



Report to Members

Fiscal Year End
October 31, 2009

Marc Jahr, President



DATE: December 1, 2010

TO: The Chairperson and Members

FROM: Marc Jahr

SUBJECT: Report on REMIC Fiscal Year 2009 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, 2009. Certificates of Insurance were issued for 12 properties with an insured amount of \$7.6 million, representing 545 units and \$23.8 million in mortgage amount outstanding. Commitments to Insure were issued for 24 properties with an insured amount of \$37.4 million, representing 2,600 units and \$186.8 million in mortgage amount outstanding – the highest mortgage amount REMIC has committed to insure in any given year in the history of REMIC.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2009 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 36 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$598,291.

As of November 2010, REMIC had a “AA” rating from Standard & Poor’s.

FISCAL YEAR 2009 SUMMARY

During fiscal year 2009 (November 1, 2008 through October 31, 2009), REMIC issued Commitments to Insure to 24 properties, with a total of 2,600 units, a total insured amount of \$37.4 million, and a total mortgage amount of \$186.8 million. During fiscal year 2009, REMIC issued Certificates of Insurance to 12 properties, with a total of 545 units, a total insured amount of \$7.6 million, and a total mortgage amount of \$23.8 million.

As of October 31, 2009, REMIC had a total amount of insurance outstanding of \$130.5 million, with a total mortgage amount outstanding related to such insurance of \$424.2 million. In addition, REMIC had total commitments outstanding of \$72.9 million with a total mortgage amount outstanding related to such insurance of \$357.2 million.

Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2009 are on the following two pages.

COMMITMENTS TO INSURE ISSUED DURING FY2009:				
<u>Property</u>	<u>Lender</u>	<u>Original Insured Amount</u>	<u>Original Mortgage Amount</u>	<u># Units</u>
<u>Bronx:</u>				
1211 Southern Blvd	HDC	\$1,367,000	\$6,835,000	123
830 Fox St	HDC	\$631,000	\$3,155,000	58
850 Jennings St	HDC	\$1,844,000	\$9,220,000	103
868 Courtlandt Ave	HDC	\$664,000	\$3,320,000	71
870 Jennings St	HDC	\$2,435,000	\$12,175,000	84
ABEKEN Apartments	HDC	\$1,263,000	\$6,315,000	120
Arista UAC	HDC	\$2,660,000	\$13,300,000	290
Boricua Village, Site D	HDC	\$2,201,000	\$11,005,000	80
Boricua Village, Site F	HDC	\$2,044,000	\$10,220,000	77
Courtlandt Corners II	HDC	\$3,573,000	\$17,865,000	224
Decatur II	HDC	\$466,000	\$2,330,000	50
Decatur Terrace	HDC	\$2,244,000	\$11,220,000	122
East Tremont Ave Apartments	HDC	\$658,000	\$3,290,000	73
La Terraza/Melrose Site B1	HDC	\$1,342,000	\$6,710,000	107
Monterey Apartments	HDC	\$298,000	\$1,490,000	97
Roscoe C Brown Apartments	HDC	\$1,517,000	\$7,585,000	279
Shakespeare Place	HDC	\$2,629,000	\$13,145,000	127
Tiffany St Apartments	HDC	\$848,000	\$4,240,000	84
Twin Pines Apartments	HDC	\$593,000	\$2,965,000	32
Total Bronx:		\$29,277,000	\$146,385,000	2,201
<u>Brooklyn:</u>				
550 Watkins St	HDC	\$982,000	\$4,910,000	104
Columbia Hicks	HDC	\$3,056,000	\$15,280,000	95
New Lots Plaza	HDC	\$769,000	\$3,845,000	87
Total Brooklyn:		\$4,807,000	\$24,035,000	286
<u>Manhattan:</u>				
Artimus Site 8	HDC	\$2,689,000	\$13,445,000	54
Lenox Powell Apartments	HDC	\$587,000	\$2,935,000	59
Total Manhattan:		\$3,276,000	\$16,380,000	113
TOTAL COMMITTED (24 PROJECTS):		\$37,360,000	\$186,800,000	2,600

