



2000 Annual Report



DATE: March 29, 2001

TO: The Chair and Members

FROM: Russell A. Harding

SUBJECT: Report on REMIC FY 2000 Activities

Attached please find a summary of the activities and accomplishments of REMIC during the fiscal year ending October 31, 2000.

The past twelve months have been a period of transition as well as a period of record accomplishments for REMIC. I am pleased to note that the Corporation continued to expand its role in helping to establish, strengthen, and maintain the available stock of affordable housing throughout all areas of New York City.

Historically, REMIC had been most active in Manhattan, Brooklyn and the Bronx, largely due to the fact that the Corporation's original charter limited REMIC's activities to specifically designated areas in these boroughs. It was only in 1993 that the scope was extended to include all of New York City. During the last fiscal year, our presence in both Queens and Staten Island has expanded as a result of the NYPD HOME Program and HDC's New Housing Opportunities Program.

For 27 years REMIC has proven itself to be a significant and positive influence upon the housing market in New York City. I am confident this will continue into the future.

RUSSELL A. HARDING, President

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A subsidiary of the New York City Housing Development Corporation

REMIC ~ An Overview

Originally called the Rehabilitation Mortgage Insurance Corporation, REMIC was created by the New York State Legislature in 1973 as a public benefit corporation. Funded with \$7.5 million from New York City, REMIC was designed to promote the development of affordable housing in specifically designated distressed areas of New York City. By use of mortgage insurance, the Corporation was able to stimulate the issuance of loans that would not have proceeded without credit enhancement.

In 1993, the State Legislature recognized the success of REMIC and expanded its purview allowing it to offer mortgage insurance citywide. In addition, the Corporation was reorganized as a subsidiary of the New York City Housing Development Corporation (HDC) and its name was changed from the Rehabilitation to the Residential Mortgage Insurance Corporation.

Under its new structure REMIC's presence has grown dramatically. During the eight years that REMIC and HDC have been affiliated, REMIC's yearly production has grown from four Commitments to Insure with a total mortgage amount of \$1,928,744 to this past year's 69 Commitments to Insure with a total mortgage amount of \$61,428,039.

Equally impressive as the volume of REMIC's business is the exceptional performance of the portfolio over the same period of time. Despite the economic distress of the early 1990's, with its adverse effects upon real estate values and the subsequent slow recovery, REMIC's insurance portfolio has performed exceptionally. In its 27 year history, only ten REMIC loans have resulted in claims paid at a total cost of \$569,831.



6 West 123rd Street (Manhattan) is a 4-story and cellar brownstone row house in Central Harlem with 8 residential units. REMIC provided 100% mortgage insurance.

Fiscal Year 2000 ~ A Year of Accomplishments

The 2000 fiscal year was the most productive in REMIC's 27 year history. From November 1, 1999 through October 31, 2000 REMIC issued more Commitments to Insure (69), for the highest Mortgage Amount (\$61,428,039), the highest Insurance Coverage (\$28,702,395) and the greatest number of units (1,668) than it has in any year past. Below is a comparison between fiscal year 2000 and the prior year. Following that, is a brief overall summary of REMIC's year.

Commitments in FY 2000

Multi-Family - 41 loans - 1,634 units
 NYPD HOME - 28 loans - 34 units
Total: 69 loans – 1,668 units

Mortgage Amount: \$ 61,428,039
 Insurance Amount: \$ 28,622,957

Commitments in FY 1999

Multi-Family - 35 loans - 1,076 units
 NYPD HOME - 1 loan - 1 unit
Total: 36 loans – 1,077 units

