

**MINUTES OF THE
REGULAR MEETING OF THE MORTGAGE INSURANCE COMMITTEE OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON DECEMBER 12, 2013 AT 8:02 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Naomi Bayer	Director
Marge Rogatz	Director
Darryl C. Towns	Director

ABSENT:

Don Lebowitz	Director
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Chairman William J. Mulrow opened and chaired the meeting of the Mortgage Insurance Committee of the State of New York Mortgage Agency ("SONYMA").

M. Lauren McGill, Vice President and Counsel to the Mortgage Insurance Fund (MIF) acted as Secretary and asked for a motion and second to call the meeting to order. Ms. Rogatz moved to call the meeting to order; Chairman Mulrow seconded the motion.

Mr. Anthony Bergamo, SONYMA Director, attended this meeting as a guest.

Ms. McGill stated that as items were presented before the Committee throughout the meeting, the previous 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.

The first item on the agenda was the adoption of the minutes of the meeting of the Mortgage Insurance Committee ("MIC") held on November 7, 2013. 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 approving 50% mortgage insurance on a \$7,335,000 HDC permanent mortgage loan for Soundview Senior Housing Apartments, 31 Bronx River Avenue, Bronx County. 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. Mr. Friedman stated that this project consists of the construction of an eight-story, elevator building which will contain 86 units. He stated that the project will receive a Section 8 Housing Assistance Payment ("HAP") contract covering all eighty-five (85) low income units for a term of twenty (20) years. He noted that the development is a joint venture of L&M Development Partners, Community Preservation Corporation Resources ("CPCR") and Lemle & Wolfe. Mr. Friedman noted that CPCR is the for-profit development arm of the Community Preservation Corporation which has developed over 7,000 units, 256 of which have been financed by HDC.

Mr. Friedman stated that the loan amount is \$85,291 per unit but only equals 21% of the project's total development cost of \$399,502 per unit; the project would break even with a 15% increase in operating expenses or a 12% vacancy rate.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR SOUNDVIEW SENIOR HOUSING APARTMENTS, 31 BRONX RIVER AVENUE, BRONX COUNTY

The next item on the agenda was a resolution approving 50% mortgage insurance on a \$3,315,000 HDC permanent mortgage loan for Arthur Avenue Residence, 2116-2128 Arthur Avenue, Bronx County. 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. Mr. Friedman reported that this project consists of the construction of a nine-story, elevator building which will contain 108 low-income units; the project will receive two project-based Section 8 HAP contracts for a total of sixty-five units for a term of fifteen (15) years reserved for formerly homeless tenants. Mr. Friedman reported that the project will be owned by The Center for Urban Community Services ("CUCS"), an entity established in 1979 by Columbia University students, and incorporated in 1992 as an independent not-for-profit entity which has provided housing for over 2,000 low-income families. Mr. Friedman stated that CUCS is a very experienced and well-regarded organization and will retain Common Ground to manage the project. He stated that the loan amount is approximately \$31,000 per unit but only equals 9% of the project's total development cost of \$352,819 per unit; the project will break-even with a 7% increase in operating expenses or a 10% vacancy rate.

Chairman Mulrow asked whether the 7% margin on operating expenses was sufficient. Mr. Friedman responded that, although the project was underwritten with a 5% vacancy rate, it would break even with a 10% vacancy rate so he believed the operating expense cushion was sufficient. Ms. Bayer stated that she would recuse herself from voting but noted her support of the project.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR ARTHUR AVENUE RESIDENCE, 2116-2128 ARTHUR AVENUE, BRONX COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$10,123,000 CPC permanent first mortgage loan for Dorie Miller Cooperative, 34th Avenue and Northern Boulevard, Corona, Queens County. 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 reported that this project consists of the rehabilitation of a 300 unit affordable cooperative building. The co-op units are affordable at about 60% of the New York City Area Median Income ("AMI"). The building will receive J-51 tax benefits resulting from the project's moderate rehabilitation. Mr. Friedman reported that the co-op had had problems with delinquencies, principally resulting from estates of elderly shareholders who have died intestate leaving units tied up in Surrogate's Court. Mr. Friedman reported that management is aware of this and has been focusing on this matter and continues to seek through the courts to gain control of the units. Additionally, he noted that CPC will hold a debt service reserve fund in the amount of \$288,000 equal to one year of maintenance charges to address the thirty units currently delinquent.

