



Report to Members

Fiscal Year End
October 31, 2014

Gary Rodney
President



DATE: May 27, 2015

TO: The Chairperson and Members

FROM: Gary Rodney

SUBJECT: Report on REMIC Fiscal Year 2014 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, 2014. Certificates of Insurance were issued for 17 properties with an insured amount of \$24.7 million, representing 2,003 units and \$123.6 million in mortgage amount outstanding. Commitments to Insure were issued for 20 properties with an insured amount of \$26.9 million, representing 2,674 units and \$127.5 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2014 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 41 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$598,291.

As of April 2015, REMIC had a “AA” rating from Standard & Poor’s.

FISCAL YEAR 2014 SUMMARY

During fiscal year 2014 (November 1, 2013 through October 31, 2014), REMIC issued Commitments to Insure to 20 properties, with a total of 2,674 units, a total insured amount of \$26.9 million, and a total mortgage amount of \$127.5 million. During fiscal year 2014, REMIC issued Certificates of Insurance to 17 properties, with a total of 2,003 units, a total insured amount of \$24.7 million, and a total mortgage amount of \$123.6 million.

As of October 31, 2014, REMIC had a total amount of insurance outstanding of \$196.5 million, with a total mortgage amount outstanding related to such insurance of \$842.6 million. In addition, REMIC had total commitments outstanding of \$67.9 million with a total mortgage amount outstanding related to such insurance of \$332.8 million.

Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2014 are on the following two pages.

COMMITMENTS TO INSURE ISSUED DURING FY2014

Bronx:

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
1016 Washington Avenue	HDC	\$4,900,000	\$980,000	65
B&L Grand Concourse	HDC	\$5,640,000	\$1,128,000	102
Lindville Housing	HDC	\$3,110,000	\$622,000	143
Maple Mesa Apartments	HDC	\$3,515,000	\$703,000	59
Mother Arnetta Crawford Apts	HDC	\$3,720,000	\$744,000	84
Park West Apartments	HDC	\$8,730,000	\$1,746,000	134
Rubin Wolf Apartments	HDC	\$3,860,000	\$772,000	69
Webster Commons Building A	HDC	\$10,915,000	\$2,183,000	135
Webster Commons Building B	HDC	\$5,120,000	\$1,024,000	80
Westchester Point	HDC	\$10,260,000	\$2,052,000	141
	Total Bronx:	<u>\$59,770,000</u>	<u>\$11,954,000</u>	<u>1,012</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	\$1,715,000	\$1,715,000	50
Atlantic Terrace Coop	HDC	\$3,045,000	\$609,000	80
Gateway Elton II	HDC	\$9,610,000	\$1,922,000	175
Livonia Commons	HDC	\$11,330,000	\$2,266,000	283
	Total Brooklyn:	<u>\$25,700,000</u>	<u>\$6,512,000</u>	<u>588</u>

Manhattan:

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Calvert Lancaster F	HDC	\$1,115,000	\$223,000	29
East 118 th Street	HDC	\$2,135,000	\$427,000	59
Harlem River Point South	HDC	\$5,290,000	\$1,058,000	140
LMLD Citywide	HDC	\$20,420,000	\$4,084,000	662
	Total Manhattan:	<u>\$28,960,000</u>	<u>\$5,792,000</u>	<u>890</u>

Queens:

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Self Help KVII	HDC	\$5,475,000	\$1,095,000	92
	Total Queens:	<u>\$5,475,000</u>	<u>\$1,095,000</u>	<u>92</u>

Staten Island:

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Stapleton Court	HDC	\$7,615,000	\$1,523,000	92
	Total Staten Island:	<u>\$7,615,000</u>	<u>\$1,523,000</u>	<u>92</u>

TOTAL COMMITTED (20 PROJECTS): **\$127,520,000** **\$26,876,000** **2,674**

CERTIFICATES OF INSURANCE ISSUED DURING FY2014

Bronx:

