



Report to Members

Fiscal Year End
October 31, 2017

Eric Enderlin
President



DATE: May 23, 2018

TO: The Chairperson and Members

FROM: Eric Enderlin

SUBJECT: Report on REMIC Fiscal Year 2017 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, 2017. Certificates of Insurance were issued for 27 properties with an insured amount of \$49.2 million, representing 9,500 units and \$240.0 million in mortgage amount outstanding. Commitments to Insure were issued for 14 properties with an insured amount of \$28.5 million, representing 2,109 units and \$139.0 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2017 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. During 2015, the last remaining “Old REMIC” loan was paid off. There are no remaining “Old REMIC” loans in the portfolio. In fiscal years 2011, 2013, and 2015, HDC injected \$7.5 million, \$10 million, and \$8 million, respectively, into REMIC to capitalize future 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 44 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$598,291.

As of fiscal year-end, REMIC had a “AA” rating from Standard & Poor’s.

FISCAL YEAR 2017 SUMMARY

During fiscal year 2017 (November 1, 2016 through October 31, 2017), REMIC issued Commitments to Insure to 14 properties, with a total of 2,109 units, a total insured amount of \$28.5 million, and a total mortgage amount of \$139.0 million. During fiscal year 2017, REMIC issued Certificates of Insurance to 27 properties, with a total of 9,500 units, a total insured amount of \$49.2 million, and a total mortgage amount of \$240.0 million.

As of October 31, 2017, REMIC had a total amount of insurance outstanding of \$262.8 million, with a total mortgage amount outstanding related to such insurance of \$1.2 billion. In addition, REMIC had total commitments outstanding of \$93.1 million with a total mortgage amount outstanding related to such insurance of \$455.1 million.

Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2017 are on the following two pages.

COMMITMENTS TO INSURE ISSUED DURING FY2017

BRONX

<u>Property</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Bronx Commons	HDC	\$21,525,000	\$4,305,000	305
MBD Silva Taylor	HDC	\$6,020,000	\$1,204,000	40
MLK Plaza	HDC	\$7,545,000	\$1,509,000	167
Morris II Apartments	HDC	\$7,020,000	\$1,404,000	154
PRC Fox Street Development	HDC	\$12,530,000	\$2,506,000	200
Scott Tower	HDC	\$7,230,000	\$1,446,000	352
Thessalonian Manor	HDC	\$3,200,000	\$640,000	120
Tilden Towers I	HDC	\$7,195,000	\$1,439,000	127
TLK Manor	HDC	\$2,260,000	\$452,000	83
Tremont-Anthony	HDC	\$1,651,000	\$330,200	32
<i>Total Bronx (10 projects):</i>		<u>\$76,176,000</u>	<u>\$15,235,200</u>	<u>1,580</u>

BROOKLYN

<u>Property</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
317 Malcolm X Boulevard	CPC	\$916,456	\$916,456	34
Livonia Avenue Phase II	HDC	\$16,500,000	\$3,300,000	242
<i>Total Brooklyn (2 projects):</i>		<u>\$17,416,456</u>	<u>\$4,216,456</u>	<u>276</u>

MANHATTAN

<u>Property</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
116 West 116 th Street*	HDC	\$2,575,000	\$515,000	21
<i>Total Manhattan (1 project):</i>		<u>\$2,575,000</u>	<u>\$515,000</u>	<u>21</u>

*This project was committed and insured in the same year.

QUEENS

<u>Property</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
One Flushing	HDC	\$42,785,000	\$8,557,000	232
<i>Total Queens (1 project):</i>		<u>\$42,785,000</u>	<u>\$8,557,000</u>	<u>232</u>

