

**MINUTES OF THE
ANNUAL MEETING OF THE
NEW YORK CITY RESIDENTIAL MORTGAGE INSURANCE CORPORATION**

August 5, 2020

The annual meeting of the Members of the New York City Residential Mortgage Insurance Corporation (the “Corporation” or “REMIC”) was held on Wednesday, August 5, 2020 via teleconference. The meeting was called to order at 3:09 p.m. by the Chairperson, Louise Carroll, who noted the presence of a quorum. The Members present were Harry E. Gould, Jr., Jacques Jiha, Charles G. Moerdler, Kyle Kimball, Blondel A. Pinnock and Thomas Manning. The Members absent were Denise Notice-Scott and Melanie Hartzog. A list of observers is appended to these minutes.

The Chairperson stated that the next item on the agenda would be the approval of the minutes of the meeting held on May 30, 2019.

Upon a motion duly made by Mr. Kimball, and seconded by Mr. Gould, the Members unanimously:

RESOLVED, to approve the minutes of such meeting.

The Chairperson stated that the next item on the agenda would be the submission of the 2019 Annual Report and called upon Horace Greene, Project Manager for REMIC, to make this presentation.

Mr. Greene referred the Members to the memorandum before them entitled “Report on REMIC Fiscal Year 2019 Activities” dated July 29, 2020 and the Fiscal Year Ended October 31, 2019 Report attached thereto, all of which are appended to these minutes and made a part hereof. Mr. Greene stated that he was pleased to present the REMIC Annual Report for the fiscal year ended October 31, 2019. He said that during the year, REMIC issued Commitments to Insure thirteen (13) new loans covering over 3,300 units with a total mortgage amount of \$195 million, and an insured amount of \$39 million. He said additionally, REMIC issued twenty-seven (27) Certificates of Insurance covering over 3,900 units with a total mortgage amount of \$170 million, and an insured amount of \$34 million.

Mr. Greene stated that REMIC ended fiscal year 2019 with two-hundred and fifty-five (255) loans in its portfolio, covering over thirty-two thousand (32,000) units with a total mortgage amount of \$1.3 billion, and an insured amount of \$287 million. He said REMIC reserves at the end of fiscal year 2019 totaled \$142 million.

Mr. Greene stated that he was pleased to report that REMIC did not pay out any claims during fiscal year 2019 and does not currently have any loans in default. He reminded the Members that REMIC has not paid out a claim since 2003, and all claims previously paid out were on Old REMIC loans. He said that currently, two (2) REMIC-insured HDC loans with an insured amount of \$2.5 million had received forbearance from HDC. He said the developments are closely

monitored by REMIC and HDC, and REMIC does not expect a default. He said that REMIC's Executive Vice President, Teresa Gigliello, will discuss forbearance associated with the REMIC-insured NYCRRs portfolio in the next agenda item.

Mr. Greene stated that REMIC continues to perform well, fulfilling its mission to promote the production and rehabilitation of affordable housing in New York City, while also maintaining a stable "AA" Rating from Standard & Poor's. He said that upon approval of the REMIC Annual Report, it will be posted to the HDC Website. He said this concludes his report, and he was happy to answer any questions at this time.

The Chairperson stated that the next item on the agenda would be the approval of REMIC COVID-19 Forbearance Policy (NYCRRs) and called upon Ms. Gigliello to make this presentation.

Ms. Gigliello referred the Members to the memorandum before them entitled "REMIC COVID-19 Forbearance Policy (NYCRRs)" dated July 29, 2020 (the "Forbearance Policy Memorandum") which is appended to these minutes and made a part hereof. Ms. Gigliello stated that the Members are requested to approve the REMIC COVID-19 Forbearance Policy that would permit the temporary waiver of certain requirements of REMIC's Master Policy with the Community Preservation Corporation ("CPC") to permit the filing of partial claims for loss related to certain CPC-serviced NYCRRs¹ loans which are insured by REMIC.

Ms. Gigliello stated that certain borrowers have requested debt forbearance, attesting that the COVID-19 pandemic has adversely impacted rental income collections at their properties, reducing operating income to a level insufficient to cover debt service.

Ms. Gigliello stated that following the borrowers' requests for debt forbearance, NYCRRs requested that REMIC consider permitting NYCRRs to file claims for loss on payments forborne under these agreements. She said that having received approval from the State of New York Mortgage Agency (SONYMA) to file such claims on loans insured by SONYMA, NYCRRs indicated that its approval of debt forbearance would be contingent on REMIC's approval of the request to permit the filing of claims.

