



## Report to Members

Fiscal Year End  
October 31, 2016

**Eric Enderlin**  
**President**



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DATE: June 5, 2017

TO: The Chairperson and Members

FROM: Eric Enderlin

SUBJECT: Report on REMIC Fiscal Year 2016 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, 2016. Certificates of Insurance were issued for 14 properties with an insured amount of \$24.7 million, representing 2,205 units and \$122.0 million in mortgage amount outstanding. Commitments to Insure were issued for 24 properties with an insured amount of \$40.6 million, representing 9,282 units and \$201.5 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2016 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 43 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 2016 SUMMARY**

During fiscal year 2016 (November 1, 2015 through October 31, 2016), REMIC issued Commitments to Insure to 24 properties, with a total of 9,282 units, a total insured amount of \$40.6 million, and a total mortgage amount of \$201.5 million. During fiscal year 2016, REMIC issued Certificates of Insurance to 14 properties, with a total of 2,205 units, a total insured amount of \$24.7 million, and a total mortgage amount of \$122.0 million.

As of October 31, 2016, REMIC had a total amount of insurance outstanding of \$228.1 million, with a total mortgage amount outstanding related to such insurance of \$1.02 billion. In addition, REMIC had total commitments outstanding of \$113.3 million with a total mortgage amount outstanding related to such insurance of \$553.0 million.

Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2016 are on the following two pages.

**COMMITMENTS TO INSURE ISSUED DURING FY2016**

**BRONX**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
1770 TPT Project	HDC	\$2,400,000	\$480,000	100
2605 Grand Concourse	HDC	\$9,610,000	\$1,922,000	94
530 Exterior Street	HDC	\$1,000,000	\$200,000	157
655 Morris Avenue	HDC	\$15,210,000	\$3,042,000	176
East 138 <sup>th</sup> Street Apartments	HDC	\$7,390,000	\$1,478,000	96
Norwood Gardens	HDC	\$14,055,000	\$2,811,000	118
St. Peter's Avenue Apartments	HDC	\$4,901,707	\$980,341	58
Webster Commons Building D	HDC	\$9,490,000	\$1,898,000	123
<b><i>Total Bronx (8 projects):</i></b>		<b><u>\$64,056,707</u></b>	<b><u>\$12,811,341</u></b>	<b><u>922</u></b>

**BROOKLYN**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
11 Broadway	HDC	\$31,700,000	\$6,340,000	160
439 Montauk Avenue	CPC	\$362,869	\$362,869	11
Greenpoint Landing F2	HDC	\$3,575,000	\$715,000	103
MHANY Portfolio	HDC	\$5,000,000	\$1,000,000	254
NYCHA Public Hsg Preservation	HDC	\$28,325,000	\$5,665,000	5,674
PACC Resyndication	HDC	\$10,000,000	\$2,000,000	496
Prospect Plaza Site 3	HDC	\$7,400,000	\$1,480,000	135
Ryerson Towers	HDC	\$9,375,000	\$1,875,000	329
Van Sinderen Plaza	HDC	\$10,160,000	\$2,032,000	130
Williamsburg Bridgeview	HDC	\$3,075,000	\$615,000	55
<b><i>Total Brooklyn (10 projects):</i></b>		<b><u>\$108,972,869</u></b>	<b><u>\$22,084,869</u></b>	<b><u>7,347</u></b>

**MANHATTAN**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
Acacia Gardens	HDC	\$8,140,000	\$1,628,000	179
Genesis Year 15	HDC	\$4,500,000	\$900,000	358
Randolph Houses North	HDC	\$5,015,000	\$1,003,000	115
Washington Square SE	HDC	\$2,180,000	\$436,000	175
<b><i>Total Manhattan (4 projects):</i></b>		<b><u>\$19,835,000</u></b>	<b><u>\$3,967,000</u></b>	<b><u>827</u></b>