TOTAL COMMITTED (14 PROJECTS): **\$138,952,456** **\$28,523,656** **2,109**

CERTIFICATES OF INSURANCE ISSUED DURING FY2017

BRONX

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
1380 University Avenue	HDC	\$8,330,000	\$1,666,000	139
Compass Residences 1A	HDC	\$8,270,000	\$1,654,000	110
Compass Residences 1B	HDC	\$5,480,000	\$1,096,000	127
Crossroads Plaza	HDC	\$15,040,000	\$3,008,000	126
Crossroads Plaza II	HDC	\$12,000,000	\$2,400,000	136
Morris Court	HDC	\$22,050,000	\$4,410,000	201
Mount Sharon	HDC	\$1,330,000	\$266,000	106
Park West Apartments	HDC	\$8,730,000	\$1,746,000	134
Plover Apartments	HDC	\$3,100,000	\$620,000	138
Rubin Wolf Apartments	HDC	\$3,860,000	\$772,000	69
Sedgcliff	HDC	\$5,270,000	\$1,054,000	128
Soundview Family	HDC	\$6,090,000	\$1,218,000	120
Tremont-Anthony	HDC	\$1,651,000	\$330,200	32
Webster Commons Building A	HDC	\$10,915,000	\$2,183,000	135
Webster Commons Building B	HDC	\$8,570,000	\$1,714,000	95
Webster Commons Building E	HDC	\$5,120,000	\$1,024,000	80
Total Bronx (16 projects):		<u>\$125,806,000</u>	<u>\$25,161,200</u>	<u>1,876</u>

BROOKLYN

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
27 Granite Street et al.	CPC	\$1,489,899	\$1,489,899	50
482 Franklin Avenue	HDC	\$16,060,000	\$3,212,000	93
Berean Apartments	HDC	\$4,700,000	\$940,000	107
Cadman Tower Coop	HDC	\$9,855,000	\$1,971,000	422
Gateway Elton III	HDC	\$18,010,000	\$3,602,000	287
Greenpoint Landing G2	HDC	\$4,230,000	\$846,000	93
Greenpoint Landing E3	HDC	\$7,575,000	\$1,515,000	98
Livonia Commons	HDC	\$11,330,000	\$2,266,000	283
NYCHA Public Hsg Pres II	HDC	\$28,325,000	\$5,665,000	5,674
PACC Resyndication	HDC	\$10,000,000	\$2,000,000	496
Total Brooklyn (10 projects):		<u>\$111,574,899</u>	<u>\$23,506,899</u>	<u>7,603</u>

MANHATTAN

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
116 West 116 th Street*	HDC	\$2,575,000	\$515,000	21
Total Manhattan (1 project):		<u>\$2,575,000</u>	<u>\$515,000</u>	<u>21</u>

*This project was committed and insured in the same year.

TOTAL INSURED (27 PROJECTS): **\$239,955,899** **\$49,183,099** **9,500**



HIGHLIGHTS OF PROPERTIES INSURED DURING FY2017



Livonia Commons (Brooklyn)



Crossroads Plaza (Bronx)



Soundview Family (Bronx)

YEAR-OVER-YEAR COMPARISON
FY 2017 VERSUS FY 2016

Commitments to Insure

	<u>FY 2016</u>	<u>FY 2017</u>
# Projects	24	14
# Units	9,282	2,109
Insured Amount	\$40,599,210	\$28,523,656
Mortgage Amount	\$201,544,576	\$138,952,456