Ms. Gigliello stated that the terms of the forbearance offered by NYCRRs includes three (3) consecutive months of forbearance of principal, interest, and certain escrow payments. She said that borrowers are required to repay the forborne amounts in eighteen (18) equal monthly installments. She said that REMIC would be unable to offer support under the Master Policy, as conditions precedent to filing a claim, including four (4) months of default², and certain notification and enforcement requirements, would not be satisfied.

¹ NYCRRs refers to the Teachers' Retirement System of the City of New York, the New York City Employees' Retirement System, the New York City Police Pension Fund, the New York City Fire Pension Fund, and the Board of Education Retirement System of the City of New York, collectively identified as NYCRRs under the Economically Targeted Investments Program of the Office of the New York City Comptroller.

²Four (4) months of default means the failure to pay a total aggregate amount equal to four (4) regular monthly payments of principal and interest and any escrow payments due under the terms of a Mortgage Loan, disregarding any waivers or extensions by the Insured.

Ms. Gigliello stated that under the proposed Forbearance Policy, REMIC would waive certain requirements of the Master Policy, permitting non-payment for three months pursuant to a forbearance agreement to be deemed a covered default for which NYCRRs would be entitled to file a claim. She said that REMIC would pay such claims and be reimbursed as borrowers repay the forbore amounts within the maximum allowed 18-month period. She said that the terms of the Forbearance Policy would be documented in an agreement between REMIC and PENY & Co., LLC, as nominee for NYCRRs.

Ms. Gigliello stated that the proposed Forbearance Policy addresses a defined subset of REMIC's NYCRRs portfolio. She said that at this time, it would apply to nine senior position loans with an aggregate outstanding principal balance of approximately \$3.68 million, and total scheduled monthly principal and interest payments of approximately \$26.8 thousand. However, she said, due to the economic uncertainty associated with the ongoing pandemic, it is anticipated that NYCRRs may receive additional requests for debt forbearance for NYCRRs loans insured by REMIC. Therefore, she said, the Members are requested to authorize REMIC staff to review and approve, when deemed necessary, additional NYCRRs loans insured by REMIC to be covered under the Forbearance Policy. She said that the Forbearance Policy would also apply to extensions of forbearance agreements subject to the prior consent of REMIC staff. She said that the REMIC Forbearance Policy will be for a temporary period not to exceed December 31, 2021.

Ms. Gigliello stated that as of June 30, 2020, the outstanding principal balance on all NYCRRs loans insured by REMIC, including the nine loans described above, was approximately \$13.9 million, and the total of scheduled monthly principal and interest payments was approximately \$137 thousand.

Ms. Gigliello stated that the primary risk associated with the Forbearance Policy is borrower default. She said that to cover potential claims under the Forbearance Policy, REMIC will allocate additional restricted reserves equal to one hundred percent (100%) of the insured amount of the nine covered loans. She said that if any additional NYCRRs loans are determined to be eligible for coverage under the Forbearance Policy by REMIC staff, the reserves for such loans would be increased to one hundred percent (100%) of the insured amount.

Ms. Gigliello stated that as an additional risk mitigation measure, the Forbearance Policy will include a requirement that the New York City Housing Development Corporation (HDC) be permitted to refinance loans covered under the Forbearance Policy, without the consent of NYCRRs or CPC.

Ms. Gigliello then described the actions the Members were being requested to approve.

Mr. Moerdler asked if there is any reason why REMIC staff could not report to the board in the event that any one of those loans default within a fixed period of time after receiving such notice. He said in other words, do we have to wait until the end of 2021? He said that if somebody defaults, we ought to know. Mr. Froehlich said that we are not actually set up to do that but clearly, we can tell people, but the point is the policy is really one of allowing us to pay partial claims. He said that if a project is in default, the likely result would be an effort to probably refinance the project and we've been talking about that more broadly as to how we'll respond if projects get into

difficulty. He said that the projects that are part of this portfolio are relatively small, so the non-payment of rent is really hitting them harder than it would if they were larger developments. He said that we expect that at some point or another we would be coming back probably to the HDC board to refinance. He said that otherwise in order to proceed with default in the normal process that we normally would do, it doesn't require a board action; you delegate to us so that we can act and do what's necessary to protect REMIC's interests. Mr. Moerdler said that he heard that and understands that but cannot see why somebody cannot, when something goes into default, send a note by email to each board member telling them. He said that transparency is important. Mr. Froehlich said okay. The Chairperson said that in the event of a default, the REMIC board would get an email notifying the board of the details, the organization, the loan, etc. Mr. Moerdler said that was fine and that solved his problem.