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
870 Jennings Street Apartments	HDC	\$12,175,000	\$2,435,000	84
920 Westchester Avenue	HDC	\$7,230,000	\$1,446,000	110
Aurea Apartments	HDC	\$2,050,000	\$410,000	85
Boricua Site D	HDC	\$11,005,000	\$2,201,000	80
Boricua Site F	HDC	\$10,220,000	\$2,044,000	77
Intervale Independent Seniors	HDC	\$780,000	\$156,000	48
Ocelot ECW	HDC	\$2,685,000	\$537,000	119
Rev. Dr. Fletcher C. Crawford Hsg.	HDC	\$3,620,000	\$724,000	84
Shakespeare Place	HDC	\$13,145,000	\$2,629,000	127
The Tiffany	HDC	\$4,190,000	\$838,000	54
Total Bronx:		<u>\$67,100,000</u>	<u>\$13,420,000</u>	<u>868</u>

Brooklyn:

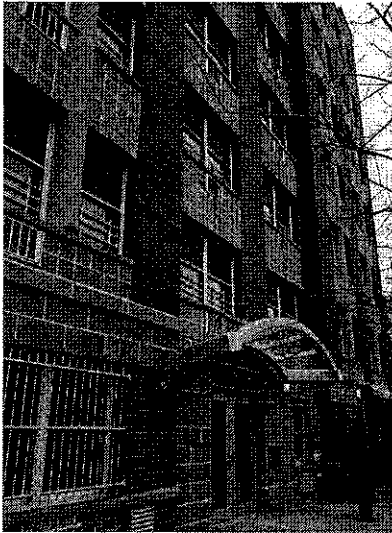
<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Atlantic Commons Cornerstone	HDC	\$1,980,000	\$396,000	48
Bradford	HDC	\$20,720,000	\$4,144,000	105
Navy Green R-1	HDC	\$6,960,000	\$1,392,000	112
Navy Green R-3	HDC	\$2,510,000	\$502,000	101
The Garvey	HDC	\$2,785,000	\$557,000	78
Total Brooklyn:		<u>\$34,955,000</u>	<u>\$6,991,000</u>	<u>444</u>

Manhattan:

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Calvert Lancaster F	HDC	\$1,115,000	\$223,000	29
LMLD Citywide	HDC	\$20,420,000	\$4,084,000	662
Total Manhattan:		<u>\$21,535,000</u>	<u>\$24,718,000</u>	<u>691</u>

TOTAL INSURED (17 PROJECTS): **\$123,590,000** **\$24,718,000** **2,003**

HIGHLIGHTS OF PROPERTIES INSURED DURING FY2014



**Intervale Independent Seniors
Bronx, NY**

**Navy Green R-1
Brooklyn, NY**



**Rev. Dr. Fletcher C. Crawford Housing
Bronx, NY**

YEAR-OVER-YEAR COMPARISON
FY 2014 VERSUS FY 2013

Commitments to Insure

	<u>FY 2013</u>	<u>FY 2014</u>
# Projects	18	20
# Units	1,769	2,674
Insured Amount	\$23,127,428	\$26,876,000
Mortgage Amount	\$95,391,428	\$127,520,000