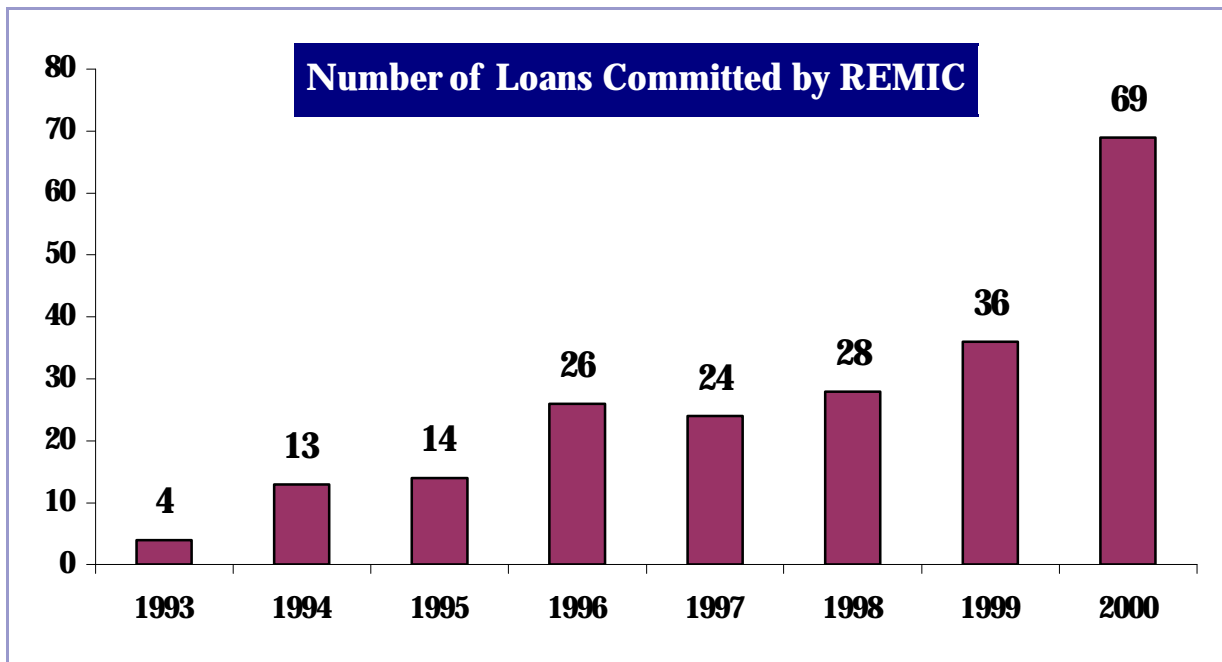
\$ 36,923,037
 \$ 19,652,037

Insurance in FY 2000

Number: 43 loans – 1,033 units
 Mortgage Amount - \$ 28,702,395
 Insurance Amount - \$ 16,630,425

Insurance in FY 1999

10 loans – 490 units
 \$ 19,134,660
 \$ 8,996,910



The NYPD HOME Program

Approved last year, the NYPD HOME Program is designed to encourage members of the New York City Police Department to live within the five boroughs. The program offers any uniformed member of the Police Department the opportunity to purchase a condo, co-op, or one, two, or three family home located in New York City as a primary residence with a minimal down payment. The participating lenders, Chase and HSBC (formerly



In a multi-building complex built in the mid-1950's and situated directly across from the 535 acre Forest Park, this five-room co-op has a \$71,900 mortgage issued by Chase with 40% insurance from REMIC. The borrower is a 15-year veteran of the New York City Police Department.

Republic National Bank) offer 95% to 100 % mortgage financing and contribute up to \$3,500 per loan in closing costs. REMIC provides 40% mortgage insurance in exchange for an annual fee equal to .75% of the outstanding mortgage balance. In addition to the lender, the program is operated in conjunction with the New York City Police Department, the Department of Housing Preservation and Development, and Fannie Mae.

The program has allowed REMIC to diversify its portfolio by insuring mortgages on 1 – 3 family dwellings. Traditionally, REMIC insured mortgages are most often for larger, multi-family buildings.

During Fiscal Year 2000 REMIC committed to insure 28 loans for properties with 34 units of housing and has issued mortgage insurance for 18 loans for properties with 23 units of housing.