Noting the delinquency and management issues, Ms. Bayer asked what would change so that such issues would be resolved and not recur. Mr. Friedman responded that CPC has retained an outside law firm to assist the co-op in gaining possession of the units so that they can be resold and become income generating. Ms. Bayer asked whether there was anything further to be done to help CPC manage the asset. Mr. Friedman explained that CPC anticipates that by the time the rehabilitation is complete, the delinquency issue will be resolved. Chairman Mulrow asked if this is a one-time occurrence. Mr. Friedman explained that previously, management was not proactive but has become so. Chairman Mulrow inquired about the percentage of delinquencies. Mr. Friedman noted that co-ops are usually underwritten with no vacancy and collection loss but, because of this ongoing problem, the underwriting uses a 5% vacancy and collection loss.

Ms. Bayer asked if there will be demand for the units once possession is regained. Mr. Friedman responded affirmatively noting that the units are less expensive than comparable units in the area. Ms. Bayer further asked if there was any question about raising maintenance as needed. Mr. Friedman responded that generally SONYMA has a policy of underwriting debt at 1.0 coverage in order not to force the cooperative to raise the maintenance to cover debt service but that it would require that maintenance be raised under certain conditions. He noted that a condition precedent to insurance effectiveness will be 90% occupancy for 90 days. Ms. McGill added that a standard provision in the form of co-op mortgage requires the board to raise maintenance when required.

Ms. Bayer recommended that CPC be asked to take a more active monitoring role for this project given the delinquency history.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY RECOMMENDING APPROVAL OF MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR DORIE MILLER COOPERATIVE, 112-19, 112-25, 113-15 34TH AVENUE AND 112-34, 112-30, 112-50 NORTHERN BOULEVARD, CORONA, QUEENS COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$5,125,000 CPC permanent first mortgage loan for 1092 Close Avenue, Bronx County. 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 reported that the CPC permanent loan for Close Avenue and the next project on the agenda will take out Wells Fargo construction loans. He further reported that the project consists of the construction of one, five-story building with sixty-six units of low income housing and 10,700 square feet of commercial space. He noted that the borrower, Colgate Close Limited Partnership, is controlled by The Arker Companies, a repeat HFA/CPC/SONYMA borrower, and Women in Need ("WIN"). He stated that WIN will enter into a contract with the New York State Office of Alcoholism and Substance Abuse Services ("OASIS") and will master lease thirty-three units to provide supportive housing. OASIS will fund rent subsidy up to LIHTC rents for the units. Mr. Friedman stated that WIN was founded in 1983 and currently serves nearly 8,000 people per year, including more than 4,500 homeless and disadvantaged children through transitional and permanent low income housing. Mr. Friedman reported that the loan amount is \$77,652 per unit but equals only 22% of the project's total development cost of \$358,180 per unit; the project would break even with a 10% pro forma vacancy and collection loss for the residential units, a 9% increase in operating expenses or a 42% vacancy and collection loss for the commercial space. Mr. Friedman reported that as a seven month operating reserve will mitigate risk of re-renting the supportive units as standard LIHTC units in the event of termination of the master lease with WIN.

Ms. Bayer asked whether the non-profit entity will remain in ownership for the long term. Mr. Friedman responded that it would. Ms. Rogatz noted that the non-profit partner will also provide services.

