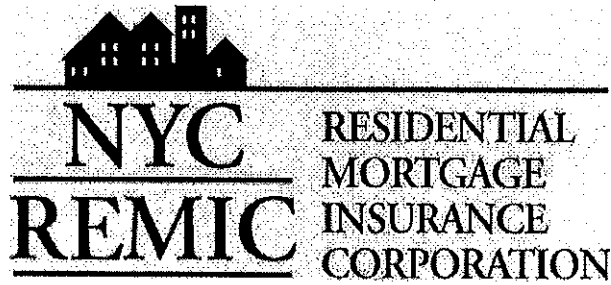


Report to Members

Fiscal Year End
October 31, 2011

Marc Jahr, President



DATE: June 1, 2012

TO: The Chairperson and Members

FROM: Marc Jahr

SUBJECT: Report on REMIC Fiscal Year 2011 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, 2011. Certificates of Insurance were issued for 10 properties with an insured amount of \$10.1 million, representing 955 units and \$50.3 million in mortgage amount outstanding. Commitments to Insure were issued for 22 properties with an insured amount of \$34.0 million, representing 2,608 units and \$170.1 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2011 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 enable additional 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 38 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$598,291.

As of June 2012, REMIC had a “AA” rating from Standard & Poor’s.

FISCAL YEAR 2011 SUMMARY

During fiscal year 2011 (November 1, 2010 through October 31, 2011), REMIC issued Commitments to Insure to 22 properties, with a total of 2,608 units, a total insured amount of \$34.0 million, and a total mortgage amount of \$170.1 million. During fiscal year 2011, REMIC issued Certificates of Insurance to 10 properties, with a total of 955 units, a total insured amount of \$10.1 million, and a total mortgage amount of \$50.3 million.

As of October 31, 2011, REMIC had a total amount of insurance outstanding of \$129.0 million, with a total mortgage amount outstanding related to such insurance of \$463.3 million. In addition, REMIC had total commitments outstanding of \$112.6 million with a total mortgage amount outstanding related to such insurance of \$561.8 million.

Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2011 are on the following two pages.

COMMITMENTS TO INSURE ISSUED DURING FY2011:

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
<u>Bronx:</u>				
Cliffside Properties	HDC	\$5,370,000	\$1,074,000	88
Courtlandt Crescent	HDC	\$8,635,000	\$1,727,000	217
El Jardin de Seline	HDC	\$5,200,000	\$1,040,000	84
Lindenguilid Hall	HDC	\$4,220,000	\$844,000	104
Newbold Avenue	HDC	\$8,600,000	\$1,720,000	69
Ocelot ECW	HDC	\$2,685,000	\$537,000	119
Prospect Court	HDC	\$4,060,000	\$812,000	59
St. Ann's Terrace ABH	HDC	\$25,830,000	\$5,166,000	166
St. Ann's Terrace CDE	HDC	\$21,435,000	\$4,287,000	314
Via Verde Coop Apartments	HDC	\$1,210,000	\$242,000	71
Walton Henwood Apartments	HDC	\$5,515,000	\$1,103,000	105
Washington Bridge View	HDC	\$900,000	\$180,000	48
Total Bronx:		\$93,660,000	\$18,732,000	1,444
<u>Brooklyn:</u>				
Bergen Street Coop	HDC	\$1,000,000	\$200,000	48
Bradford	HDC	\$20,720,000	\$4,144,000	105
Coney Island Commons	HDC	\$8,500,000	\$1,700,000	195
Gateway Elton	HDC	\$12,030,000	\$2,406,000	197
Navy Green R-1	HDC	\$6,960,000	\$1,392,000	112
Total Brooklyn:		\$49,210,000	\$9,842,000	657
<u>Manhattan:</u>				
520-540 Audubon Avenue	HDC	\$4,095,000	\$819,000	138
Genesis Cornerstone	HDC	\$11,630,000	\$2,326,000	86
Harlem River Point North	HDC	\$8,670,000	\$1,734,000	173
Revive 103 North	HDC	\$1,245,000	\$249,000	30
The Dempsey	HDC	\$1,620,000	\$324,000	80
Total Manhattan:		\$27,260,000	\$5,452,000	507
TOTAL COMMITTED (22 PROJECTS):		\$170,130,000	\$34,026,000	2,608

CERTIFICATES OF INSURANCE ISSUED DURING FY2011:

