

REPORT ON COMPLIANCE WITH SPECIFIED
MINIMUM SERVICING STANDARDS

New York City Housing Development Corporation
October 31, 2015
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

New York City Housing Development Corporation

Report on Compliance With Specified Minimum Servicing Standards

October 31, 2015

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Report of Independent Accountants

The Members of the
New York City Housing Development Corporation

We have examined management's assertion, included in the accompanying *Report of Management on Compliance*, that the New York City Housing Development Corporation (the Corporation) complied with the servicing standards identified in Exhibit A (the specified minimum servicing standards) to the *Report of Management on Compliance*, as set forth in the Mortgage Bankers Association of America's *Uniform Single Attestation Program for Mortgage Bankers* (USAP) for the year ended October 31, 2015. Management is responsible for the Corporation's compliance with the specified minimum servicing standards. Our responsibility is to express an opinion on management's assertion about the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Corporation's compliance with the specified minimum servicing standards and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation's compliance with the specified minimum servicing standards.

In our opinion, management's assertion that the Corporation complied with the aforementioned specified minimum servicing standards for the year ended October 31, 2015 is fairly stated, in all material respects.

This report is intended solely for the information and use of management, the Members of the Corporation, and the Office of the State Comptroller of the State of New York and is not intended to be and should not be used by anyone other than these specified parties.

January 26, 2016



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Report of Management on Compliance

January 26, 2016

We, as members of management of the New York City Housing Development Corporation (the Corporation), are responsible for complying with the minimum servicing standards identified in the attached Exhibit A (the specified minimum servicing standards) as set forth in the Mortgage Bankers Association of America's *Uniform Single Attestation Program for Mortgage Bankers* (USAP). We also are responsible for establishing and maintaining effective internal control over compliance with the specified minimum servicing standards. We have performed an evaluation of the Corporation's compliance with the specified minimum servicing standards as of October 31, 2015 and for the year then ended. Based on this evaluation, we assert that as of October 31, 2015 and for the year then ended, the Corporation complied with the specified minimum servicing standards and had in effect fidelity bonds in the amount of \$3 million and is self-insured for errors and omissions.

A handwritten signature in blue ink, appearing to read "C. Baumann", is written over a horizontal line.

Cathleen Baumann
Senior Vice President & Treasurer

Specified Minimum Servicing Standards

I. Custodial Bank Accounts

1. Reconciliations shall be prepared on a monthly basis for all custodial bank accounts and related bank clearing accounts. These reconciliations shall:
 - a. Be mathematically accurate;
 - b. Be prepared within forty-five (45) calendar days after the cutoff date. The cutoff date is the date as of which a bank account is reconciled every month. It may, or may not, coincide with a prescribed investor reporting date but shall be consistent from period to period;
 - c. Be reviewed and approved by someone other than the person who prepared the reconciliation; and
 - d. Document explanations for reconciling items. These reconciling items shall be resolved within ninety (90) calendar days of their original identification.
2. Funds of the servicing entity shall be advanced in cases where there is an overdraft in an investor's or a mortgagor's account.
3. Each custodial account shall be maintained at a federally insured depository institution in trust for the applicable investor.
4. Escrow funds held in trust for a mortgagor shall be returned to the mortgagor within thirty (30) calendar days of payoff of the mortgage loan.

II. Mortgage Payments

1. Mortgage payments shall be deposited into the custodial bank accounts and related bank clearing accounts within two (2) business days of receipt.
2. Mortgage payments made in accordance with the mortgagor's loan documents shall be posted to the applicable mortgagor records within two (2) business days of receipt.
3. Mortgage payments shall be allocated to principal, interest, insurance, taxes or other escrow items in accordance with the mortgagor's loan documents.
4. Mortgage payments identified as loan payoffs shall be allocated in accordance with the mortgagor's loan documents.

Specified Minimum Servicing Standards (continued)

III. Disbursements

1. Disbursements made via wire transfer on behalf of a mortgagor or investor shall be made only by authorized personnel.
2. Disbursements made on behalf of a mortgagor or investor shall be posted within two (2) business days to the mortgagor's or investor's records maintained by the servicing entity.
3. Tax and insurance payments shall be made on or before the penalty or insurance policy expiration dates, as indicated on tax bills and insurance premium notices, respectively, provided that such support has been received by the servicing entity at least thirty (30) calendar days prior to these dates.
4. Any late payment penalties paid in conjunction with the payment of any tax bill or insurance premium notice shall be paid from the servicing entity's funds and not charged to the mortgagor, unless the late payment was due to the mortgagor's error or omission.
5. Amounts remitted to investors per the servicer's investor reports shall agree with cancelled checks, or other form of payment, or custodial bank statements.
6. Unissued checks shall be safeguarded so as to prevent unauthorized access.

IV. Investor Accounting and Reporting

1. The servicing entity's investor reports shall agree with, or reconcile to, investors' records on a monthly basis as to the total unpaid principal balance and number of loans serviced by the servicing entity.

V. Mortgagor Loan Accounting

1. The servicing entity's mortgage loan records shall agree with, or reconcile to, the records of mortgagors with respect to the unpaid principal balance on a monthly basis.
2. Adjustments on adjustable rate mortgage (ARM) loans shall be computed based on the related mortgage note and any ARM rider.
3. Escrow accounts shall be analyzed, in accordance with the mortgagor's loan documents, on at least an annual basis.
4. Interest on escrow accounts shall be paid, or credited, to mortgagors in accordance with the applicable state laws.

Specified Minimum Servicing Standards (continued)

VI. Delinquencies

1. Records documenting collection efforts shall be maintained during the period a loan is in default and shall be updated at least monthly. Such records shall describe the entity's activities in monitoring delinquent loans including, for example, phone calls, letters and mortgage payment rescheduling plans in cases where the delinquency is deemed temporary (i.e., illness or unemployment).

VII. Insurance Policies

1. A fidelity bond and errors and omissions policy shall be in effect on the servicing entity throughout the reporting period in the amount of coverage represented to investors in management's assertion.

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