**QUEENS**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
Beach Green North	HDC	\$6,000,000	\$1,200,000	101
The Pavilion at Locust Manor	HDC	\$2,680,000	\$536,000	85
<b><i>Total Queens (2 projects):</i></b>		<b><u>\$8,680,000</u></b>	<b><u>\$1,736,000</u></b>	<b><u>186</u></b>

**TOTAL COMMITTED (24 PROJECTS):**                      **\$201,544,576**                      **\$40,599,210**                      **9,282**

**CERTIFICATES OF INSURANCE ISSUED DURING FY2016**

**BRONX**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
Courtlandt Corners I	HDC	\$3,320,000	\$664,000	71
Courtlandt Corners II	HDC	\$18,020,000	\$3,604,000	224
Creston Avenue	HDC	\$5,780,000	\$1,156,000	122
Lebanon West Farms	HDC	\$5,125,000	\$1,025,000	141
Mother Arnetta Crawford Apts	HDC	\$3,720,000	\$744,000	84
St. Peter's Avenue Apartments	HDC	\$4,901,707	\$980,341	58
<b><i>Total Bronx (6 projects):</i></b>		<b><u>\$40,866,707</u></b>	<b><u>\$8,173,341</u></b>	<b><u>700</u></b>

**BROOKLYN**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
11 Broadway	HDC	\$31,700,000	\$6,340,000	160
439 Montauk Avenue	CPC	\$362,869	\$362,869	11
ENYUYC Resyndication	HDC	\$7,240,000	\$1,448,000	468
Gateway Elton II	HDC	\$9,610,000	\$1,922,000	175
St. Phillips Coop	HDC	\$1,830,000	\$366,000	89
<b><i>Total Brooklyn (5 projects):</i></b>		<b><u>\$50,742,869</u></b>	<b><u>\$10,438,869</u></b>	<b><u>903</u></b>

**MANHATTAN**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
Ciena Hobbs Court	HDC	\$19,175,000	\$3,835,000	340
Harlem RBI	HDC	\$2,540,000	\$508,000	89
Harlem River Point North	HDC	\$8,670,000	\$1,734,000	173
<b><i>Total Manhattan (3 projects):</i></b>		<b><u>\$30,385,000</u></b>	<b><u>\$6,077,000</u></b>	<b><u>602</u></b>

<b>TOTAL INSURED (14 PROJECTS):</b>		<b><u>\$121,994,576</u></b>	<b><u>\$24,689,210</u></b>	<b><u>2,205</u></b>
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**HIGHLIGHTS OF PROPERTIES INSURED DURING FY2016**



**Gateway Elton II (Brooklyn)**



**Ciena Hobbs Court (Manhattan)**



**Mother Arnetta Crawford Apartments (Bronx)**

**YEAR-OVER-YEAR COMPARISON**  
**FY 2016 VERSUS FY 2015**

**Commitments to Insure**

	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>
# Projects	47	24
# Units	5,594	9,282
Insured Amount	\$69,705,024	\$40,599,210
Mortgage Amount	\$328,617,024	\$201,544,576

