

**MINUTES OF THE
REGULAR MEETING OF THE
MORTGAGE INSURANCE COMMITTEE OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON APRIL 4, 2012 AT 1:00 PM
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William Mulrow	Chairman
Naomi Bayer	Director
Don Lebowitz	Director
Darryl C. Towns	Director

Chairman Mulrow chaired the meeting; M. Lauren McGill, Vice President and Counsel to the Mortgage Insurance Fund (“MIF”), acted as Secretary. Steven J. Weiss, NYS Housing Finance Agency Member, and Marge Rogatz, SONYMA Director, attended the meeting as guests.

* **Item 1 on the agenda was the presentation of the minutes of the meeting of the Mortgage Insurance Committee (“MIC”) held on January 25, 2012.** There being no objections or corrections suggested by the Directors, the minutes were deemed approved.

* **Item 2 on the agenda was a resolution recommending the approval of 100% Mortgage insurance on a \$10,627,396 JPMorgan Chase permanent first mortgage loan for the acquisition and rehabilitation of 4380 Bronx Boulevard, Bronx, Bronx County, and its conversion into a 108 bed homeless shelter. Certificate # 10-1775.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. He stated that this project comprises 100% insurance of a \$10,627,396 JPMorgan Chase permanent mortgage loan for a 108 bed transitional housing project for the homeless. He stated that debt service and operating expenses will be paid in full by the New York City Department of Homeless Services (“DHS”) through a 20-year contract. JPMorgan Chase will receive all debt service payments directly from DHS on a monthly basis. He stated that the program requires the ownership to provide 7% equity in the deal. He said that the borrowing entity is Bronx Boulevard Housing Development Fund Corporation, an affiliate of Project Renewal, Inc. (“Project Renewal”). Project Renewal will

operate the project. Mr. Friedman introduced Mark Hurwitz, Deputy Director of Project Renewal, to discuss the Project.

Mr. Hurwitz stated that Project Renewal responded to an RFP from the New York City Department of Homeless Services ("DHS") and was awarded a contract to develop and operate the project. He stated that Project Renewal's goal is to help homeless individuals and families become independent and move into permanent housing. He said the Bronx Boulevard project will house 108 men for a maximum period of nine months in a dormitory-style setting. The five dormitories in the project will each have sixteen to thirty beds, a common sitting area and an assigned caseworker. The clients will have access to a mobile health clinic.

Marge Rogatz raised concerns about dormitory-style transitional housing noting that other homeless housing developers and operators are building projects with single room units which move the homeless directly to permanent housing. She suggested that these were more innovative projects and should be the focus of SONYMA support. She further questioned the location of the project in a commercial area of the Bronx without surrounding services to make clients self-sufficient. Mr. Hurwitz stated that Project Renewal operates transitional and permanent housing projects which serve different needs. He said that there is active, ongoing discussion in the homeless housing community about permanent vs. transitional solutions. He noted that the project will be a formerly commercial building in a larger residential area.

Mr. Lebowitz asked if the ownership structure is a new model, noting that DHS will fund both debt service and operating costs under a long term contract in lieu of retaining ownership and contracting operations. He noted that DHS will even fund a portion of the owner's required equity contribution. Mr. Horowitz responded that the City was looking to decentralize homeless housing and have facilities owned and operated by not-for-profits.

Ms. Bayer joined the meeting. She asked why SONYMA insurance was required. Mr. Friedman responded that JPMorgan Chase would sell the permanent loan to NYCERS which requires SONYMA insurance. Ms. Bayer noted that, during her tenure on the SONYMA Board, no similar projects had been presented to the Board for approval and asked how other deals were being executed. Mr. Hurwitz noted that, since the economic downturn, there had been increased need for homeless shelters and accordingly an increase in new projects. He noted that some were structured as long term leases with rent payments going to third party owners and draining resources out of the project. He suggested that the Bronx Boulevard structure would leave more resources available for resident services. Mr. Towns stated that he would be meeting with the NYC's Commissioner for Homeless Services and would ask about the City's pipeline of similar transactions.

Mr. Lebowitz moved to adopt the resolution; Mr. Towns seconded the motion, and the resolution was unanimously adopted.

*** Item 3 on the agenda was a resolution approving 50% mortgage insurance on a \$5,155,000 New York City Housing Development Corporation permanent first**

mortgage loan for the rehabilitation of Crotona V Apartments, 1712 & 1715 Longfellow Avenue, Bronx County, containing 86 low income units. Certificate # 10-1773. Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. He stated that this project comprises 50% insurance of a \$5,155,000 New York City Housing Development Corporation ("HDC") permanent mortgage loan for the moderate rehabilitation of an apartment building containing 86 low income units, with tenants in place. Mr. Friedman stated that all units would be affordable to households with incomes at or below 50% of the New York City area medium income. He stated that this highly subsidized project includes a \$290,000 subordinate HPD subsidy loan, HUD IRP payments, project-based Section 8 HAP contracts covering all units and a Article XI real estate tax exemption. He stated that the loan amount is approximately \$59,252 per unit, which equals 73% of total development cost. The Project will break even with two-thirds of the commercial space vacant. Mr. Friedman stated that the ownership entity is Urban Home Ownership Corporation.

