



## Report to Members

Fiscal Year End  
October 31, 2012

**Marc Jahr, President**



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DATE: April 3, 2013  
TO: The Chairperson and Members  
FROM: Marc Jahr  
SUBJECT: Report on REMIC Fiscal Year 2012 Activities

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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, 2012. Certificates of Insurance were issued for 18 properties with an insured amount of \$21.9 million, representing 2,380 units and \$108.2 million in mortgage amount outstanding. Commitments to Insure were issued for 10 properties with an insured amount of \$7.2 million, representing 762 units and \$36.1 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2012 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. In 2011, HDC injected \$7.5 million into REMIC to capitalize future capacity. Subsequent to the end of fiscal year 2012, HDC injected an additional \$10 million into REMIC to further increase REMIC’s capacity.

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 39 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$598,291.

As of April 2013, REMIC had a “AA” rating from Standard & Poor’s.

## **FISCAL YEAR 2012 SUMMARY**

During fiscal year 2012 (November 1, 2011 through October 31, 2012), REMIC issued Commitments to Insure to 10 properties, with a total of 762 units, a total insured amount of \$7.2 million, and a total mortgage amount of \$36.1 million. During fiscal year 2012, REMIC issued Certificates of Insurance to 18 properties, with a total of 2,380 units, a total insured amount of \$21.9 million, and a total mortgage amount of \$108.2 million.

As of October 31, 2012, REMIC had a total amount of insurance outstanding of \$142.7 million, with a total mortgage amount outstanding related to such insurance of \$541.3 million. In addition, REMIC had total commitments outstanding of \$101.9 million with a total mortgage amount outstanding related to such insurance of \$509.7 million. For projection purposes Staff assumes that these commitments will result in the issuance of Certificates of Insurance and REMIC's total amount of insurance outstanding will increase to \$244.6 million. The total mortgage amount will increase to over \$1 billion (based on year-end balances).

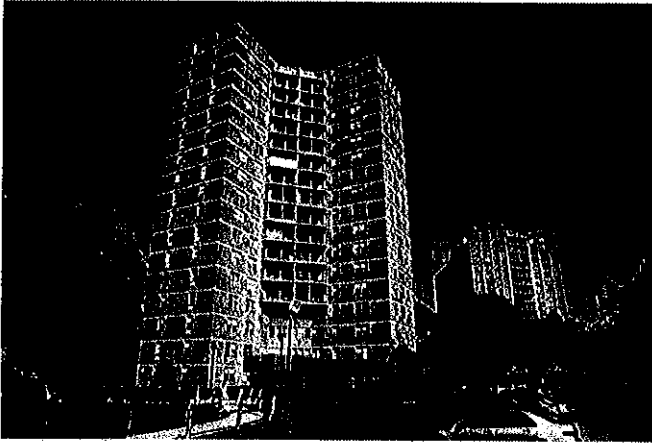
Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2012 are on the following two pages.

<b>COMMITMENTS TO INSURE ISSUED DURING FY2012:</b>				
<b>Property</b>	<b>Lender</b>	<b>Original Mortgage Amount</b>	<b>Original Insured Amount</b>	<b># Units</b>
<b>Bronx:</b>				
1778-1800 Southern Blvd	HDC	\$6,800,000	\$1,360,000	64
27 East 169th Street (East Clarke)	HDC	\$5,980,000	\$1,196,000	106
Aurea Apartments	HDC	\$2,050,000	\$410,000	85
Intervale Independent Seniors	HDC	\$780,000	\$156,000	48
<b>Total Bronx:</b>		<b>\$15,610,000</b>	<b>\$3,122,000</b>	<b>303</b>
<b>Brooklyn:</b>				
560A Gates Avenue Coop	HDC	\$750,000	\$150,000	34
Navy Green R-3	HDC	\$2,510,000	\$502,000	101
St. Phillip's Coop	HDC	\$1,830,000	\$366,000	89
The Garvey	HDC	\$2,785,000	\$557,000	78
<b>Total Brooklyn:</b>		<b>\$7,875,000</b>	<b>\$1,575,000</b>	<b>302</b>
<b>Manhattan:</b>				
Metro North Gardens	HDC	\$5,300,000	\$1,060,000	48
Morningside One Apartments	HDC	\$7,364,100	\$1,472,820	109
<b>Total Manhattan:</b>		<b>\$12,664,100</b>	<b>\$2,532,820</b>	<b>157</b>
<b>TOTAL COMMITTED (10 PROJECTS):</b>		<b>\$36,149,100</b>	<b>\$7,229,820</b>	<b>762</b>