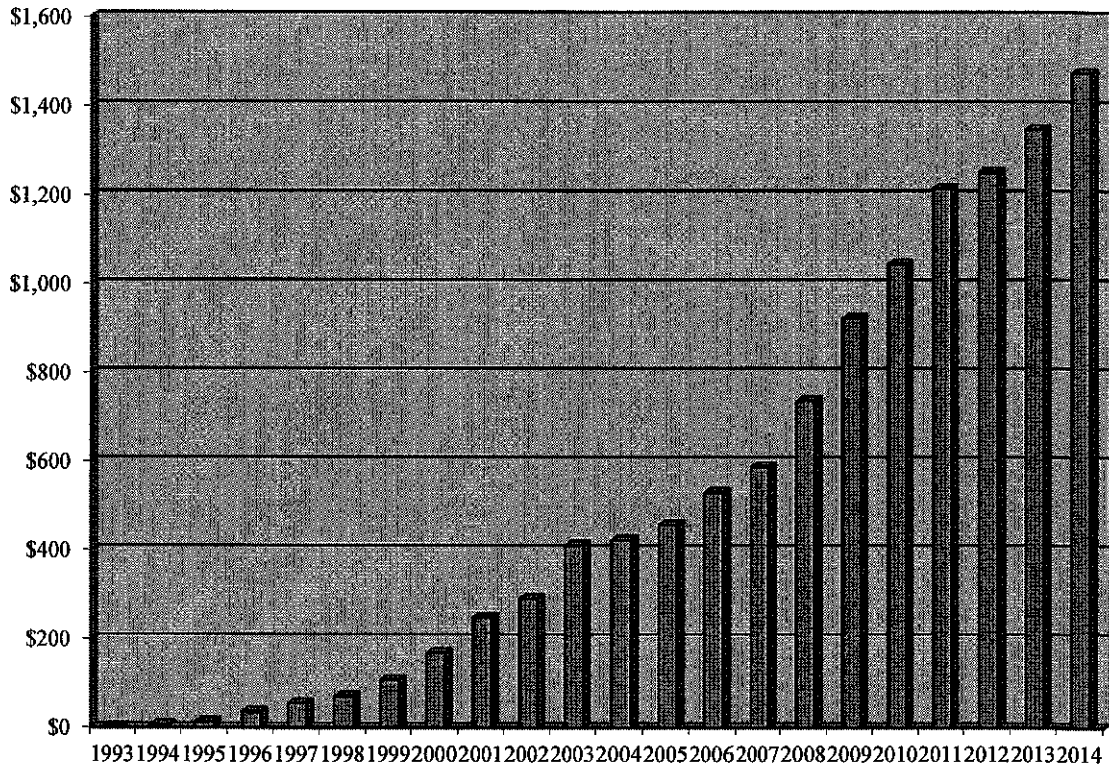
Certificates of Insurance:

# Projects	35	17
# Units	3,756	2,003
Insured Amount	\$48,586,620	\$24,718,000
Mortgage Amount	\$242,933,100	\$123,590,000

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
2013	18	\$23,127,428	\$95,391,428	1,769
2014	20	\$26,876,000	\$127,520,000	2,674
<i>Total</i>	<i>543</i>	<i>\$425,237,438</i>	<i>\$1,474,491,842</i>	<i>29,296</i>