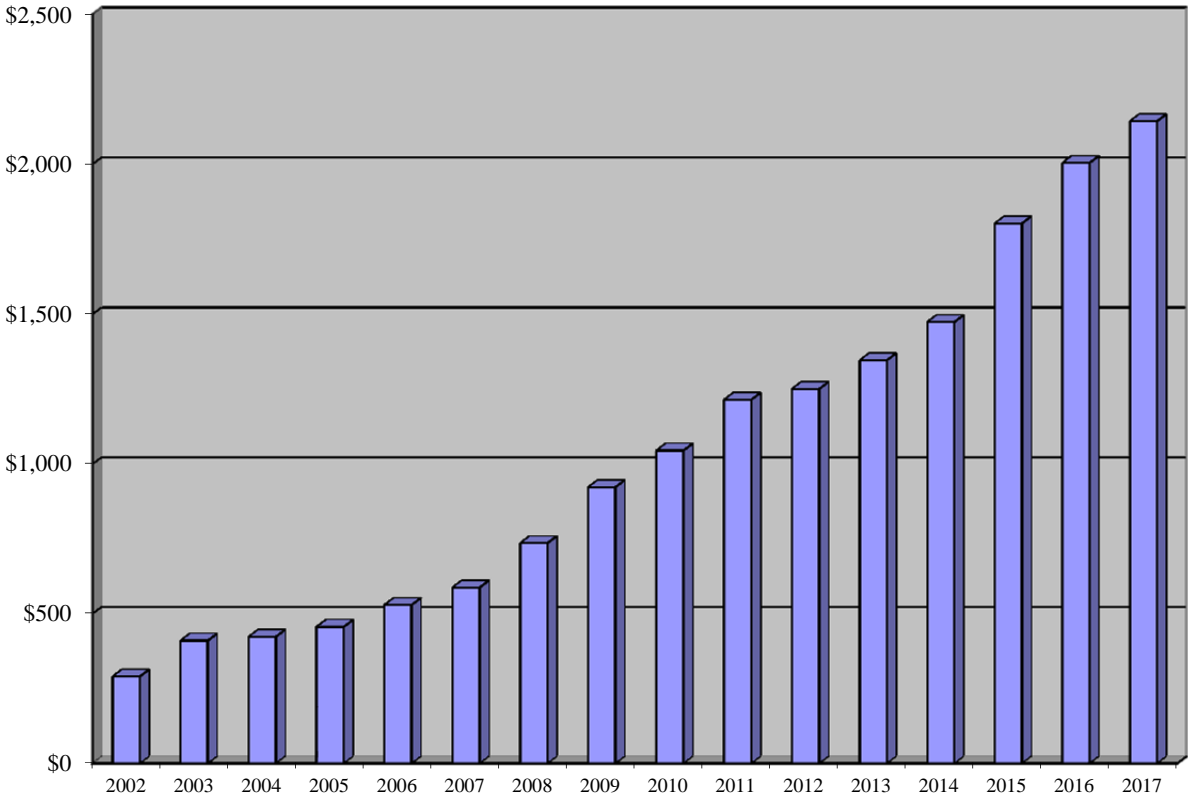
Certificates of Insurance:

# Projects	14	27
# Units	2,205	9,500
Insured Amount	\$24,689,210	\$49,183,099
Mortgage Amount	\$121,994,576	\$239,955,899

ANNUAL COMMITMENT ACTIVITY

<u>Fiscal Year</u>	<u># Loans</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
1993 to 2003	347	\$189,515,187	\$410,581,573	10,340
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
2013	18	\$23,127,428	\$95,391,428	1,769
2014	20	\$26,876,000	\$127,520,000	2,674
2015	47	\$69,705,024	\$328,617,024	5,594
2016	24	\$40,599,210	\$201,544,576	9,282
2017	14	\$28,523,656	\$138,952,456	2,109
<i>Total</i>	<i>628</i>	<i>\$564,065,328</i>	<i>\$2,143,605,898</i>	<i>46,281</i>