New HOP

Working closely with HDC, REMIC has participated in the New Housing Opportunities Program (NewHOP), an HDC program designed to provide construction and permanent mortgage loans for the development of new or substantially rehabilitated rental and cooperative housing for moderate and middle-income families. Under New HOP, HDC issues taxable bonds to provide financing for housing affordable to middle income families earning up to 250% of the City's median income. HDC will also provide subsidies of up to \$25,000 per unit. However, under certain circumstances, subsidies of up to \$40,000 per unit may be provided for projects with higher land costs, lower rents or larger units.

During FY 2000 REMIC issued commitments for eight loans on apartment houses with a total of 409 units and insured three loans on properties with a total of 141 units.

Pension Funds

In accordance with a new arrangement with the New York City Comptroller's Office, NYCERS and the Teachers Retirement Funds are now able to purchase up to a combined total of \$100 million of REMIC insured loans. This is an increase over the \$70 million that had previously been allowed. In 1997, the Pension Fund limit was only \$35 million. This dramatic increase is a reflection of the quality of REMIC's lending policies and its ratings by both Fitch Investor Services and Standard & Poor's.

Rating Agencies

In August of 1995 REMIC was originally rated by Fitch Investor Services with an "A+" rating. At the time, the rating agency noted "excellent asset quality and liquidity, strong capital requirements, stringent underwriting guidelines and oversight, and a successful track record of predecessor entity." In April of 1997, the same agency upgraded REMIC to a "AA-" rating stating that "the rating action reflects continued underwriting strength, prudent and experienced management, sound capitalization and excellent asset quality." In November of 1998, Standard & Poor's issued a rating for REMIC of "AA". During fiscal year 2000 REMIC met with representatives of Fitch to discuss that agency conducting a due diligence review in the hope that Fitch will upgrade the current rating. Fitch has agreed to revisit REMIC during the early part of calendar year 2001.



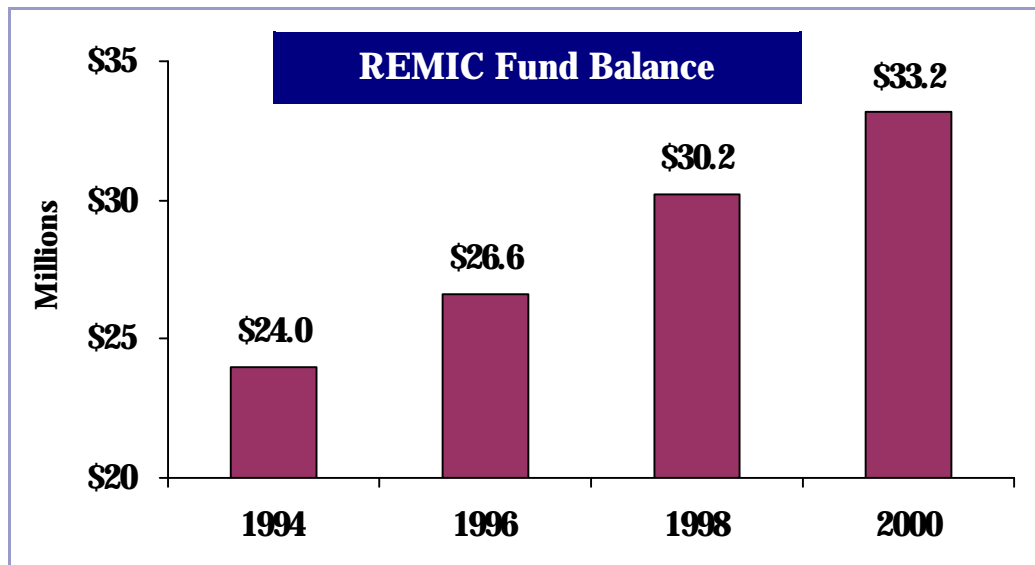
An 84-unit, low-income, rental property situated between Hoe and Vyse Streets in the Crotona Park section of the South Bronx, 950 Jennings Street has a \$990,000 mortgage issued by CPC with 100% REMIC insurance.