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

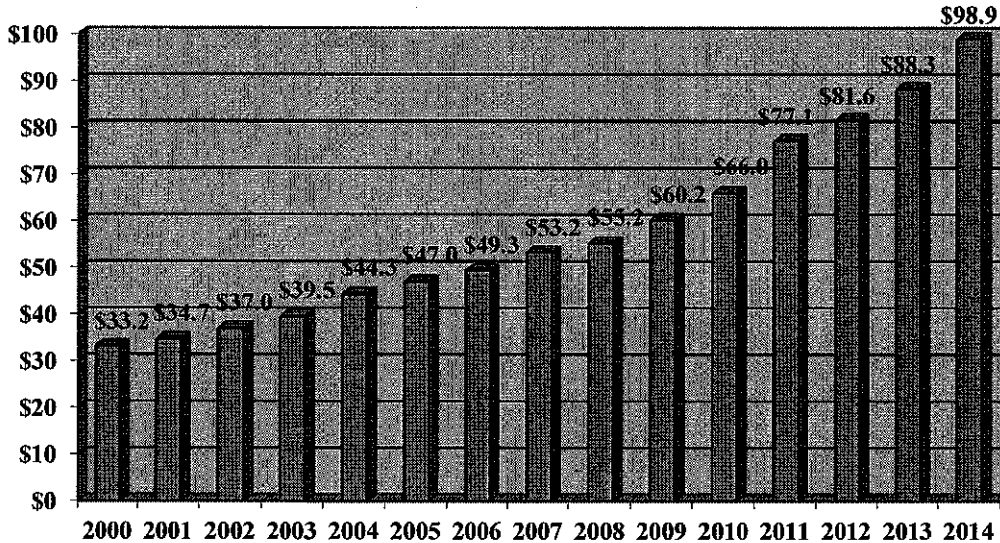


REMIC FY 2014 FUND BALANCES

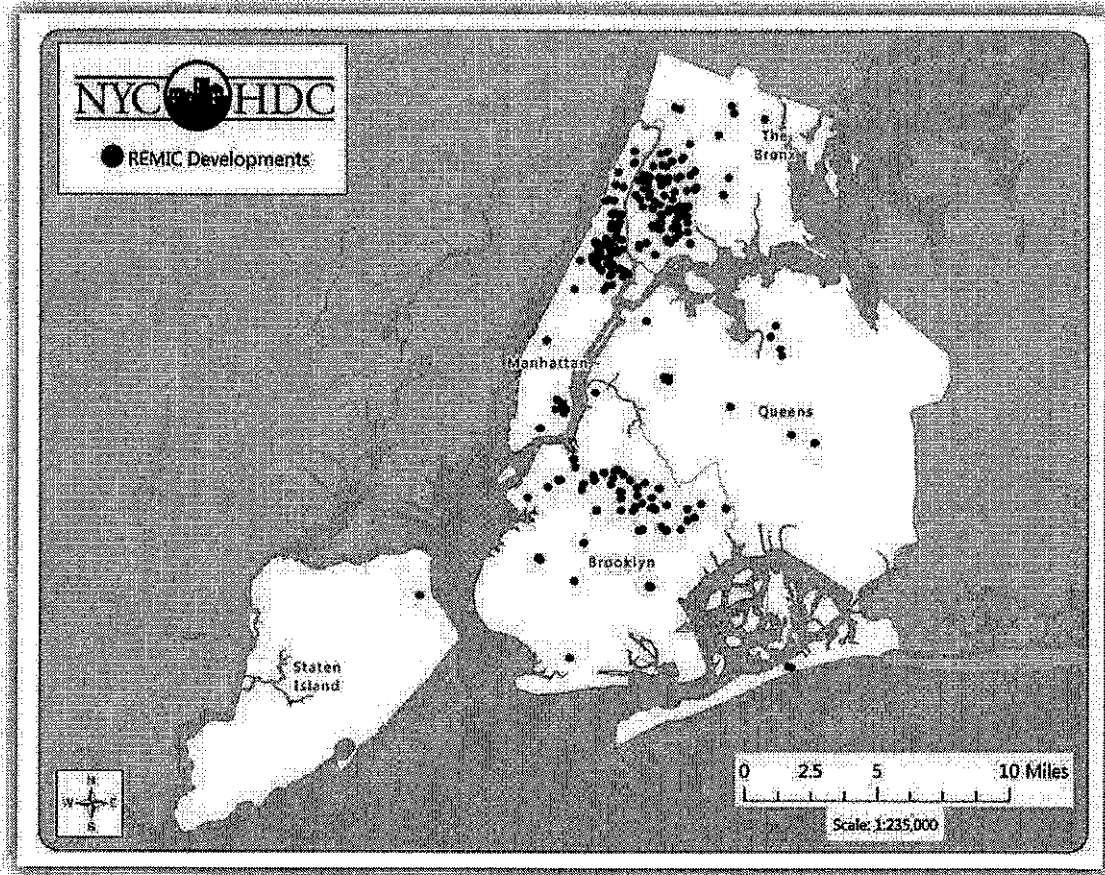
<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>TOTAL BALANCE</u>
Mortgage Insurance	\$34,028	\$191,693	\$225,721
Housing Insurance	\$52,887,689	\$332,610	\$53,220,299
Premium Reserve	\$0	\$4,637,174	\$4,637,174
Operating Account	\$1,499,067	\$40,841,111	\$42,340,178
Cumulative Unrealized Gain/(Loss)	(\$1,499,067)	\$0	(\$1,499,067)
TOTAL	\$52,921,717	\$46,002,588	\$98,924,305

At the close of fiscal year 2014, REMIC had an amortized fund balance of \$98,924,305, a 12% increase from fiscal year-end 2013.