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

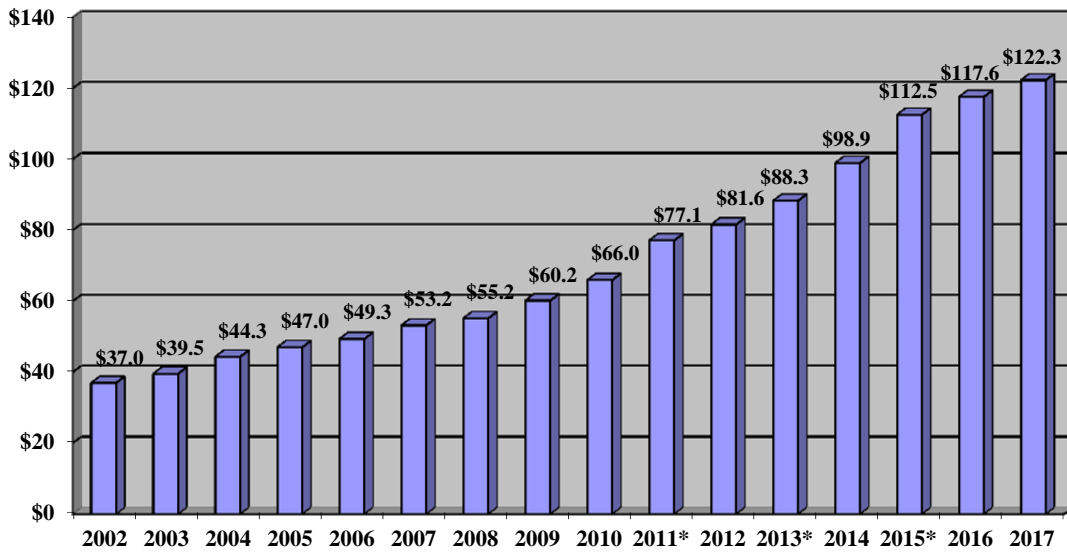


REMIC FY 2017 FUND BALANCES

<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>TOTAL BALANCE</u>
\$71,192,089	\$51,104,223	\$122,296,312

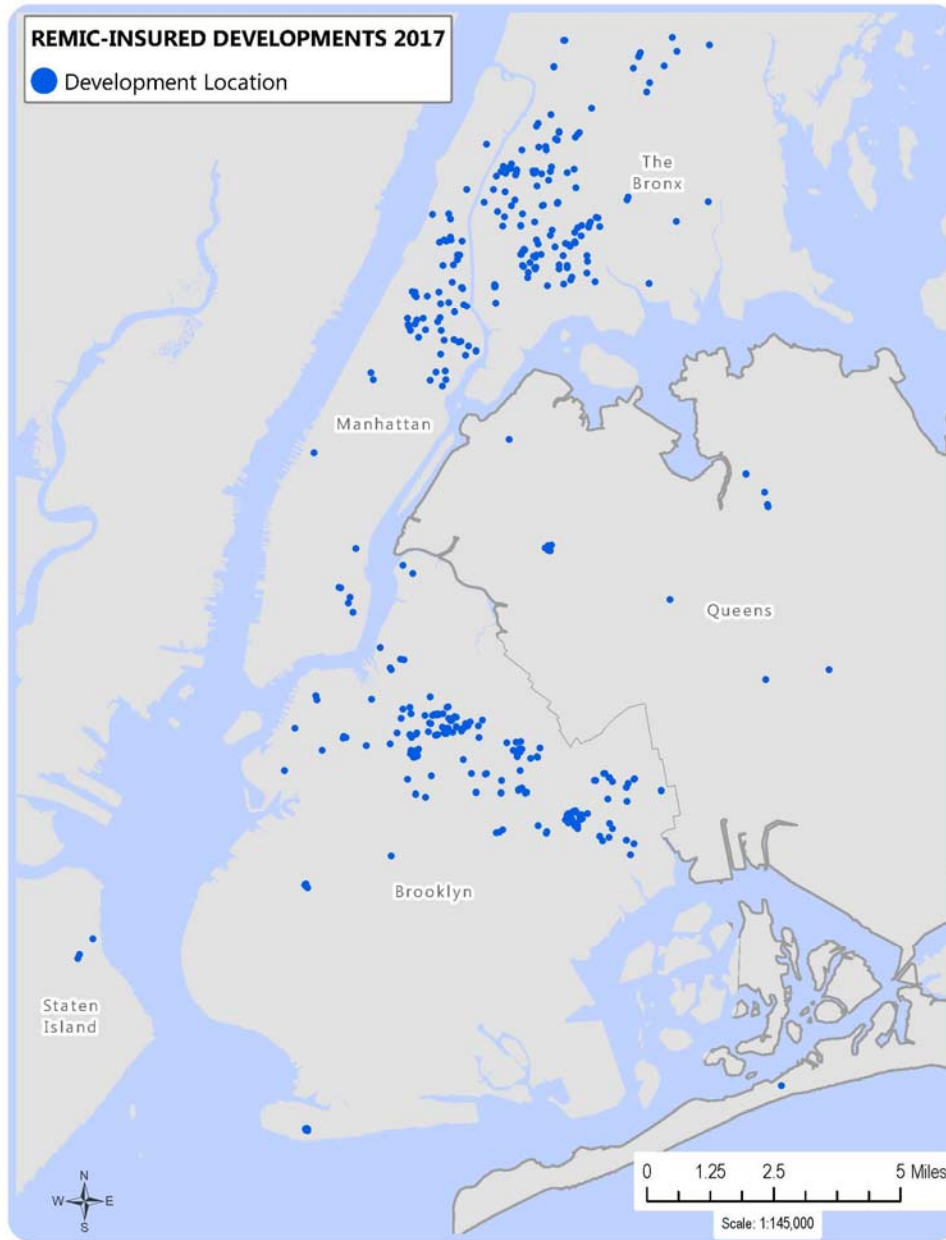
At the close of fiscal year 2017, REMIC had a fund balance of \$122,296,312, a 4% increase from fiscal year-end 2016.