CERTIFICATES OF INSURANCE ISSUED DURING FY2009:				
Property	Lender	Insured Amount	Mortgage Amount	# Units
Bronx:				
1068 Gerard Ave	HDC	\$733,000	\$3,665,000	82
1256 Clay Ave	CPC	\$390,340	\$390,340	19
1473 & 1477 Fulton Ave	CPC	\$340,000	\$340,000	21
3940 Barnes Ave	CPC	\$896,978	\$896,978	32
680 E 140th St	CPC	\$795,000	\$1,060,000	38
866 Beck St	CPC	\$822,000	\$822,000	25
Claremont Park Apartments	HDC	\$1,377,000	\$6,885,000	98
MONTMAC/UNIMAC II	HDC	\$651,000	\$3,255,000	111
Total Bronx:		\$6,005,318	\$17,314,318	426
Brooklyn:				
277 Gates Ave	HDC	\$500,000	\$2,500,000	35
45 Malta St	HDC	\$440,000	\$2,200,000	48
893-895 Pacific St	HDC	\$298,000	\$1,490,000	16
Total Brooklyn:		\$1,238,000	\$6,190,000	99
Manhattan:				
531 W 160th St	CPC	\$340,000	\$340,000	20
Total Manhattan:		\$340,000	\$340,000	20
TOTAL INSURED (12 PROJECTS):		\$7,583,318	\$23,844,318	545

YEAR-OVER-YEAR COMPARISON
FY 2009 VERSUS FY 2008

Commitments to Insure

	<u>FY 2008</u>	<u>FY 2009</u>
# Projects	21	24
# Units	3,134	2,600
Insured Amount	\$32,593,062	\$37,360,000
Mortgage Amount	\$148,746,311	\$186,800,000

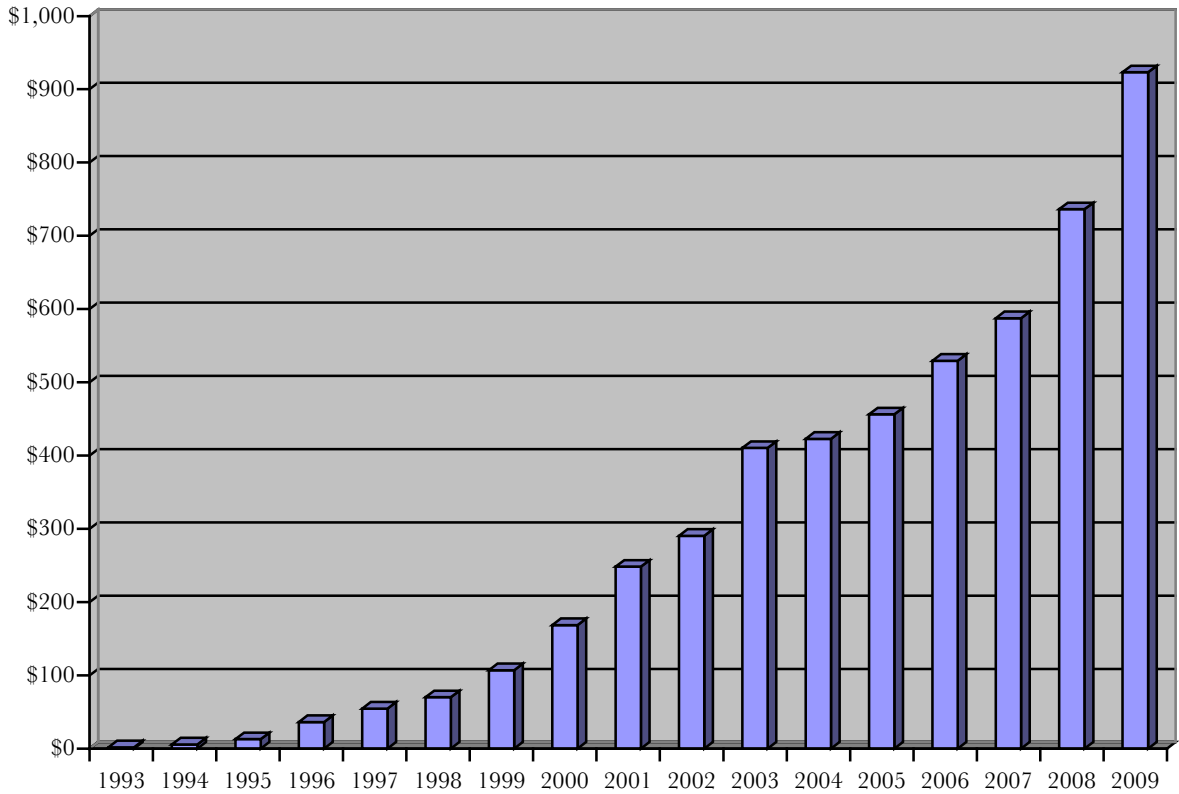
Certificates of Insurance:

