



Report to Members

Fiscal Year End
October 31, 2010

Marc Jahr, President



DATE: November 17, 2011

TO: The Chairperson and Members

FROM: Marc Jahr

SUBJECT: Report on REMIC Fiscal Year 2010 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, 2010. Certificates of Insurance were issued for 7 properties with an insured amount of \$8.2 million, representing 1,008 units and \$40.9 million in mortgage amount outstanding. Commitments to Insure were issued for 22 properties with an insured amount of \$24.4 million, representing 2,425 units and \$122.1 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2010 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 37 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$598,291.

As of November 2011, REMIC had a “AA” rating from Standard & Poor’s.

FISCAL YEAR 2010 SUMMARY

During fiscal year 2010 (November 1, 2009 through October 31, 2010), REMIC issued Commitments to Insure to 22 properties, with a total of 2,425 units, a total insured amount of \$24.4 million, and a total mortgage amount of \$122.1 million. During fiscal year 2010, REMIC issued Certificates of Insurance to 7 properties, with a total of 1,008 units, a total insured amount of \$8.2 million, and a total mortgage amount of \$40.9 million.

As of October 31, 2010, REMIC had a total amount of insurance outstanding of \$124.8 million, with a total mortgage amount outstanding related to such insurance of \$426.4 million. In addition, REMIC had total commitments outstanding of \$93.1 million with a total mortgage amount outstanding related to such insurance of \$459.3 million.

Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2010 are on the following two pages.

COMMITMENTS TO INSURE ISSUED DURING FY2010:				
<u>Property</u>	<u>Lender</u>	<u>Original Insured Amount</u>	<u>Original Mortgage Amount</u>	<u># Units</u>
<u>Bronx:</u>				
2065 Morris Avenue	HDC	\$521,000	\$2,605,000	63
3254 White Plains Road	HDC	\$1,922,000	\$9,610,000	125
920 Westchester Avenue	HDC	\$1,446,000	\$7,230,000	110
Boricua College-Site E	HDC	\$849,000	\$4,245,000	80
Cedars Project	HDC	\$505,000	\$2,525,000	95
Crotona Parkway Apartments	HDC	\$1,197,000	\$5,985,000	96
New Hope Project	HDC	\$555,000	\$2,775,000	63
Rev Dr Fletcher C Crawford Housing	HDC	\$724,000	\$3,620,000	84
Sedgcliff	HDC	\$1,054,000	\$5,270,000	128
St Peter's Ave Apartments	HDC	\$904,000	\$4,520,000	58
The Tiffany	HDC	\$838,000	\$4,190,000	54
University Ave Consolidated III	HDC	\$2,724,000	\$13,620,000	172
Via Verde Apartments	HDC	\$874,000	\$4,370,000	151
Total Bronx:		\$14,113,000	\$70,565,000	1,279
<u>Brooklyn:</u>				
1490 Dumont Avenue	HDC	\$1,095,000	\$5,475,000	176
Atlantic Commons Cornerstone	HDC	\$396,000	\$1,980,000	48
Total Brooklyn:		\$1,491,000	\$7,455,000	224
<u>Manhattan:</u>				
All Saints Project	HDC	\$580,000	\$2,900,000	99
Casablanca Houses	HDC	\$1,299,000	\$6,495,000	48
Friendly Hands Apartments	HDC	\$478,000	\$2,390,000	76
Ciena Hobbs Court	HDC	\$3,835,000	\$19,175,000	340
The Douglass	HDC	\$1,200,000	\$6,000,000	70
Total Manhattan:		\$7,392,000	\$36,960,000	633
<u>Queens:</u>				
Astoria Senior Residences	HDC	\$700,000	\$3,500,000	184
Total Queens:		\$700,000	\$3,500,000	184
<u>Staten Island:</u>				
Broad Street Senior Housing	HDC	\$728,000	\$3,640,000	105
Total Staten Island:		\$728,000	\$3,640,000	105
TOTAL COMMITTED (22 PROJECTS):		\$24,424,000	\$122,120,000	2,425

CERTIFICATES OF INSURANCE ISSUED DURING FY2010:

<u>Property</u>	<u>Lender</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
<u>Bronx:</u>				
830 Fox Street	HDC	\$631,000	\$3,155,000	58
Abeken Apartments	HDC	\$1,263,000	\$6,315,000	120
Morrisania Terrace	HDC	\$284,000	\$1,420,000	42
3300 Palmer Avenue	HDC	\$2,413,754	\$12,068,769	135
Jacob's Place	HDC	\$267,000	\$1,335,000	63
<i>Total Bronx:</i>		<i>\$4,858,754</i>	<i>\$24,293,769</i>	<i>418</i>
<u>Manhattan:</u>				
156-20 Riverside Drive	HDC	\$1,939,062	\$9,695,309	431
<i>Total Manhattan:</i>		<i>\$1,939,062</i>	<i>\$9,695,309</i>	<i>431</i>
<u>Queens:</u>				
Selfhelp KIV	HDC	\$1,380,000	\$6,900,000	159
<i>Total Queens:</i>		<i>\$1,380,000</i>	<i>\$6,900,000</i>	<i>159</i>
TOTAL INSURED (7 PROJECTS):		\$8,177,816	\$40,889,078	1,008