**Certificates of Insurance:**

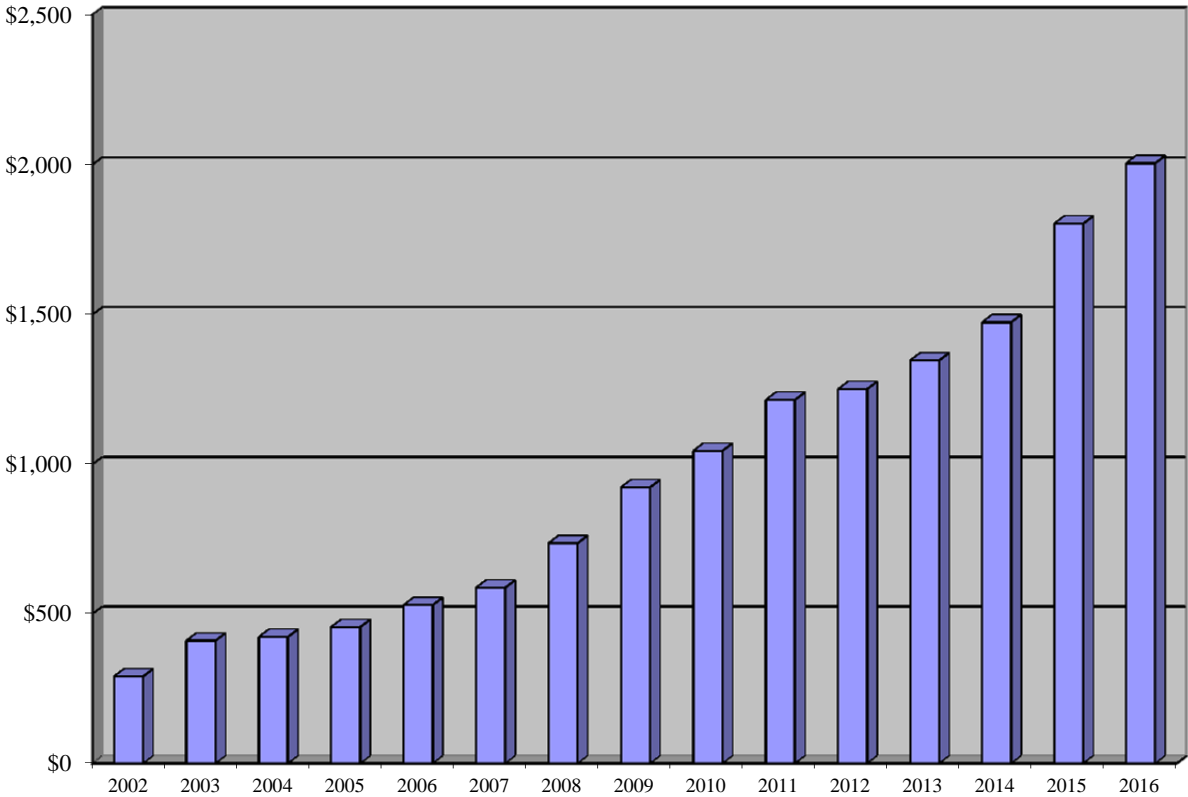
# Projects	38	14
# Units	3,809	2,205
Insured Amount	\$39,560,115	\$24,689,210
Mortgage Amount	\$184,760,115	\$121,994,576



**ANNUAL COMMITMENT ACTIVITY**

<b><u>Fiscal Year</u></b>	<b><u># Loans</u></b>	<b><u>Insured Amount</u></b>	<b><u>Mortgage Amount</u></b>	<b><u># Units</u></b>
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
<b><i>Total</i></b>	<b><i>614</i></b>	<b><i>\$535,541,672</i></b>	<b><i>\$2,004,653,442</i></b>	<b><i>44,172</i></b>

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



## REMIC FY 2016 FUND BALANCES

<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>TOTAL BALANCE</u>
<b>\$68,292,948</b>	<b>\$49,278,771</b>	<b>\$117,571,719</b>