**CERTIFICATES OF INSURANCE ISSUED DURING FY2012:**

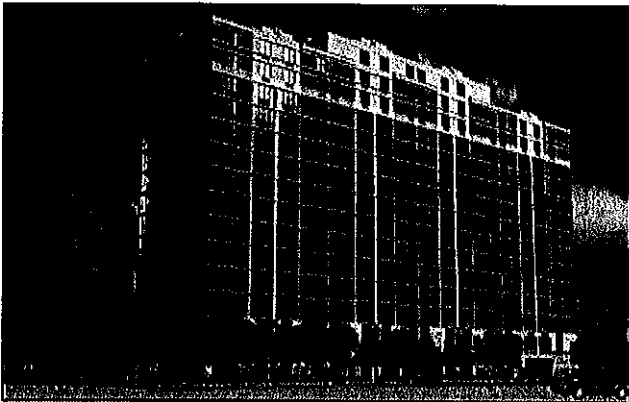
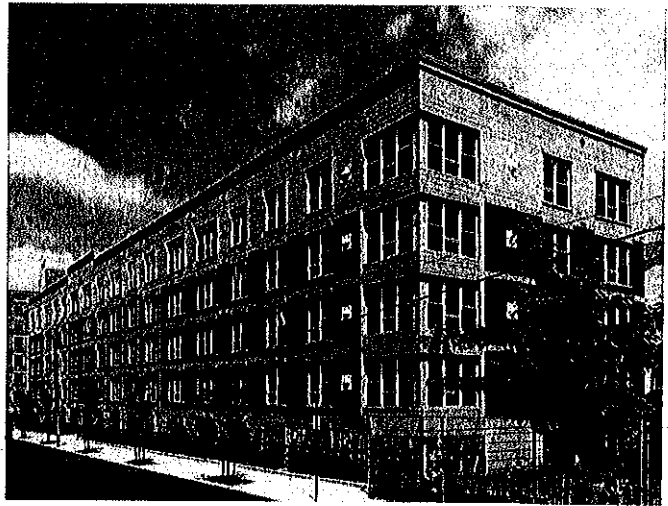
<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
<b><u>Bronx:</u></b>				
412 Willis Avenue	CPC	\$269,000	\$269,000	6
Boricua Village Site B	HDC	\$12,575,000	\$2,515,000	100
Cedars Project	HDC	\$2,525,000	\$505,000	95
Crotona Parkway Apartments	HDC	\$5,985,000	\$1,197,000	96
East Tremont Avenue Apartments	HDC	\$3,290,000	\$658,000	73
Melrose Commons Site 5	HDC	\$3,050,000	\$610,000	63
New Hope Project	HDC	\$2,775,000	\$555,000	63
Tiffany Street Apartments	HDC	\$4,240,000	\$848,000	84
Twin Pines Apartments	HDC	\$2,965,000	\$593,000	32
Walton Henwood Apartments	HDC	\$5,515,000	\$1,103,000	105
<b>Total Bronx:</b>		<b>\$43,189,000</b>	<b>\$8,853,000</b>	<b>717</b>
<b><u>Brooklyn:</u></b>				
1825 Atlantic Avenue	HDC	\$5,370,000	\$1,074,000	150
YWCA Third Avenue	HDC	\$2,800,000	\$560,000	84
<b>Total Brooklyn:</b>		<b>\$8,170,000</b>	<b>\$1,634,000</b>	<b>234</b>
<b><u>Manhattan:</u></b>				
All Saints Project	HDC	\$2,900,000	\$580,000	99
Casablanca Houses	HDC	\$6,495,000	\$1,299,000	48
Fabria Houses	HDC	\$1,550,000	\$310,000	65
<b>Total Manhattan:</b>		<b>\$10,945,000</b>	<b>\$2,189,000</b>	<b>212</b>
<b><u>Queens:</u></b>				
47th Avenue Big Six	HDC	\$35,020,002	\$7,004,000	983
65-60 Austin Street	HDC	\$7,350,000	\$1,470,000	50
Astoria Senior Residences	HDC	\$3,500,000	\$700,000	184
<b>Total Queens:</b>		<b>\$45,870,002</b>	<b>\$9,174,000</b>	<b>1,217</b>
<b>TOTAL INSURED (18 PROJECTS):</b>		<b>\$108,174,002</b>	<b>\$21,850,000</b>	<b>2,380</b>