Chairman Mulrow asked if the soft costs were higher than usual. Mr. Friedman responded that soft costs are generally about 20% of the hard costs and they are within the standard range. Mr. Friedman stated that the developer fee is usually a maximum of 15% of the cost of the project.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR 1092 CLOSE AVENUE, BRONX COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,467,327 CPC permanent first mortgage loan for 369 Edgecombe Avenue, 801 St. Nicholas Avenue, 1772 Amsterdam Avenue, New York County. 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. Mr. Friedman noted that a substitute resolution was in the Directors' packages which corrects a reference to Bronx County but is otherwise unchanged. Mr. Friedman stated that the project involves the acquisition of three (3) scattered site buildings through New York City's Third Party Transfer Program and their subsequent rehabilitation. Mr. Friedman reported that this project will preserve low-income housing. He noted that in addition to the \$2,285,000 HPD subsidy loan, there is a \$1,900,000 HOME loan and \$1 million Resolution A grant.

He reported that the project ownership will be controlled by the Community League of the Heights, a not-for profit entity which has developed more than 1,000 units of housing principally in Washington Heights and Inwood. He noted that the project will be managed by Lemle and Wolff which will also manage, Sound View Houses, the first project on the agenda. He reported that the loan amount is approximately \$37,000 per unit which equals 14% of the project's total development cost. He also reported that the project would break even with a 9% vacancy rate and collection loss or a 6% increase in operating expenses and remains profitable if the commercial space remains vacant.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR 396 EDGECOMBE AVENUE, 801 ST. NICHOLAS AVENUE AND 1772 AMSTERDAY AVENUE, BRONX COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,798,052 CPC permanent first mortgage loan for 410-414 South Clinton Street, Syracuse, Onondaga County. 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 reported that this is a substantial rehabilitation of a historic, semi-vacant, industrial building in the Franklin Square area of downtown Syracuse. Mr. Friedman stated that all units will be affordable at incomes between 88% and 111% of the Syracuse AMI. He noted that the project breaks-even with a 90% increase in operating expenses or a 35% vacancy rate. He also noted that this project will receive \$900,000 in Federal and State Historic Tax Credits.

Ms. Bayer noted that previous consideration of similar projects included discussion of allocation of MIF capacity but that it was not a present concern in considering these historic adaptation projects.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR 410-414 SOUTH CLINTON STREET, SYRACUSE, ONONDAGA COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$19,040,000 JPMorgan Chase Bank, N.A. permanent first mortgage loan for East Bronx Cluster: 1265 Morrison Avenue, 1268 Stratford Avenue, 1585 and 1589 East 172nd Street and 1350 University Avenue, Bronx County. 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 consists of the refinancing and moderate rehabilitation of five buildings with 269 affordable units. Mr. Friedman reported that this project is part of HPD's Participation Loan Program. He noted that in addition to the insured first mortgage of \$19,040,000 which restricts occupancy to tenants with incomes up to 120% of the AMI, there is an \$18,830,000 HPD subsidy loan subjecting the project to an HPD Regulatory Agreement and rent stabilization will apply.

Mr. Friedman reported that the management entity is controlled by Bronx Pro Real Estate Management which is experienced and well-regarded project manager that currently manages 1,300 units in the Bronx. Mr. Friedman stated that the loan amount is \$70,781 per unit but equals only 43% of the project's total development cost of approximately \$164,000 per unit. He stated that the project will break even with an 11% vacancy rate and collection loss or a 13% increase in operating expenses.

Chairman Mulrow requested confirmation that the HPD rent restriction will allow rents to increase to 120% of AMI as required to cover debt service. Ms. Bayer stated her support of the project noting that green standard upgrades were being incorporated in the project and that it would be interesting to see the connection between compliance with the green standards and resulting energy-efficient savings.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY RECOMMENDING APPROVAL OF MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR EAST BRONX CLUSTER, 1265 MORRISON AVENUE, 1268 STRATFORD AVENUE, 1585-1589 EAST 172ND STREET, 1350 UNIVERSITY AVENUE, BRONX COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$4,984,000 JPMorgan Chase Bank, N.A. permanent first mortgage loan for The Bedford, 3160-3166 Webster Avenue, Bronx County. 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 reported that the project is comprised of the construction of sixty low-income

rental units. Mr. Friedman reported that the project has both Federal and State low-income housing tax credits. He noted that the project will be developed by a first-time SONYMA borrower, Azimuth Development; through this company, Guido Subotovsky has completed two other JP Morgan Chase ("Chase")-financed projects; this project will represent the third loan with Chase.