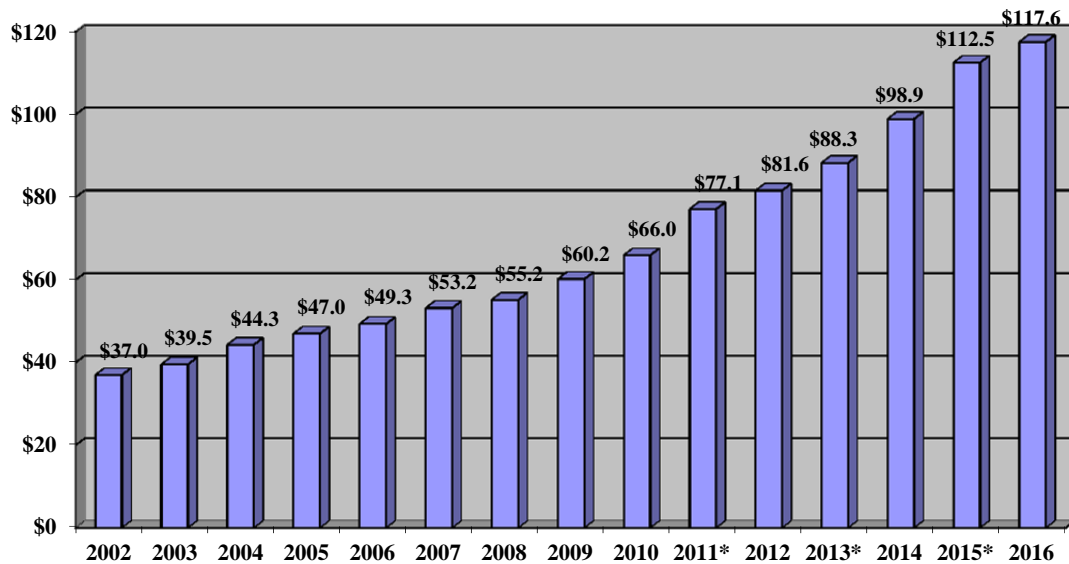
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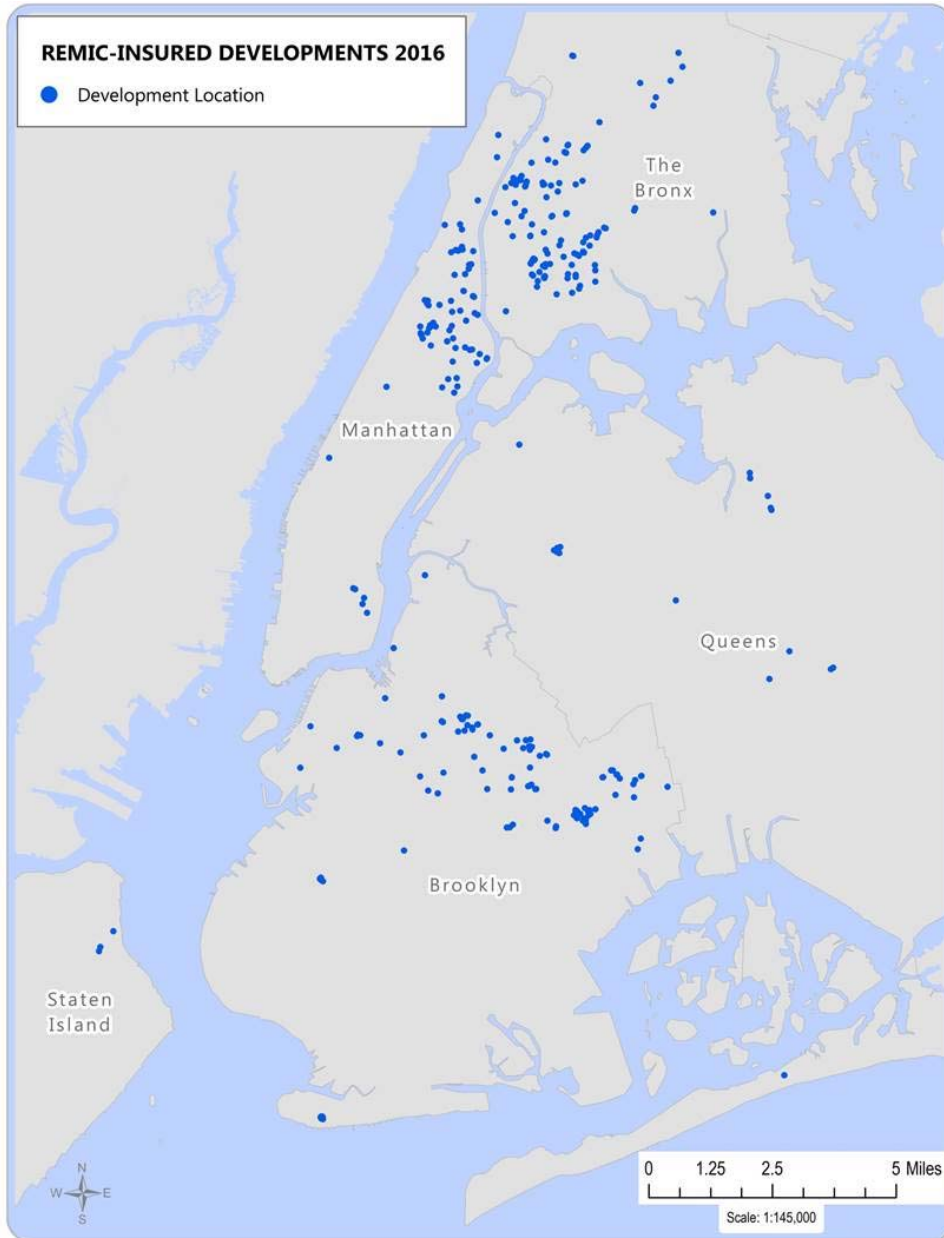
At the close of fiscal year 2016, REMIC had a fund balance of \$117,571,719, a 4% increase from fiscal year-end 2015.