Mr. Lebowitz asked how many units were in the project. Mr. Friedman responded that there are 86 low income units, with one superintendent unit. Mr. Lebowitz noted the developer's fee and asked, if the Agency had a policy on developer fees. Mr. Friedman stated that this project has a very modest developer's fee and was structured by HDC.

Mr. Lebowitz moved to adopt the resolution; Mr. Towns seconded the motion, and the resolution was unanimously adopted.

* **Item 4 on the agenda was a resolution approving 100% mortgage insurance on a \$4,307,000 Bank of America, N.A. permanent first mortgage loan for the construction of 148-19 90th Avenue, Jamaica, Queens County, containing 64 low-income units. Certificate # 10-1782.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. He stated that the project comprises 100% insurance of a \$4,307,000 Bank of America, N.A. permanent mortgage loan for a 65-unit low-income project. The ownership entity is controlled by the Arker Companies, which is a repeat SONYMA borrower. The Project includes a \$127,265 NYSERDA grant, \$17,242,860 from federal low income housing tax credits, \$953,006 from state low income housing tax credits, a 15-year project-based HAP contract on 8 units and 420-c 30 year, real estate tax abatement. He stated that the loan amount is approximately \$66,000 per unit, which equals 18% of total development cost.

Ms. Rogatz noted that the project set aside 5 units (including 10 beds) for people with disabilities.

Mr. Lebowitz moved to adopt the resolution; Mr. Towns seconded the motion, and the resolution was unanimously adopted.

* **Item 5 on the agenda was a resolution approving 100% mortgage insurance on a \$3,875,000 Community Preservation Corporation permanent first mortgage loan for the construction of Sisson Reserve Apartments, Sisson Road, South Glens Falls, Saratoga County, containing 80 low to moderate income units. Certificate # 6-254.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. He stated that the project comprises 100% insurance on a \$3,875,000 Community Preservation Corporation (“CPC”) permanent mortgage loan. He stated that the Project will create 80 units of affordable housing for low-to-moderate income family households in Saratoga County, approximately 10% of the units will be fully accessible for the physically disabled; another 5% will be constructed for visually and/or hearing impaired. The ownership entity is controlled by NYR Holding LLC and Pathstone Sission Reserve LLC. The Project includes \$13,124,111 from low income housing tax credits, and \$960,000 loan under the Affordable Home Loan Program. He stated that the loan amount is approximately \$48,438 per unit, which equals 22% of total development cost. The Project breaks even with a 12% pro forma vacancy rate.

Mr. Lebowitz asked whether the rents were at market. Mr. Friedman stated that the 60% rents are a little lower than the market and that the 90% rents are at market.

Mr. Lebowitz moved to adopt the resolution; Chairman Mulrow seconded the motion, and the resolution was unanimously adopted

* **Item 6 on the agenda was a resolution approving 100% mortgage insurance on a \$2,750,000 Community Preservation Corporation permanent first mortgage loan for the construction of Fortune Road West, Wallkill, Orange County, containing 78 supportive and low-income units. Certificate # 5-263.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. He stated that the project comprises 100% insurance on a \$2,750,000 CPC permanent mortgage loan for an 3-story elevator apartment building containing 79 units. The ownership entity is controlled by Jonah Mandelbaum, a repeat SONYMA borrower. The project includes \$13,255,402 from low income housing tax credits and a PILOT agreement with the Town of Wallkill. He stated that the loan amount is approximately \$34,810 per unit, which equals 17% of total development cost. The Project breaks even with a 12% pro forma vacancy rate.

Mr. Lebowitz moved to adopt the resolution; Mr. Towns seconded the motion, and the resolution was unanimously adopted

* **Item 7 on the agenda was a resolution approving an increase from \$44,880,000 to \$5,895,000 in mortgage insurance on an HDC loan for rehabilitation of Borinquen Court, 285 East 138th Street, Bronx County – Certificate #. 10-1766** Mr. Friedman stated that, on

November 17, 2011, the Mortgage Insurance Committee approved 50% mortgage insurance on a \$4,880,000 HDC permanent first mortgage loan. HDC revised the original underwriting and increased the loan amount to \$5,895,000. The \$1,015,000 increase in the loan amount is due to the reduction of the project's real estate taxes, which will allow the project to cover a larger mortgage. The subordinate mortgage has been reduced and certain grants funds eliminated.

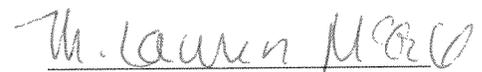
Mr. Lebowtiz stated that there were changes in the operating expense budget, and asked about the reliability of the operating expense numbers. He noted that expenses seem to be higher. Mr. Friedman stated that he could not address specific changes but noted that higher operating expenses would reduce the mortgage loan amount.

Mr. Lebowitz moved to adopt the resolution; Mr. Towns seconded the motion, and the resolution was unanimously adopted

* **Item 8 on the agenda was for Information only.**

Chairman Mulrow asked if there was anything to report. Mr. Friedman stated that there was a 25% increase in mortgage recording tax receipts over the previous year.

There being no unfinished business, Mr. Lebowitz moved to adjourn; Mr. Towns seconded the motion; and the meeting was adjourned at 1:45 P.M.


M. Lauren McGill
Secretary