Mr. Manning asked how the other properties in the portfolio were doing as a general matter. Mr. Froehlich said that the portfolio was generally performing very well. He said that just a handful of projects have sought forbearance. He said that regarding other projects, a larger amount have needed to dip into some of the reserves that we hold. He said that overall, we are seeing just a small portion of the overall portfolio. He said that two other projects are in forbearance with respect to either HDC loans or with third party loans, actually four projects are in forbearance. Mr. Enderlin said that he wanted to add to what Mr. Froehlich said and stated that he thought that there was some important careful messaging here too, because while everything that Mr. Froehlich said was true, we are in this period that we kind of describe as watchful waiting, that there has really not been a lot of multi-family support at the federal level per se and so a lot of our projects have been supported by the income support that exists at the present moment. He said that projects are getting differentiated by those that have additional credit support, whether it's a Section 8 contract or something like that, so we're in the early innings of this whole situation. He said we're watching vigilantly as we've described it and while we don't report a tremendous loss that we had feared, some people early on had thought that there might be a two percent rent income loss by May, we haven't seen that because of the income support. He said we still don't have out of the senate or the federal government support for states and localities and we also really have not gotten the kind of support on the multi-family side that single-family has had and so we've said that in all of our advocacy work. He said that he just wanted to call that out to folks because it's important that people not walk away sensing that the problem isn't real and even more importantly potentially building, so he just wants to be clear on that. He said that doesn't take away any of the points that were made earlier, and we're talking about the REMIC portfolio specifically, not the overall larger portfolio. He said that the numbers we're dealing with are relatively small right now both in terms of what's covered and the distress that we're seeing in that portfolio. Mr. Moerdler said that you have to assume that you are going to get more, and you have to assume that we have the responsibility to fill the void. He said it's just that we need to understand that's going to happen or could happen, and we're prepared to deal with it on a proper basis, notifying people with transparency; that was the only point that he was trying to make. The Chairperson said absolutely and to the extent that we have this in the larger portfolio, she saw no reason why the board wouldn't be informed as well.

Upon a motion duly made by Ms. Pinnock, and seconded by Mr. Moerdler, and with the caveat that staff will inform the board whenever there is a default in any of the loans that were

discussed today and any additional loans that staff approves for forbearance, the Members unanimously:

RESOLVED, to approve (i) the Forbearance Policy that would permit the temporary waiver of certain requirements of the REMIC Master Policy of Insurance with the Community Preservation Corporation to permit the filing of partial claims for loss related to certain NYCRRs loans insured by REMIC; (ii) the delegation of authority to REMIC staff to review and approve additional NYCRRs loans insured by REMIC to be covered under the Forbearance Policy; (iii) the Forbearance Policy and such delegation of authority as described in clause (i) and (ii) for a temporary period not to exceed December 31, 2021; and (iv) the execution by an Authorized Officer of REMIC of any documents necessary to effectuate the Forbearance Policy.

At 3:27 p.m. there being no further business, upon a motion duly made by Mr. Moerder, and seconded by Mr. Kimball, the meeting was adjourned.

Respectfully submitted,



Diane J. Pugacz
Assistant Secretary

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August 5, 2020

ATTENDANCE LIST

Kevin Murphy	Hawkins Delafield & Wood LLP
R Gregory Henniger	Hawkins Delafield & Wood LLP
Barry Gottfried	Stifel
Neil Saranga	
Joe Tait	Raymond James
Joseph Monitto	BAML
Ansel Caine	Caine Mitter
Donald Peterson	
Gregory Borys	Morgan Stanley
Lana Wong	DOI
Mitch Gallo	RBC Capital Markets
Samphas Chhea	Jefferies
Susan Jun	Citigroup
Peter Weiss	JPMorgan
Will Martin	HPD
Eric Enderlin	New York City Housing Development Corporation
Richard Froehlich	“ ”
Anthony Richardson	“ ”
Teresa Gigliello	“ ”
Cathleen Baumann	“ ”
Susannah Lipsyte	“ ”
Moirra Skeados	“ ”
Jim Quinlivan	“ ”
Diane Pugacz	“ ”
Ellen Duffy	“ ”
Yaffa Oldak	“ ”
Yvonne Glenn	“ ”
Horace Greene	“ ”
Ruth Moreira	“ ”
Paul Cackler	“ ”
Madhavi Kulkarni	“ ”
Carol Micalizzi	“ ”
Susan Tso	“ ”
Mary Hom	“ ”
Hannah Blitzer	“ ”
Jessica Facciponti	“ ”
Julie Gonzalez	“ ”

Merin Urban	“	”
Violine Roberty	“	”
Tinru Lin	“	”
Stephanie Mavronicolas	“	”
Jason Mencher	“	”