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



MAP OF REMIC-INSURED PROPERTIES



Borough	# Loans Insured	\$ Insured Amount
Bronx	85	83,307,816
Brooklyn	53	31,325,321
Manhattan	68	59,957,719
Queens	13	21,245,713
Staten Island	1	706,643
TOTAL	220	196,543,212

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 2014 with undesignated reserves of approximately \$37.0 million. This undesignated reserve amount results in an available capacity to insure approximately \$183 million in insured amount, or a potential \$917 million in mortgage amount (assuming 20% insurance).

CREDIT RATINGS

As of April 2015, Standard & Poor’s maintained a “AA” credit rating for REMIC.

CLAIMS PAYMENT HISORY

During fiscal year 2014, 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, 2014, “Old REMIC” had in its portfolio insured mortgages for 1 property with 31 units. The current aggregate balance of this insured mortgage is \$45,370 with REMIC insurance in effect of \$34,028.

“NEW REMIC” PROPERTIES

As of October 31, 2014, “New REMIC” had in its portfolio insured mortgages for 219 properties with 15,937 units. The current aggregate balance of these insured mortgages is \$842.6 million with REMIC insurance in effect of \$196.5 million.

INVESTMENT SUMMARY

As of October 31, 2014, 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>
\$4,250,000	FFCB	2.050%	2/1/2022
\$2,570,000	FHLB	2.200%	4/22/2022
\$10,000,000	FHLB	2.500%	6/27/2022
\$4,166,667	FHLB	3.100%	7/9/2026
\$10,000,000	FHLB	3.000%	2/15/2028
\$2,315,765	FHLB	3.100%	3/20/2028
\$10,000,000	FHLB	4.700%	7/25/2033
\$5,000,000	FHLMC	1.150%	1/30/2018
\$10,000,000	FHLMC	1.500%	2/28/2019
\$15,000,000	FHLMC	1.500%	8/28/2019
\$7,000,000	FHLMC	3.000%	8/27/2027
\$5,415,000	FHLMC	3.125%	5/30/2028
\$5,000,000	FNMA	2.500%	2/22/2023
\$449,000	NYC GO	3.100%	3/1/2015
\$8,698,507	New York Community Bank Money Market	0.400%	11/1/2014
<u>\$99,864,939</u>	TOTAL		

REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2014 with an explanation of each budget category:

(\$ Thousands)	FY2013	FY2014
<i>Operating Revenues:</i>		
Insurance Premiums & Fees	\$2,203	\$2,902
Investment Income	\$2,699	\$2,507
<i>Total Operating Revenues</i>	<i>\$4,902</i>	<i>\$5,409</i>
<i>Operating Expenses:</i>		
Reimbursement of HDC Overhead	\$467	\$474
Insurance Claims	\$0	\$0
<i>Total Operating Expenses</i>	<i>\$467</i>	<i>\$474</i>
OPERATING SURPLUS	\$4,435	\$4,935
Capital Injection from HDC	\$10,000	\$0
Unrealized Gain/(Loss) on Investments	(\$7,735)	\$5,683
CHANGE IN NET POSITION	\$6,700	\$10,618

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 \$2.9 million in 2014 versus \$2.2 million in 2013, and represented 54% of REMIC's total revenues.

Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2014, investment income was \$2.5 million versus \$2.7 million for fiscal year 2013, and represented 46% of REMIC's total revenues.

Expenses

Reimbursement of HDC Overhead

The reimbursement back to HDC was \$474,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC.

Insurance Claims

No insurance claims were paid during fiscal year 2014.