Mr. Friedman reported that rents will be regulated by The Division of Housing & Community Renewal through a LIHTC regulatory agreement and by HUD through the HAP contract. The project will break even with a 10% vacancy rate and collection loss for the units or a 10% increase in operating expenses.

Ms. Rogatz noted that she did not see any documentation related to services. Mr. Friedman confirmed that eight units will be set aside for formerly homeless tenants and supported through a Section 8 HAP contract.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR THE BEDFORD, 3160-3166 WEBSTER AVENUE, BRONX COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,175,000 JPMorgan Chase Bank, N.A. permanent first mortgage loan for The Bedford, 3160-3166 Webster Avenue, Bronx County. 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 reported that this project is comprised of the construction of a commercial condominium containing 10,164 square feet of ground floor space and constitutes the commercial portion of two-unit condominium of which the previously approved project constitutes the residential portion. He noted that the project is structured with separate loans at the behest of SONYMA with a \$2.1 million loan allocated to the commercial unit. Mr. Friedman stated that the commercial space will be leased to a children's daycare center and concern that a default from the daycare center may result in a default in the loan was the reason for separating the loans and isolating the commercial risk. Chairman Mulrow asked if this has been done before; Mr. Friedman responded that it had.

Ms. Bayer requested that in the future, the two loans be presented for approval together.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR THE BEDFORD, 3160-3166 WEBSTER AVENUE, BRONX COUNTY

The next item on the agenda was a resolution approving 75% mortgage insurance on an increased loan amount of \$5,400,000 on a CPC permanent first mortgage loan for Rochester View Apartments, 4365 West Henrietta, Monroe County. 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 reported that the MIC approved 100% mortgage insurance on a \$2,200,000 permanent first mortgage loan for Rochester View Apartments at its September 2013 meeting. Mr. Friedman stated that CPC has issued an amendment to its commitment, increasing the loan amount to \$5,400,000, due to the loss of a \$3.2 million grant from the Homeless Housing Assistance Program. The New York State Office of Mental Health ("OMH") has committed to provide funding to the project for 30 years for 100% of the debt service on the increased loan amount. Mr. Friedman confirmed that SONYMA would be taking on greater OMH risk, but that the costs otherwise remain the same. He noted that the interest rate has increased and the mortgage insurance coverage has been reduced to 75% because CPC will sell a 100% participation to the Methodist Pension Fund rather than delivering the loan to CRF.

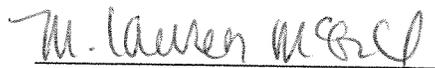
Given the number of deals done with the DePaul Group, Inc. ("DePaul"), Ms. Bayer requested that the organization be asked to speak with the Directors; Mr. Friedman will arrange for representatives of DePaul to meet and discuss this project and others with the Directors.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted:

A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MODIFICATIONS TO MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR ROCHESTER VIEW APARTMETNS, 4365 WEST HENRIETTA ROAD, HERIETTA, MONROE COUNTY

The next item on the agenda was an information item. Mr. Friedman reported that the mortgage recording surtax receipts fell off during October but were back to \$14 million in November 2013. The recording surtax receipts as of the end of November 2013 exceeded the full year 2011/12 and are running ahead of 2012/13.

There being no unfinished business, Chairman Mulrow called for a motion to adjourn the meeting. Commissioner Towns moved to adjourn; Chairman Mulrow seconded the motion and the meeting was adjourned at 8:40 a.m.


 M. Lauren McGill
 Secretary