This 72,400 sq. ft., newly constructed nine-story, elevated apartment building with 86 residential apartment units, a storage room and a community room is located in the East Tremont section of the Bronx. The \$1,074,629 mortgage issued by CPC has 100% mortgage insurance. HDC provided the construction financing for the project through its 100% LITE Program which finances developments for low-income New Yorkers.

Financial Highlights

At the close of Fiscal Year 2000, REMIC had an amortized fund balance of \$ 33,161,916.64. In Fiscal Year 2000, without adjusting the portfolio to fair market value, REMIC had a net income of \$ 1,648,715.16.



Investment Summary

As of October 31, 2000, REMIC reserves were invested in securities of the Federal Home Loan Bank (FHLB) and Fannie Mae as described in the chart below.

Amount (in millions of \$)	Interest Rate	Maturity Date	First Call Date
\$ 1.2	5.58 %	October 29, 2001	April 29, 2001
\$ 2.8	5.50 %	December 24, 2001	February 19, 2001
\$ 11.5	7.23 %	November 17, 2014	November 17, 2004
\$ 10.0	7.27 %	December 8, 2014	December 8, 2006
\$ 5.0	7.56 %	February 18, 2020	February 18, 2010

REMIC Insurance Capacity

REMIC's funds are held in four accounts – the Mortgage Insurance Fund (MIF) containing reserves pledged for business written before 1993; the Housing Insurance Fund (HIF), holding the reserves for business written since the 1993 corporate restructuring; the Premium Reserve Account (PRA), representing unpledged funds that are available for new insurance commitments; and the Operating Budget Account (OBA).

Taking into account the funds that, by statute, still must be maintained for the insurance entered into by the “Old” REMIC and the reserves set aside to cover the insurance commitment and contracts into which the “New” REMIC has entered, the Corporation entered Fiscal Year 2001 with the ability to take on an additional \$39.4 million of insurance risk.



Located in the Woodhaven section of Queens, this one family, six room house is within walking distance of a new public school and the local shopping district. With a \$155,575 mortgage from HSBC and REMIC insurance for 40%, this house is part of the NYPD HOME Program.

“Old” REMIC Properties Summary

As of October 31, 2000, the Mortgage Insurance Fund, relating to loans the “old” REMIC had insured, is providing insurance on 84 properties (65 multi-family and 19 single-family) with 2,611 units made by twelve lenders. The current mortgage balance of these insured mortgages is \$13,192,829 with REMIC Insurance in effect of \$6,819,725.

“New” REMIC Properties Summary

As of October 31, 2000, the Housing Insurance Fund, relating to loans that “new” REMIC has insured, is providing insurance or has committed to insure mortgages on 179 properties (145 multi-family and 34 single-family) with 5,249 units from fourteen lenders. The current mortgage balance of these insured mortgages is \$143,160,163 with REMIC insurance committed or in effect of \$86,640,230.

Claims Paid

During FY 2000 REMIC paid three claims totaling \$181,951. This brings the total amount paid since 1973 to \$569,831 for ten claims.

Addendum

A ~ REMIC Participating Lenders

B ~ REMIC Fiscal Year 2000 Activity by Borough

C ~ REMIC Commitment Activity by Year

D ~ REMIC Fiscal Year 2000 Commitment Activity by Month

E ~ REMIC Commitments Issued in Fiscal Year 2000

REMIC Participating Lenders

Amalgamated Bank of New York	Banco Popular de Puerto Rico
Bethel Federal Credit Union	Chase Community Development Corporation
Citibank, N.A.	Community Capital Bank
The Community Preservation Corporation	Dime Savings Bank of N.Y.
EAB Community Development	Fannie Mae
First Nationwide Bank	Fleet Bank, N.A.
Greystone Servicing Corp., Inc.	HSBC Mortgage Corporation (formerly Republic National Bank)
Independence Savings Bank	Lower East Side People's Federal Credit Union
Low Income Housing Fund	Neighborhood Housing Services
NYC Employees' Retirement System (NYCERS)	New York City Housing Development Corp.
North Fork Bank (Northside)	Teachers Retirement System of the City of New York (Teachers)
Union Settlement Federal Credit Union	

