At the close of fiscal year 2008, REMIC had an amortized fund balance of \$55,168,781.30, a 4% increase from fiscal year-end 2007.



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 2008 with undesignated reserves of approximately \$15 million. This undesignated reserve amount results in an available capacity to insure \$75 million in insured amount, or a potential \$375 million in mortgage amount (assuming 20% insurance).

CREDIT RATINGS

As of March 2009, Standard & Poor’s maintained a “AA” credit rating for REMIC.

CLAIMS PAYMENT HISTORY

During fiscal year 2008, 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, 2008, “Old REMIC” had in its portfolio insured mortgages for 11 properties with 246 units. The current aggregate balance of these insured mortgages is \$597,060 with REMIC insurance in effect of \$301,874.

“NEW REMIC” PROPERTIES

As of October 31, 2008, “New REMIC” had in its portfolio insured mortgages for 169 properties with 7,262 units. The current aggregate balance of these insured mortgages is \$417,220,615 with REMIC insurance in effect of \$129,222,774.

INVESTMENT SUMMARY

As of October 31, 2008, REMIC reserves were invested in securities of various U.S. Government Agencies, Repurchase Agreements, and Municipal Securities. Details are provided below:

<u>Par Amount</u>	<u>Provider</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>
\$1,200,000.00	FHLB	4.500%	7/23/2015
\$5,000,000.00	FHLB	7.560%	2/18/2020
\$2,405,000.00	FHLMC	5.750%	1/30/2019
\$6,329,000.00	FHLMC	5.750%	12/19/2022
\$3,278,000.00	FHLMC	5.625%	4/24/2023
\$8,000,000.00	FHLMC	5.750%	4/28/2023
\$3,195,000.00	FHLMC	6.000%	6/30/2023
\$10,000,000.00	FHLMC	6.020%	12/22/2026
\$4,026,000.00	FHLMC	6.000%	5/12/2028
\$3,400,000.00	FNMA	5.520%	8/6/2018
\$8,417,000.00	FNMA	5.450%	9/25/2023
\$400,000.00	FNMA	6.000%	2/26/2024
\$480,780.02	HSBC Money Market	3.000%	10/31/2010
\$354,278.12	Repurchase Agreement (Merrill Lynch)	0.500%	11/6/2008
\$39,165,000.00	NYCHDC 2008 B-2 Auction Rate Securities*	Variable	11/1/2015
<u>\$95,650,058.14</u>	TOTAL		

**Acting through REMIC, HDC began bidding on these bonds as is now permitted by the rules promulgated by the Securities and Exchange Commission ("SEC") and Internal Revenue Service ("IRS"), without ending the tax-exempt status of such bonds, at a rate matching or below the HDC underwriting rate. HDC provided temporary loans to REMIC to facilitate these investment purchases and will continue to do so until the Auction Rate Securities market stabilizes or until the bonds are redeemed, expected in 2009. The income on these investments will be reimbursed by REMIC back to HDC as operating interest or fees on temporary loans along with loan amounts. Further details can be found in the HDC Annual Report for 2008. The par amount of REMIC investment securities excluding this portion totaled \$56,485,058.*

REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2008 (without adjustments for fair market value) with an explanation of each budget category:

<u>Revenues:</u>	<u>FY 2007</u>	<u>FY 2008</u>
Insurance Premiums & Fees	\$1,094,399.00	\$1,000,086.14
Investment Income	\$2,937,520.11	\$3,148,146.02
<i>Total Revenues</i>	<i>\$4,031,919.11</i>	<i>\$4,148,232.16</i>
<u>Expenses:</u>		
Salaries & Related Expenses	\$0.00	\$0.00
Contract Services - Rating Agency Fees	\$25,000.01	\$14,583.34
Reimbursement of HDC Overhead	\$150,000.00	\$212,685.00
Insurance Claims	\$0.00	\$0.00
<i>Total Expenses</i>	<i>\$175,000.01</i>	<i>\$227,268.34</i>
<i>REMIC OPERATING SURPLUS</i>	<i><u>\$3,856,919.10</u></i>	<i><u>\$3,920,963.82</u></i>

EXPLANATION OF REVENUES & EXPENSES

Revenues

REMIC revenues increased 3% from \$4.0 million in fiscal year 2007 to \$4.1 million in fiscal year 2008.

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 2008, insurance premiums and fees decreased 9% from 2007 and represented 24% of REMIC's total revenues.

Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2008, investment income increased 7% versus fiscal year 2007, and represented 76% of REMIC's total revenues.

Expenses

Salaries & Related Expenses

None

Contract Services

Credit rating agency fees of \$14,583.34 were paid to Fitch Ratings. In March 2009, REMIC terminated credit rating services from Fitch Ratings. Fees for REMIC's credit rating services from Standard & Poor's were included in annual charges paid to HDC.

Reimbursement of HDC Overhead

The reimbursement back to HDC included \$150,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC, and \$62,685 reimbursement for interest and fees on the temporary loans referenced in the Investment Summary on page 12.

Insurance Claims

No insurance claims were paid during fiscal year 2008.