<u>Property</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Insured Amount</u>	<u># Units</u>
<u>Bronx:</u>				
Prospect Avenue	HDC	\$5,415,000	\$1,083,000	124
1211 Southern Boulevard	HDC	\$6,835,000	\$1,367,000	123
Monterey Apartments	HDC	\$1,490,000	\$298,000	97
1085 Washington Avenue	HDC	\$5,690,000	\$1,138,000	90
Westchester Avenue	HDC	\$2,870,000	\$574,000	69
Putnam Deegan II	HDC	\$4,310,000	\$862,000	44
Total Bronx:		\$26,610,000	\$5,322,000	547
<u>Brooklyn:</u>				
Bristol Hopkinson/The Beacon	HDC	\$6,970,000	\$1,394,000	168
Total Brooklyn:		\$6,970,000	\$1,394,000	168
<u>Manhattan:</u>				
Lenox Powell Apartments	HDC	\$2,935,000	\$587,000	59
Clinton Parkview	HDC	\$11,295,000	\$2,259,000	96
West 153rd Street	HDC	\$2,470,000	\$494,000	85
Total Manhattan:		\$16,700,000	\$3,340,000	240
TOTAL INSURED (10 PROJECTS):		\$50,280,000	\$10,056,000	955

YEAR-OVER-YEAR COMPARISON
FY 2011 VERSUS FY 2010

Commitments to Insure

	<u>FY 2010</u>	<u>FY 2011</u>
# Projects	22	22
# Units	2,425	2,608
Insured Amount	\$24,424,000	\$34,026,000
Mortgage Amount	\$122,120,000	\$170,130,000

Certificates of Insurance:

# Projects	7	10
# Units	1,008	955
Insured Amount	\$8,177,816	\$10,056,000
Mortgage Amount	\$40,889,078	\$50,280,000

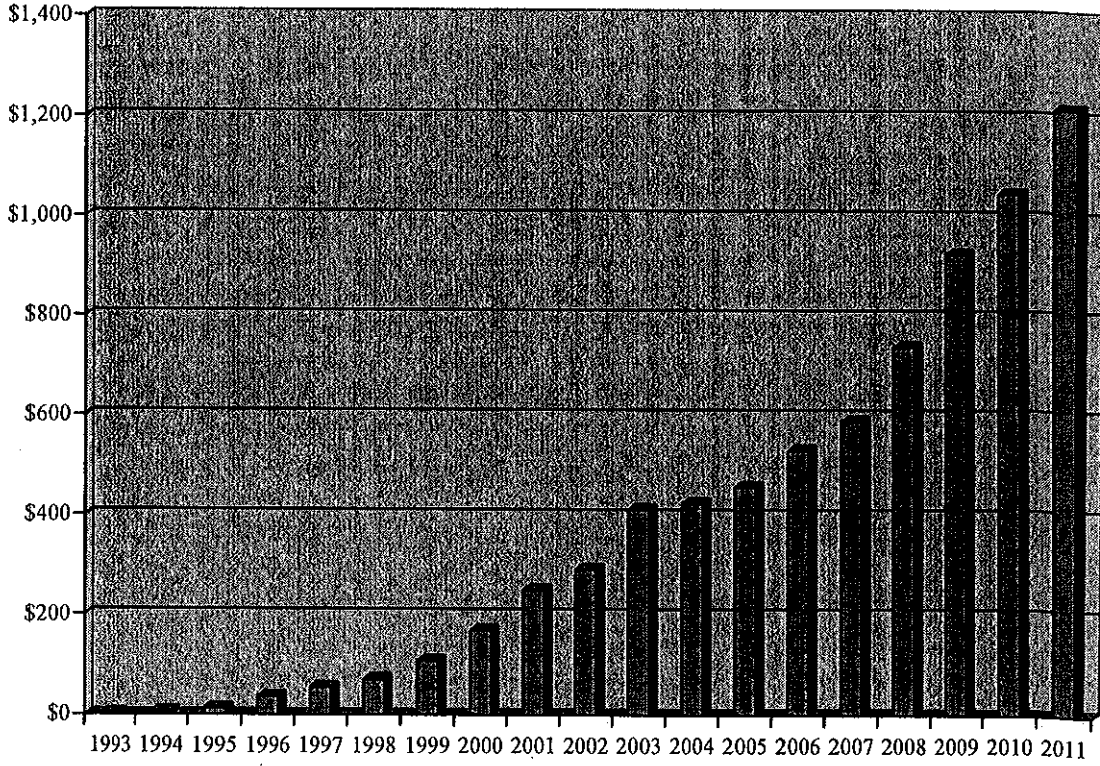
ANNUAL COMMITMENT ACTIVITY

<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
Total	495	\$368,004,190	\$1,215,431,314	24,091

REMIC COMMITMENT HISTORY

Mortgage Amounts Committed Since 1993

(\$Millions)