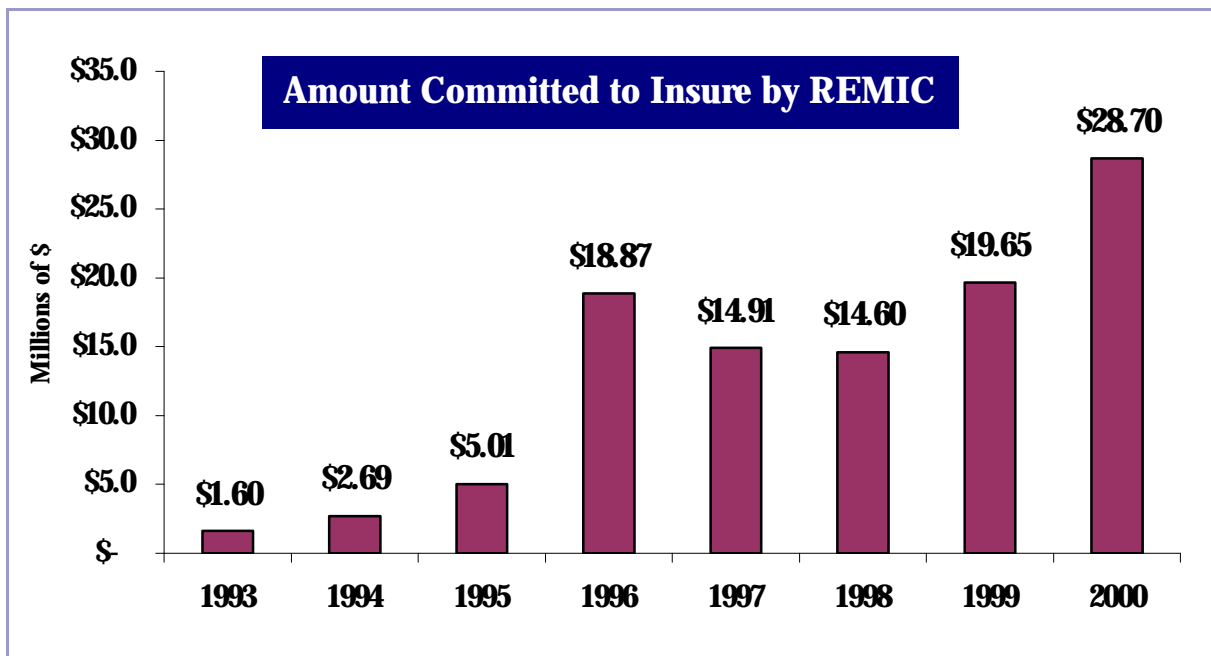
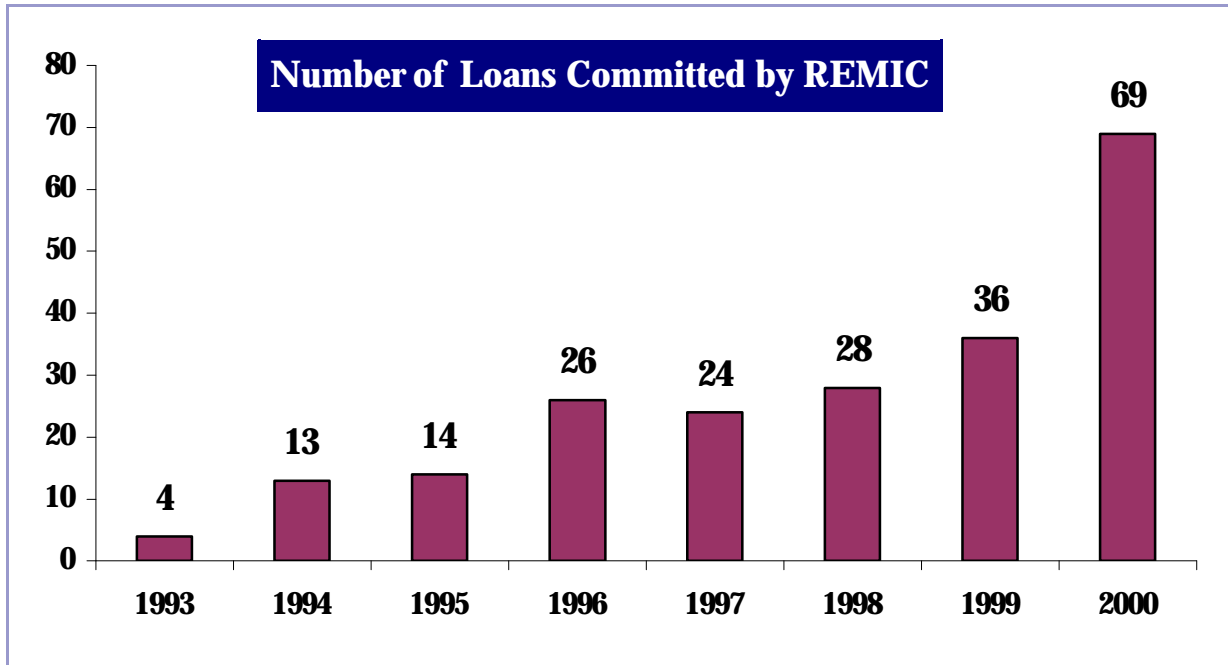
REMIC Fiscal Year 2000 Activity by Borough