**HIGHLIGHTS OF PROPERTIES INSURED DURING FY2012**



**47<sup>th</sup> Avenue Big Six  
Queens, NY**

**Melrose Commons  
Bronx, NY**



**Astoria Senior Residence  
Queens, NY**

**YEAR-OVER-YEAR COMPARISON**  
**FY 2012 VERSUS FY 2011**

**Commitments to Insure**

	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>
# Projects	22	10
# Units	2,608	762
Insured Amount	\$34,026,000	\$7,229,820
Mortgage Amount	\$170,130,000	\$36,149,100

**Certificates of Insurance:**

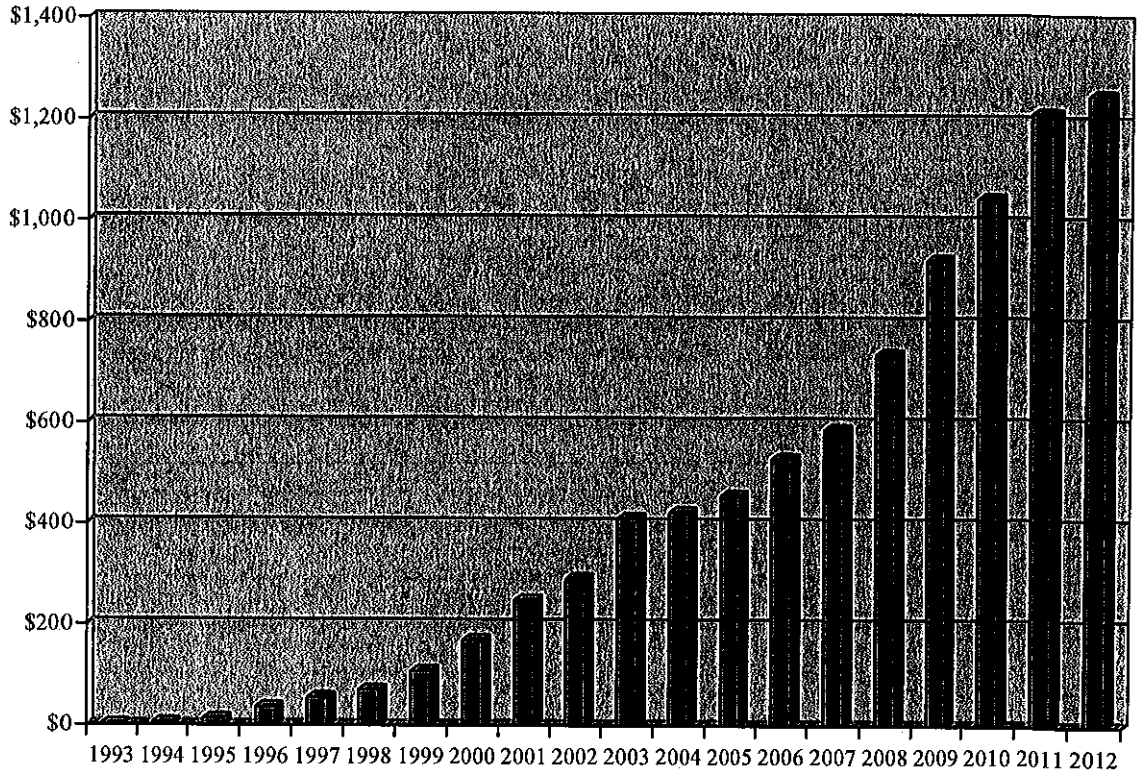
# Projects	10	18
# Units	955	2,380
Insured Amount	\$10,056,000	\$21,850,000
Mortgage Amount	\$50,280,000	\$108,174,002



### 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
2011	22	\$34,026,000	\$170,130,000	2,608
2012	10	\$7,229,820	\$36,149,100	762
<b>Total</b>	<b>505</b>	<b>\$375,234,010</b>	<b>\$1,251,580,414</b>	<b>24,853</b>