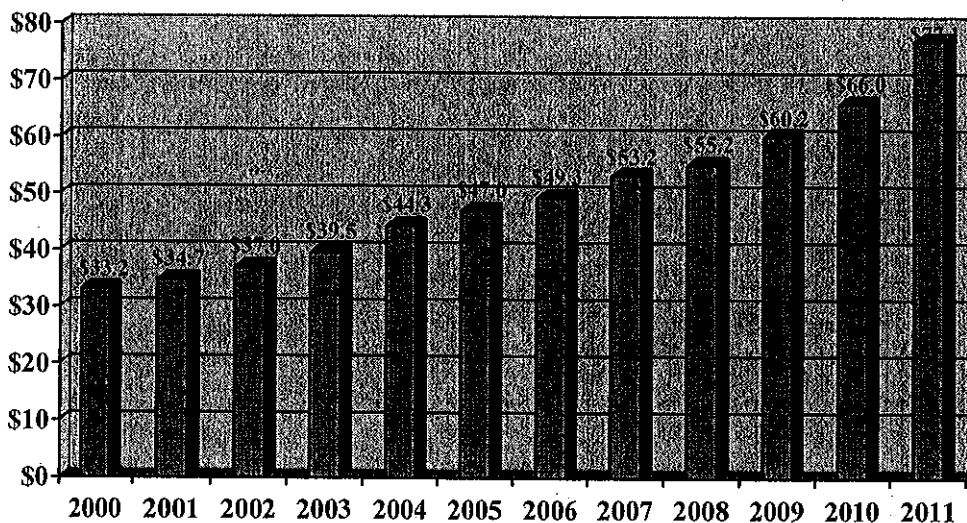


REMIC FY 2011 FUND BALANCES

<u>Fund</u>	<u>Restricted Fund</u> <u>Balance</u>	<u>Unrestricted Fund</u> <u>Balance</u>	<u>TOTAL BALANCE</u>
Mortgage Insurance	\$180,613	\$43,639	\$224,252
Housing Insurance	\$48,267,222	\$1,231,683	\$49,498,905
Premium Reserve	\$0	\$4,604,786	\$4,604,786
Operating Account	(\$52,661)	\$22,808,750	\$22,756,089
Cumulative Unrealized Gain/(Loss)	\$52,661	\$0	\$52,661
TOTAL	\$48,447,835	\$28,688,857	\$77,136,692

At the close of fiscal year 2011, REMIC had an amortized fund balance of \$77,136,692, a 17% increase from fiscal year-end 2010. In March 2011, the Members of HDC approved additional funding for REMIC in the amount of \$7.5 million in order to give REMIC increased capacity for its insurance business going forward. This accounted for the large increase in total fund balance year-over-year.

REMIC Annual Fund Balance
(\$Millions)



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 2011 with undesignated reserves of approximately \$25.1 million. This undesignated reserve amount results in an available capacity to insure approximately \$125.5 million in insured amount, or a potential \$628 million in mortgage amount (assuming 20% insurance).

CREDIT RATINGS

As of June 2012, Standard & Poor's maintained a "AA" credit rating for REMIC.

CLAIMS PAYMENT HISORY

During fiscal year 2011, 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, 2011, "Old REMIC" had in its portfolio insured mortgages for 7 properties with 122 units. The current aggregate balance of these insured mortgages is \$416,122 with REMIC insurance in effect of \$180,613.

"NEW REMIC" PROPERTIES

As of October 31, 2011, "New REMIC" had in its portfolio insured mortgages for 180 properties with 9,060 units. The current aggregate balance of these insured mortgages is \$462,926,800 with REMIC insurance in effect of \$128,784,730.

INVESTMENT SUMMARY

As of October 31, 2011, REMIC reserves were invested in securities of various U.S. Government Agencies, Municipals, 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>
\$859,469	FHLB	4.00%	08/26/25
\$10,000,000	FHLMC	3.00%	10/25/21
\$8,000,000	FNMA	3.75%	10/21/25
\$7,000,000	FNMA	5.00%	04/25/31
\$15,000,000	FNMA	4.00%	10/24/31
\$963,445	HSBC Money Market	0.15%	11/01/11
\$18,637,378	Signature Bank Money Market	1.10%	11/01/11
\$449,000	NYC GO Taxable G-2	3.10%	03/01/15
\$3,089,200	Repurchase Agreement (Daiwa)	0.06%	11/07/11
\$13,027,000	Repurchase Agreement (Mizuho)	0.04%	11/07/11
<u>\$77,025,491</u>	TOTAL		

REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2011 with an explanation of each budget category:

<u>(\$Thousands)</u>	<u>FY2010</u>	<u>FY2011</u>
<u>Operating Revenues:</u>		
Insurance Premiums & Fees	\$1,378	\$1,484
Investment Income	\$4,609	\$2,642
<i>Total Operating Revenues</i>	\$5,987	\$4,126
<u>Operating Expenses:</u>		
Reimbursement of HDC Overhead	\$210	\$440
Insurance Claims	\$0	\$0
<i>Total Operating Expenses</i>	\$210	\$440
REMIC OPERATING SURPLUS	\$5,777	\$3,686
Capital Injection From HDC	\$0	\$7,500
CHANGE IN NET ASSETS	\$5,777	\$11,186

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 \$1.5 million in 2011 versus \$1.4 million in 2010, and represented 36% of REMIC's total revenues.

Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2011, investment income was \$2.6 million versus \$4.6 million for fiscal year 2010, and represented 64% of REMIC's total revenues.

Expenses

Reimbursement of HDC Overhead

The reimbursement back to HDC was \$440,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC.

Insurance Claims

No insurance claims were paid during fiscal year 2011.