<u>BOROUGH</u>	<u>COMMITMENTS</u>	<u>UNITS</u>
BROOKLYN	23	537
BRONX	18	645
MANHATTAN	9	388
QUEENS	12	90
STATEN ISLAND	7	8
TOTAL	69	1668

REMIC Commitment Activity by Year

YEAR	# OF LOANS	MORTGAGE AMOUNT	INSURED AMOUNT	# OF UNITS
1993	4	\$ 1,928,744	\$ 1,567,381	187
1994	13	\$ 3,763,660	\$ 2,693,548	334
1995	14	\$ 7,208,793	\$ 5,014,621	393
1996	26	\$ 23,366,950	\$ 18,865,200	1,139
1997	24	\$ 18,428,876	\$ 14,912,594	1,162
1998	28	\$ 15,572,362	\$ 14,604,742	686
1999	36	\$ 36,923,037	\$ 19,652,037	1,077
2000	69	\$ 61,428,039	\$ 28,702,395	1,668

REMIC Commitment Activity by Year



REMIC Commitment Activity by Month

<u>MONTH</u>	<u>COMMITMENTS</u>	<u>UNITS</u>
November	8	237
December	4	58
January	9	106
February	7	66
March	8	198
April	4	71
May	3	53
June	7	285
July	7	51
August	5	217
September	3	166
October	4	160
TOTAL	69	1,668

REMIC Commitments Issued During Fiscal Year 2000

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Number of Units</u>
<i>Bronx – Multi-Family</i>			
913 East 219 th St.	CPC	\$ 287,000	7
2130 Crotona Ave.	CPC	1,085,000	86
950 Jennings St.	CPC	990,000	84
2523-25 Aqueduct Ave.	CPC	1,533,000	51
1118 Intervale Ave.	CPC	1,310,000	68
1150 Intervale Ave.	CPC	1,785,000	80
1190 & 1239 Franklin Avenue	CPC	930,000	30
232 Cypress Ave. 620 Manidas Ave. 1071 Franklin Ave. 613 & 627 East 141 st St.	CPC	885,000	78
710 East 138 th Street	CPC	857,000	20
303 East 188 th Street	CPC	212,000	11
3058 & 3060 Bailey Avenue 2085 Walton Ave. 2432 University Ave.	CPC	615,000	102
1049 Hoe Ave.	CPC	199,000	8
<i>Bronx - NYPD Home</i>			
225 Brinsmade Ave.	Chase	210,000	1
8 Fordham Hill Oval	Chase	33,000	1