# Projects	11	12
# Units	634	545
Insured Amount	\$12,821,098	\$7,583,318
Mortgage Amount	\$43,200,195	\$23,844,318

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
2009	24	\$37,360,000	\$186,800,000	2,600
<i>Total</i>	<i>451</i>	<i>\$309,554,190</i>	<i>\$923,181,314</i>	<i>19,058</i>

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

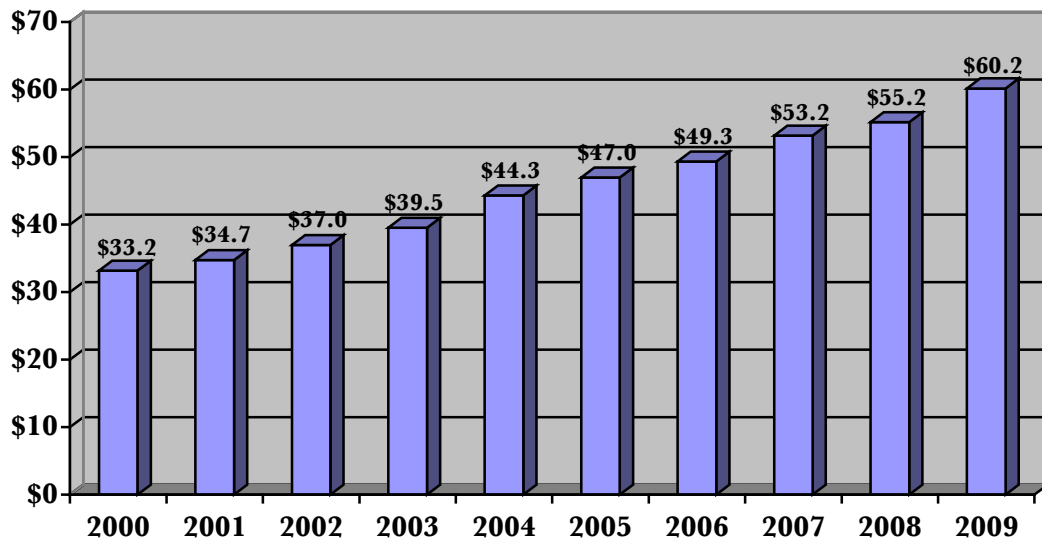


REMIC FY 2009 FUND BALANCES

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>TOTAL BALANCE</u>
Mortgage Insurance	\$250,000.00	\$4,533,062.41	\$4,783,062.41
Housing Insurance	\$40,674,490.40	\$4,531,081.95	\$45,205,572.35
Premium Reserve	\$0.00	\$134.16	\$134.16
Operating Account	(\$1,649,416.54)	\$10,184,327.90	\$8,534,911.36
Cumulative Unrealized Gain/(Loss)	\$1,649,416.54	\$0.00	\$1,649,416.54
TOTAL	\$40,924,490.40	\$19,248,606.42	\$60,173,096.82

At the close of fiscal year 2009, REMIC had an amortized fund balance of \$60,173,096.82, a 9% increase from fiscal year-end 2008.

REMIC Annual Fund Balance
(\$Millions)



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 2009 with undesignated reserves of approximately \$16 million. This undesignated reserve amount results in an available capacity to insure \$80 million in insured amount, or a potential \$400 million in mortgage amount (assuming 20% insurance).

CREDIT RATINGS

As of November 2010, Standard & Poor’s maintained a “AA” credit rating for REMIC.