**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



<b>Borough</b>	<b># Loans Insured</b>	<b>\$ Insured Amount</b>
Bronx	99	98,303,910
Brooklyn	58	46,263,966
Manhattan	58	58,733,431
Queens	14	22,682,437
Staten Island	2	2,137,381
<b>TOTAL</b>	<b>231</b>	<b>228,121,125</b>

## **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 2016 with undesignated reserves of approximately \$47.6 million. This undesignated reserve amount results in an available capacity to insure approximately \$238 million in insured amount, or a potential \$1.19 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 2016, 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, 2016, REMIC had in its portfolio insured mortgages for 231 properties with 20,184 units. The current aggregate balance of these insured mortgages is \$1.02 billion with REMIC insurance in effect of \$228.1 million.

**INVESTMENT SUMMARY**

As of October 31, 2016, REMIC reserves were invested in securities of various U.S. Government Agencies, Repurchase Agreements, and Money Market Funds. Details are provided below:

<b><u>Par Amount</u></b>	<b><u>Description</u></b>	<b><u>Interest Rate</u></b>	<b><u>Maturity Date</u></b>
\$77,182,102	FHLMC	1.270%	10/23/2019
\$476,490	Daiwa Securities - Repurchase Agreement	0.400%	11/1/2016
\$40,170,354	New York Community Bank Money Market	N/A	N/A
<b><u>\$117,828,946</u></b>	<b>TOTAL</b>		

## REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2016 with an explanation of each budget category:

<u>(\$ Thousands)</u>	<u>FY2015</u>	<u>FY2016</u>
<b><i>Operating Revenues:</i></b>		
Insurance Premiums & Fees	\$3,071	\$3,800
Investment Income	\$2,224	\$1,504
<b><i>Total Operating Revenues</i></b>	<b><i>\$5,295</i></b>	<b><i>\$5,304</i></b>
<b><i>Operating Expenses:</i></b>		
Reimbursement of HDC Overhead	\$491	\$515
Insurance Claims	\$0	\$0
<b><i>Total Operating Expenses</i></b>	<b><i>\$491</i></b>	<b><i>\$515</i></b>
<b>OPERATING SURPLUS</b>	<b>\$4,804</b>	<b>\$4,789</b>
Capital Injection from HDC	\$8,000	\$0
Unrealized Gain/(Loss) on Investments	\$821	\$234
<b>CHANGE IN NET POSITION</b>	<b>\$13,625</b>	<b>\$5,023</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 \$3.8 million in 2016 versus \$3.1 million in 2015, and represented 72% of REMIC's total revenues.

#### **Investment Income**

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2016, investment income was \$1.5 million versus \$2.2 million for fiscal year 2015, and represented 28% 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 2016.