

**MINUTES OF THE
REGULAR MEETING OF THE
MORTGAGE INSURANCE COMMITTEE OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON JANUARY 29, 2013 AT 8:03 AM
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Naomi Bayer	Vice Chairperson
Don Lebowitz	Director
Marge Rogatz	Director
Darryl C. Towns	Director

William J. Mulrow, Chairman of the State of New York Mortgage Agency (SONYMA), opened and chaired the meeting of the Mortgage Insurance Committee of SONYMA. M. Lauren McGill, Vice President and Counsel to the Mortgage Insurance Fund (MIF), acted as Secretary and asked for a motion and a second to call the meeting to order. Ms. Bayer moved to call the meeting to order; Ms. Rogatz seconded the motion. Ms. McGill stated that as items were presented before the Committee throughout the meeting, this motion and second would be used unless specific items called for a different vote or unless any Director wished to record his or her vote differently.

Anthony Bergamo, SONYMA Director and Aida Brewer, Department of Taxation and Finance, designee for Thomas Mattox, Commissioner of Taxation & Finance, attended the meeting as a guest.

The first item on the agenda was the adoption of the minutes of the meeting of the Mortgage Insurance Committee (MIC) held on December 13, 2012. There being no objections or corrections from the Directors, Ms. McGill reported that the minutes were deemed approved.

The next item on the Agenda was a resolution recommending approval of 100% mortgage insurance on a \$2,300,000 CPC permanent first mortgage loan for The Birches at Fishkill, 22 Robert R. Kasin Way, Fishkill, Dutchess County, Certificate No. 5-268. Michael A. Friedman, Senior Vice President and Director of the MIF, highlighted certain information contained in the materials provided to the Directors in connection with this item, which are incorporated herein by reference. Mr. Friedman stated that this 9% credit deal will finance the construction of 73 low income units. The project is heavily subsidized and, in addition to the insured first mortgage and \$9.4 million in low income tax credits, this project will benefit from \$1.4 million from the Federal Home Loan Bank and \$737,790 from the Housing Trust Fund. Mr. Friedman stated that the developer, Steve Aron, is a repeat HFA, SONYMA and CPC borrower; he builds on budget and on schedule. Mr. Friedman stated that the loan amount is only \$31,500 per unit which equals 15% of the project's total cost; the loan-to-value rate is 82% which is slightly higher than usual however the appraiser used a 9.23% capitalization rate which is very high and offsets the loan-to-value. Mr. Friedman noted that the project would break even with a 11% vacancy rate or a 10% increase in pro forma maintenance and operating expenses. Ms. Bayer asked why such a high capitalization rate was used and Mr. Friedman said he did not have an explanation. Mr. Lebowitz inquired if it was because of the area and Mr. Friedman said that Dutchess County would not be an explanation.

Ms. Bayer moved to adopt the resolution, Ms. Rogatz seconded the motion and the resolution was adopted unanimously.

The next item on the agenda was a resolution recommending the approval of 100% mortgage insurance on a \$2,240,000 CPC first mortgage loan for St. Patrick's Lofts, 300 North Lowell Avenue, Syracuse, Onondaga County; Certificate No. 3-187. Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which are incorporated herein by reference. Mr. Friedman stated that this project is comprised of 22 unrestricted affordable units. He stated that there is a \$150,000 grant from Onondaga County and a 12 year PILOT from the City of Syracuse evidencing local government support of the project. Mr. Friedman stated that the project works because of \$1,471,611 in Historic Tax Credits. Mr. Lebowitz asked what was MIF's fee would be and Mr. Friedman replied that it would be 50 basis points. Mr. Lebowitz also asked why there were no income restrictions and Mr. Friedman responded that it was because of the local government support. Mr. Friedman stated that the loan amount of \$102,000 per unit is somewhat high for the area but equals only half of the project's total development costs. The project will have a 1.15 income to expense ratio with all the commercial space vacant; it will break even with a 24% pro forma vacancy rate or 60% increase in pro forma operating expenses. Ms. Bayer asked about redevelopment efforts in Syracuse. Mr. Friedman stated that the City of Syracuse had been encouraging downtown redevelopment and there are redevelopment projects around Armory Square and Franklin Square; this project is adjacent to those areas.

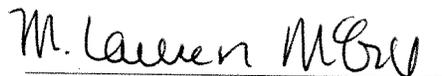
Chairman Mulrow asked if the affordable rate is the same as the market rate in Syracuse. Mr. Friedman responded for downtown Syracuse it was and furthermore the rents are good for these historic re-adaptation loft-like apartments. Ms. Bayer stated that this project is more of a redevelopment site than an affordable housing site. Mr. Friedman stated that although this is essentially a market project, it is \$1 per square foot per month or \$12 per annum compared to a project in Brooklyn which would be \$60 per annum or 20% of what the rents would be in New York City.

Ms. Bayer moved to adopt the resolution, Ms. Rogatz seconded the motion and the resolution was adopted unanimously.

The next item on the agenda was for Information only. Chairman Mulrow asked if there were any issues to report. Mr. Friedman informed the Committee that the monthly tax surcharge collections were \$12.2 million in December but added that he considered that level to be an anomaly because the transactions scheduled to close in January 2013 seemed to have moved back to December 2012 for gains tax reasons. Mr. Lebowitz inquired about the pipeline size and Mr. Friedman stated that it is smaller than it has been in the last several years. Ms. Bayer noted that CPC applications have been down. Mr. Friedman stated that applications had been received from LISC and Wells Fargo. In response to a question from Mr. Lebowitz regarding MIF outreach, Mr. Friedman said MIF is in touch with the banks. Chairman Mulrow asked if the pipeline is smaller than other years and Mr. Friedman confirmed that it was smaller.

Mr. Lebowitz noted that he had spoken with Mr. Friedman about the condition of properties which are in default or foreclosure. He noted that he had searched a few addresses on the reports and found violations and back taxes. He raised concern that there are questions surfacing about the liability of banks for the condition of properties in foreclosure. He noted that the MIF is not the lender but suggested that the MIF might want to pay attention to this issue and suggested discussion with CPC. Mr. Friedman confirmed that he would get further information on this issue.

There being no unfinished business, Ms. Bayer moved to adjourn; Ms. Rogatz seconded the motion; and the meeting was adjourned at 8:15 a.m.


M. Lauren McGill
Secretary