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Board of Directors
New York City Housing Development Corporation
New York, New York

In planning and performing our audit of the financial statements of the New York City Housing Development Corporation (the Corporation) as of and for the year ended October 31, 2008, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted the following other matter:

Minimum Servicing Standards Procedures

As set forth by the Mortgage Bankers Association of America in the Uniform Single Attestation Program (USAP), the Corporation is subject to minimum servicing standards. These standards require that any funds held in escrow by the Corporation which have not been applied to the final mortgage payoff amount be returned to the mortgagor within thirty calendar days of the payoff date. During our testing of the Corporation's compliance with these standards, we noted one instance where unapplied escrow funds were not returned to the mortgagor until 47 days after the payoff date. We suggest that the Corporation review of its procedures to ensure that escrow funds held by the Corporation are returned to the Mortgagor within thirty calendar days of a mortgage loan payoff.

Management Response

Regarding the minimum servicing standards indicated above, the Corporation has adjusted internal procedures to ensure compliance with the thirty day requirement. Generally, the procedure for calculation of payoff amounts includes the provision of a credit in determining the amount due for payoff to reflect any escrows and/or reserve for replacement funds held at HDC. Historically, only a few payoffs occur at maturity, and this was the first such payoff that had escrows associated with it. The procedures for payoff at maturity have been clarified to ensure that escrow funds held by the Corporation are returned to the Mortgagor within thirty calendar days of a mortgage loan payoff.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst + Young LLP

February 12, 2009