YEAR-OVER-YEAR COMPARISON
FY 2010 VERSUS FY 2009

Commitments to Insure

	<u>FY 2009</u>	<u>FY 2010</u>
# Projects	24	22
# Units	2,600	2,425
Insured Amount	\$37,360,000	\$24,424,000
Mortgage Amount	\$186,800,000	\$122,120,000

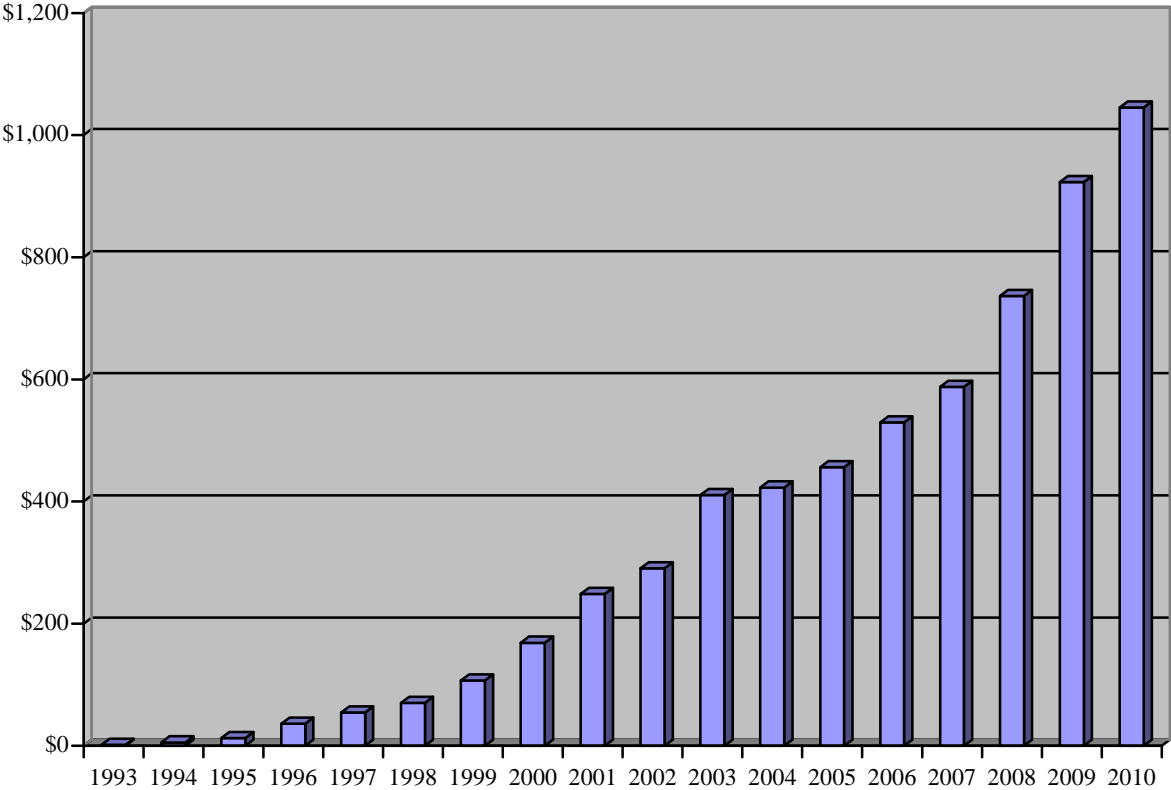
Certificates of Insurance:

# Projects	12	7
# Units	545	1,008
Insured Amount	\$7,583,318	\$8,177,816
Mortgage Amount	\$23,844,318	\$40,889,078

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
2010	22	\$24,424,000	\$122,120,000	2,425
<i>Total</i>	<i>473</i>	<i>\$333,978,190</i>	<i>\$1,045,301,314</i>	<i>21,483</i>