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



**HDC injected capital into REMIC during fiscal years 2011, 2013, and 2015 in the amounts of \$7.5 million, \$10 million, and \$8 million, respectively, to capitalize future capacity.*

MAP OF REMIC-INSURED PROPERTIES



<u>Borough</u>	<u># Loans Insured</u>	<u>\$ Insured Amount</u>
Bronx	113	119,779,458
Brooklyn	64	67,572,665
Manhattan	53	52,498,560
Queens	11	20,875,193
Staten Island	2	2,102,107
TOTAL	243	262,827,983

REMIC INSURANCE CAPACITY

In accordance with Section 654-d of New York Private Housing Finance Law, REMIC set aside reserves to cover insurance commitments and contracts entered into by REMIC, as well as properties currently in pipeline. REMIC ended fiscal year 2017 with undesignated reserves of approximately \$43.8 million. This undesignated reserve amount results in an available capacity to insure approximately \$219 million in insured amount, or a potential \$1.1 billion in mortgage amount (assuming 20% insurance).

CREDIT RATINGS

As of fiscal year-end, Standard & Poor's maintained a "AA" credit rating for REMIC.

CLAIMS PAYMENT HISTORY

During fiscal year 2017, there were no insurance claims paid on REMIC properties. The total amount of claims paid since 1973 remains at \$598,291. The last claim paid was in 2003. All claims paid have been on loans originated by "Old REMIC."

REMIC PROPERTIES

As of October 31, 2017, REMIC had in its portfolio insured mortgages for 243 properties with 29,024 units. The current aggregate balance of these insured mortgages is \$1.2 billion with REMIC insurance in effect of \$262.8 million.

INVESTMENT SUMMARY

As of October 31, 2017, REMIC reserves were invested in 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>
\$2,104,550	Daiwa Securities - Repurchase Agreement	1.050%		11/2/2017
\$120,034,623	New York Community Bank - Money Market	1.290%		N/A
<u>\$122,139,173</u>	TOTAL			

REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2017 with an explanation of each budget category:

(\$ Thousands)	FY2016	FY2017
<i>Operating Revenues:</i>		
Insurance Premiums & Fees	\$3,800	\$3,055
Investment Income	\$1,504	\$1,741
<i>Total Operating Revenues</i>	<i>\$5,304</i>	<i>\$4,796</i>
<i>Operating Expenses:</i>		
Reimbursement of HDC Overhead	\$515	\$515
Insurance Claims	\$0	\$0
<i>Total Operating Expenses</i>	<i>\$515</i>	<i>\$515</i>
OPERATING SURPLUS	\$4,789	\$4,281
Capital Injection from HDC	\$0	\$0
Unrealized Gain/(Loss) on Investments	\$234	\$444
CHANGE IN NET POSITION	\$5,023	\$4,725

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 \$3.1 million in 2017 versus \$3.8 million in 2016, and represented 64% of REMIC's total revenues.

Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2017, investment income was \$1.7 million versus \$1.5 million for fiscal year 2016, and represented 36% of REMIC's total revenues.

Expenses

Reimbursement of HDC Overhead

The reimbursement back to HDC was \$515,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC. This amount covers the salary, fringe, and costs related to HDC staff assigned to REMIC matters.

Insurance Claims

No insurance claims were paid during fiscal year 2017.