CLAIMS PAYMENT HISORY

During fiscal year 2009, there were no insurance claims paid on either “Old REMIC” or “New REMIC” properties. The total amount of claims paid since 1973 remains at \$598,291.

“OLD REMIC” PROPERTIES

As of October 31, 2009, “Old REMIC” had in its portfolio insured mortgages for 9 properties with 147 units. The current aggregate balance of these insured mortgages is \$515,991 with REMIC insurance in effect of \$250,000.

“NEW REMIC” PROPERTIES

As of October 31, 2009, “New REMIC” had in its portfolio insured mortgages for 179 properties with 7,780 units. The current aggregate balance of these insured mortgages is \$423,649,053 with REMIC insurance in effect of \$130,252,527.

INVESTMENT SUMMARY

As of October 31, 2009, REMIC reserves were invested in securities of various U.S. Government Agencies, Repurchase Agreements, and Money Market Funds. Details are provided below:

<u>Par Amount</u>	<u>Description</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>
\$3,400,000	FFCB	4.100%	4/8/2019
\$5,330,000	FHLB	4.400%	4/13/2021
\$3,622,000	FHLB	4.875%	1/23/2024
\$8,000,000	FHLB	5.050%	2/20/2029
\$5,000,000	FHLB	7.560%	2/18/2020
\$3,269,000	FHLMC	5.000%	8/13/2019
\$1,000,000	FHLMC	5.250%	3/26/2024
\$515,000	FHLMC	5.400%	2/13/2023
\$5,000,000	FNMA	4.500%	9/30/2019
\$400,000	FNMA	4.750%	5/13/2024
\$8,000,000	FNMA	5.000%	2/26/2029
\$4,026,000	FNMA	5.000%	5/28/2024
\$2,000,000	FNMA	5.250%	2/26/2024
\$8,417,000	FNMA	5.450%	9/25/2023
\$1,350,000	FNMA	5.550%	6/26/2028
\$126,000	HSBC Money Market	3.000%	10/31/2010
\$1,822,300	Repurchase Agreement (Banc of America Securities)	0.050%	11/6/2009
<u>\$61,277,300</u>	TOTAL		

REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2009 with an explanation of each budget category:

<u>(\$Thousands)</u>	<u>FY2008*</u>	<u>FY2009</u>
Revenues:		
Insurance Premiums & Fees	\$1,000	\$1,753
Investment Income*	\$3,148	\$4,070
Total Revenues	\$4,148	\$5,823
Expenses:		
Contract Services-Rating Agency Fees	\$15	\$0
Reimbursement of HDC Overhead**	\$213	\$818
Insurance Claims	\$0	\$0
Total Expenses	\$227	\$818
REMIC OPERATING SURPLUS	<u>\$3,921</u>	<u>\$5,005</u>

**2008 Investment Income is reported without adjustments for fair market value. The adjustment for fair market value in FY2008 was \$1,913,187.95. The adjustment for fair market value in FY2009 was (\$418,197.78).*

***Includes reimbursed Investment Income from temporary loans. See Investment Income section for further detail.*

EXPLANATION OF REVENUES & EXPENSES

Revenues

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. Insurance premiums and fees increased from \$1.0 million in 2008 to \$1.8 million in 2009 and represented 30% of REMIC's total revenues.

Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2009, investment income was \$4.1 million versus \$3.1 million for fiscal year 2008, and represented 70% of REMIC's total revenues. Investment income was higher during fiscal year 2009 due to temporary loans from HDC to REMIC to facilitate investment purchases of HDC's Auction Rate Securities during a period of market turmoil in the auction rate market. Investment income from these loans was reimbursed back to HDC (see section below titled Reimbursement of HDC Overhead). For further information on these temporary loans, please see the REMIC Annual Report and the HDC Annual Report for fiscal year 2008.

Expenses

Contract Services

There were no credit rating agency fees paid in fiscal year 2009. Credit rating agency fees were paid to Fitch Ratings in fiscal year 2008. 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 \$200,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC, and \$618,045 reimbursement for interest and fees on the temporary loans referenced in the Investment Income section above.

Insurance Claims

No insurance claims were paid during fiscal year 2009.