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

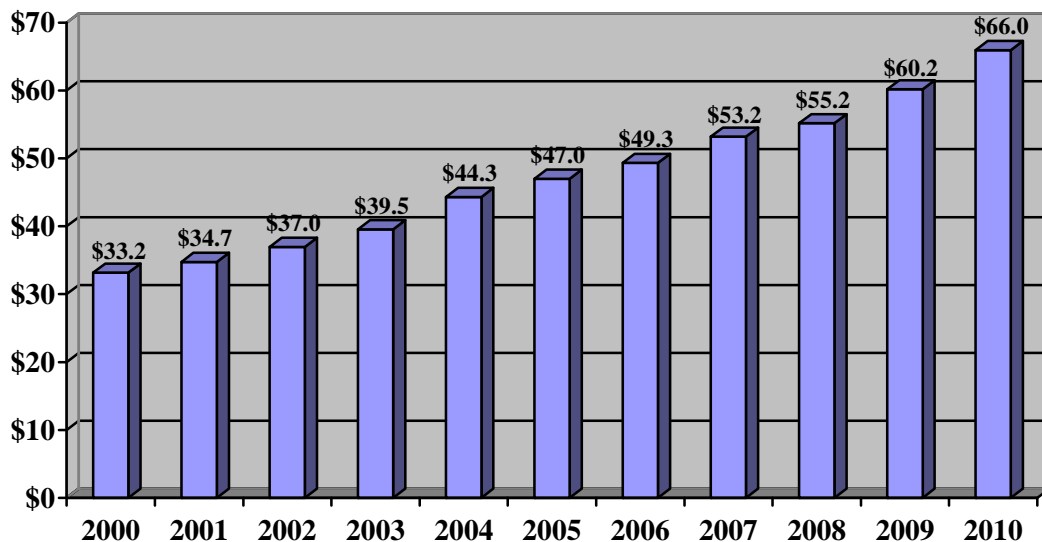


REMIC FY 2010 FUND BALANCES

<u>Fund</u>	<u>Restricted Fund</u> <u>Balance</u>	<u>Unrestricted Fund</u> <u>Balance</u>	<u>TOTAL BALANCE</u>
Mortgage Insurance	\$199,656.00	\$26,604.77	\$226,260.77
Housing Insurance	\$43,533,491.00	\$1,619,685.01	\$45,153,176.01
Premium Reserve	\$0.00	\$4,598,822.13	\$4,598,822.13
Operating Account	(\$113,860.49)	\$15,971,976.63	\$15,858,116.14
Cumulative Unrealized Gain/(Loss)	\$113,860.49	\$0.00	\$113,860.49
TOTAL	\$43,733,147.00	\$22,217,088.54	\$65,950,235.54

At the close of fiscal year 2010, REMIC had an amortized fund balance of \$65,950,235.54, a 10% increase from fiscal year-end 2009.

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 2010 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 2011, Standard & Poor’s maintained a “AA” credit rating for REMIC.

CLAIMS PAYMENT HISORY

During fiscal year 2010, 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, 2010, “Old REMIC” had in its portfolio insured mortgages for 7 properties with 122 units. The current aggregate balance of these insured mortgages is \$445,391 with REMIC insurance in effect of \$199,656.

“NEW REMIC” PROPERTIES

As of October 31, 2010, “New REMIC” had in its portfolio insured mortgages for 179 properties with 8,323 units. The current aggregate balance of these insured mortgages is \$425,982,587 with REMIC insurance in effect of \$124,613,342.

INVESTMENT SUMMARY

As of October 31, 2010, REMIC reserves were invested in securities of various U.S. Government Agencies, Municipals, Repurchase Agreements, and Money Market Funds. Details are provided below:

<u>Par Amount</u>	<u>Description</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u>
3,400,000.00	FFCB	4.10%	04/08/19
8,417,000.00	FHLB	4.50%	06/21/24
7,635,000.00	FHLB	4.65%	06/09/25
4,026,000.00	FHLB	4.05%	08/12/25
3,929,000.00	FHLB	4.00%	08/26/25
12,576,000.00	FHLMC	4.00%	07/27/23
1,030,000.00	FHLMC	5.00%	04/29/25
10,000,000.00	FHLMC	3.85%	09/30/25
3,750,000.00	FNMA	4.00%	10/01/25
8,000,000.00	FNMA	3.75%	10/21/25
1,000,000.00	FNMA	5.00%	12/28/29
1,062,075.07	HSBC Money Market	0.10%	11/01/10
449,000.00	NYC GO Taxable G-2	3.10%	03/01/15
25,700.00	Repurchase Agreement (Daiwa)	0.20%	11/01/10
<u>\$65,299,775</u>	TOTAL		

REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2010 with an explanation of each budget category:

<u>(\$Thousands)</u>	<u>FY2009</u>	<u>FY2010</u>
<u>Revenues:</u>		
Insurance Premiums & Fees	\$1,753	\$1,378
Investment Income	\$4,070	\$4,609
<i>Total Revenues</i>	\$5,823	\$5,987
<u>Expenses:</u>		
Reimbursement of HDC Overhead*	\$818	\$210
Insurance Claims	\$0	\$0
<i>Total Expenses</i>	\$818	\$210
REMIC OPERATING SURPLUS	<u>\$5,005</u>	<u>\$5,777</u>

**Reimbursement of HDC Overhead was higher in FY2009 due to the reimbursement of investment income related to temporary loans HDC made to REMIC to facilitate investment purchases of HDC's Auction Rate Securities during a period of market turmoil in the auction rate market. For further information on these temporary loans, please see the REMIC Annual Report and the HDC Annual Report for FY2008.*

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 were \$1.4 million in 2010 versus \$1.8 million in 2009, and represented 23% of REMIC's total revenues.

Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2010, investment income was \$4.6 million versus \$4.1 million for fiscal year 2009, and represented 77% of REMIC's total revenues.

Expenses

Reimbursement of HDC Overhead

The reimbursement back to HDC was \$210,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC.

Insurance Claims

No insurance claims were paid during fiscal year 2010.