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

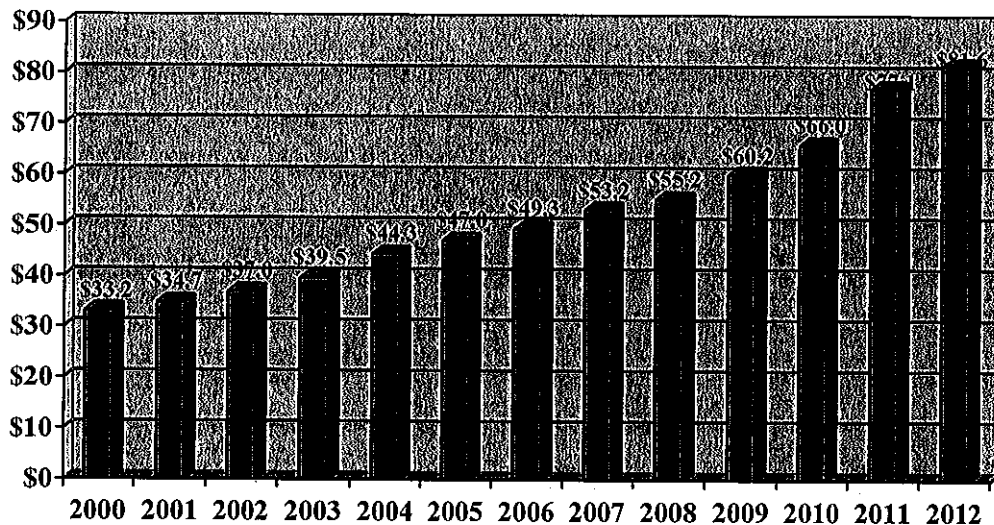


**REMIC FY 2012 FUND BALANCES**

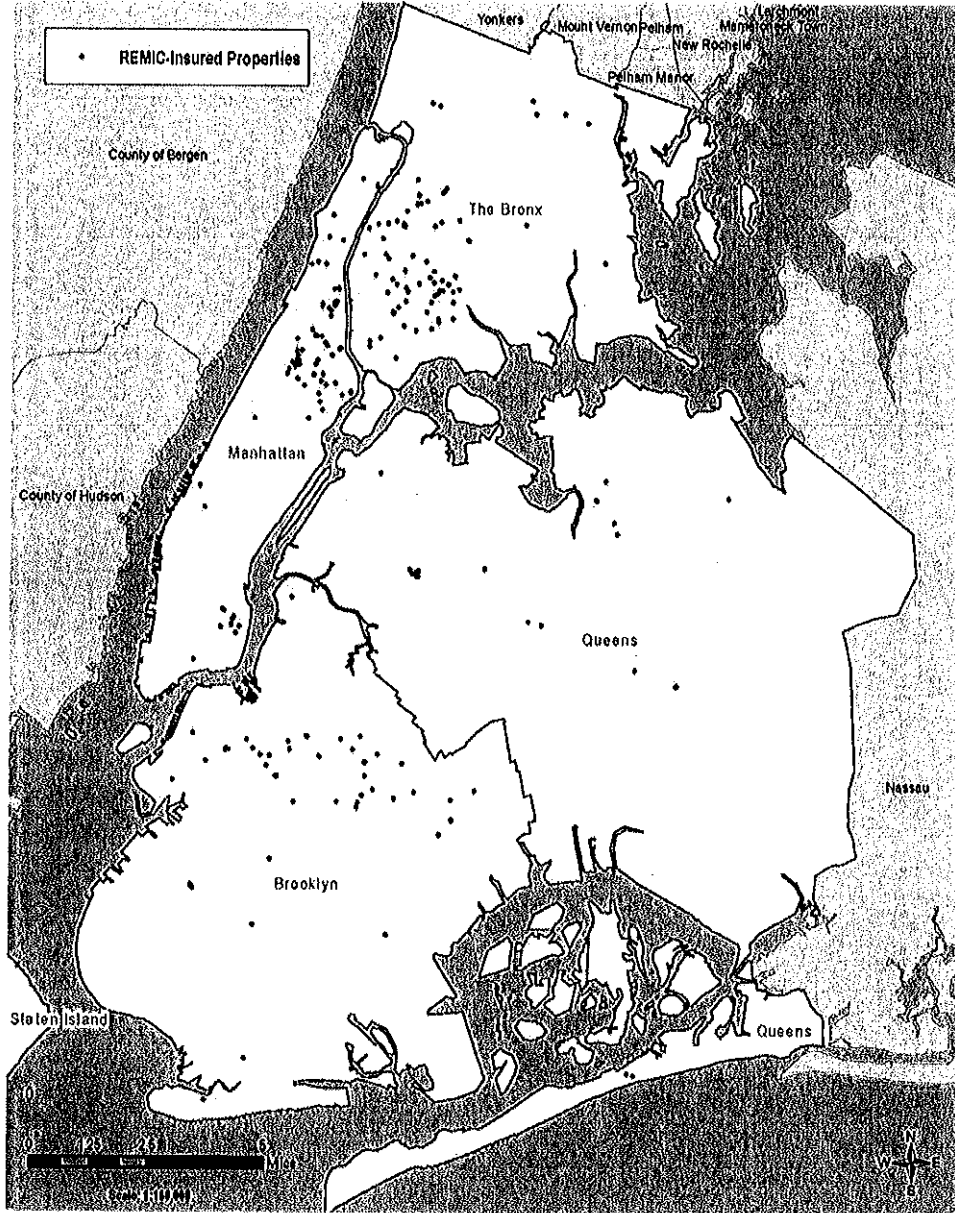
<b><u>Fund</u></b>	<b><u>Restricted Fund Balance</u></b>	<b><u>Unrestricted Fund Balance</u></b>	<b><u>TOTAL BALANCE</u></b>
Mortgage Insurance	\$138,057	\$87,554	\$225,611
Housing Insurance	\$48,899,887	\$1,051,431	\$49,951,318
Premium Reserve	\$0	\$4,624,139	\$4,624,139
Operating Account	(\$552,921)	\$26,804,932	\$26,252,011
Cumulative Unrealized Gain/(Loss)	\$552,921	\$0	\$552,921
<b>TOTAL</b>	<b>\$49,037,944</b>	<b>\$32,568,056</b>	<b>\$81,606,001</b>