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Number of Units</u>
2899 Harrington Ave.	HSBC	170,000	1
1173 Crosby Ave.	Chase	130,950	1
<i>Brooklyn - Multi-Family</i>			
174 Clinton Ave.	CPC	350,000	4
79 Clifton Place	HDC	3,800,000	40
699-701 Lexington Ave.	CPC	470,000	16
138 Hopkinson Ave.	CPC	650,000	43
150-164 Linden St.	Chase	505,000	40
471 Vanderbilt Ave.	HDC	2,330,000	26
760 Macon Street	CPC	229,000	8
485 Atlantic Ave.	CPC	330,000	3
810 Washington Ave.	CPC	300,000	6
399-413 St Marks Ave. 575-593 Grand Ave.	Chase	1,785,000	51
192 East 56 th St.	CPC	464,000	19
701 St. Marks Ave.	CPC	880,000	23
460-464 Ralph Ave. 1658 St. John's Place	CPC	493,700	22
361 Clifton Place	CPC	275,000	11
890 Brooklyn Ave.	CPC	380,000	6
597 Grand Ave.	HDC	3,617,000	52
139 Emerson Place	HDC	4,000,000	50

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Number of Units</u>
2 Grant Ave.	CPC	220,000	5
167 Clermont Ave.	HDC	10,340,000	111
221 McDonald Ave.	Chase	64,600	1
<i>Brooklyn - NYPD Home</i>			
1543 East 66 th St.	HSBC	210,000	1
23 Hale Avenue	Chase	237,000	2
93 Vanderbilt Ave.	HSBC	345,000	3
437 47 th Street	HSBC	275,000	2
<i>Manhattan - Multi-Family</i>			
585 West 204 th St.	CPC	675,000	53
13 East 124 th St.	CPC	237,000	16
1551 Lexington Ave. 6 West 123 rd St.	CPC	347,000	25
164 West 146 th St.	CPC	622,000	17
2210/12/12/22/24 Frederick Douglass Blvd. 279 West 119 th St.	HDC	3,620,000	51
265 West 123 rd St.	CPC	206,000	8
24-32 Arden St.	CPC	640,000	67
209 West 118 th St. 298 West 118 th St.	Chase	768,014	157
<i>Manhattan - NYPD Home</i>			
205 East 89 th St.	Chase	80,000	1

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Number of Units</u>
<i>Queens - Multi-Family</i>			
32-08 Union St.	HDC	2,770,000	25
140-26 Franklin Ave.	HDC	519,000	54
<i>Queens - NYPD Home</i>			
245-39 76 th Ave.	Chase	77,600	1
90-02 63 rd Drive	Chase	32,450	1
245-29 76 th Ave.	Chase	70,800	1
114-40 135 th Ave.	Chase	213,750	2
89-17 92 nd St.	HSBC	155,575	1
83-75 Woodhaven Blvd.	Chase	71,900	1
244-15 88 th Drive	Chase	230,000	1
61-45 98 th Street	HSBC	61,750	1
4364 247 th Street	HSBC	192,000	1
220-67 73 rd Ave.	HSBC	53,950	1
<i>Staten Island - NYPD HOME</i>			
21 Regina Lane	Chase	165,000	1
164 Maybury Ave.	HSBC	265,000	2
148 Tanglewood Drive	HSBC	205,000	1
14 Carolina Place	Chase	160,000	1

<u>Address</u>	<u>Lender</u>	<u>Mortgage Amount</u>	<u>Number of Units</u>
50 Arrowood Court	HSBC	153,000	1
484 Liberty Ave.	HSBC	165,000	1
50 Rumson Road	Chase	151,000	1