At the close of fiscal year 2012, REMIC had an amortized fund balance of \$81,606,001, a 6% increase from fiscal year-end 2011.

**REMIC Annual Fund Balance**  
*(\$Millions)*



## MAP OF REMIC-INSURED PROPERTIES



<b>Borough</b>	<b># Loans Insured</b>	<b>\$ Insured Amount</b>
Bronx	65	45,273,803
Brooklyn	49	23,091,204
Manhattan	60	49,863,526
Queens	17	24,461,468
Staten Island	0	0
<b>TOTAL</b>	<b>191</b>	<b>142,690,001</b>

## **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 2012 with undesignated reserves of approximately \$25.6 million. This undesignated reserve amount results in an available capacity to insure approximately \$128.0 million in insured amount, or a potential \$640.1 million in mortgage amount (assuming 20% insurance).

## **CREDIT RATINGS**

As of April 2013, Standard & Poor's maintained a "AA" credit rating for REMIC.

## **CLAIMS PAYMENT HISORY**

During fiscal year 2012, 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, 2012, "Old REMIC" had in its portfolio insured mortgages for 3 properties with 49 units. The current aggregate balance of these insured mortgages is \$285,744 with REMIC insurance in effect of \$138,057.

## **"NEW REMIC" PROPERTIES**

As of October 31, 2012, "New REMIC" had in its portfolio insured mortgages for 188 properties with 11,104 units. The current aggregate balance of these insured mortgages is \$541.0 million with REMIC insurance in effect of \$142.6 million.

## INVESTMENT SUMMARY

As of October 31, 2012, REMIC reserves were invested in securities of various U.S. Government Agencies, Municipals, 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>
\$2,570,000	FHLB	2.20%		04/22/22
\$10,000,000	FHLB	3.10%		07/09/26
\$10,000,000	FHLB	3.17%		07/02/27
\$11,110,000	FHLB	3.00%		10/29/27
\$12,000,750	FHLMC	3.00%		08/27/27
\$11,000,000	FNMA	4.15%		11/07/31
\$9,000,000	FNMA	4.00%		03/29/32
\$10,000,000	FNMA	4.00%		04/09/32
\$449,000	NYC GO	3.10%		03/01/15
\$4,396,888	HSBC Money Market	0.15%		11/01/12
<u>\$80,526,638</u>	<b>TOTAL</b>			

## REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2012 with an explanation of each budget category:

<u>(\$Thousands)</u>	<u>FY2011</u>	<u>FY2012</u>
<b><u>Operating Revenues:</u></b>		
Insurance Premiums & Fees	\$1,484	\$1,802
Investment Income	\$2,642	\$3,118
<b><i>Total Operating Revenues</i></b>	<b>\$4,126</b>	<b>\$4,920</b>
<b><u>Operating Expenses:</u></b>		
Reimbursement of HDC Overhead	\$440	\$450
Insurance Claims	\$0	\$0
<b><i>Total Operating Expenses</i></b>	<b>\$440</b>	<b>\$450</b>
<b>REMIC OPERATING SURPLUS</b>	<b>\$3,686</b>	<b>\$4,470</b>
Capital Injection From HDC	\$7,500	\$0
<b>CHANGE IN NET POSITION</b>	<b><u>\$11,186</u></b>	<b><u>\$4,470</u></b>

## 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 \$1.8 million in 2012 versus \$1.5 million in 2011, and represented 37% of REMIC's total revenues.

#### Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2012, investment income was \$3.1 million versus \$2.6 million for fiscal year 2011, and represented 63% of REMIC's total revenues.

### Expenses

#### Reimbursement of HDC Overhead

The reimbursement back to HDC was \$450,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC.

#### Insurance Claims

No insurance claims were paid during fiscal year 2012.