

**MINUTES OF THE
REGULAR MEETING OF THE MORTGAGE INSURANCE COMMITTEE OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON APRIL 10, 2014 AT 8:00 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Naomi Bayer	Director
Moses Krausz	Director
Marge Rogatz	Director

ABSENT:

Darryl C. Towns	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. Naomi Bayer moved to call the meeting to order; Marge Rogatz seconded the motion.

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 March 6, 2014. 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 100% mortgage insurance on a \$6,800,000 HFA permanent first mortgage loan for CABS Senior Housing, 590 DeKalb Avenue, Kings 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 is comprised of 100% insurance of a New York State Housing Finance Agency ("HFA") loan for the acquisition and moderate rehabilitation of a 111-unit all low income building for seniors. He stated that a Section 8 Housing Assistance Payment ("HAP") contract covers all of the units and that the project will benefit from approximately \$8.4 million in federal low-income housing tax credits. He further stated that the project will receive shelter rent tax benefits.

Mr. Friedman stated that the development entity is comprised of three not-for-profit developers in affordable housing, two of which are repeat HFA and SONYMA borrowers – Southside United HDFC - Los Sures and St. Nicks Alliance. He noted that the loan amount is \$61,000 per unit but equals only 29% of the project's total development costs of approximately \$210,000 per unit. He further stated that the project would break even with a 10% vacancy and collection loss or an 8% increase in operating expenses.

Ms. Bayer asked why the project used shelter rent benefits. Mr. Friedman responded that the project had historically received shelter rent benefits which calculate real estate taxes as a percentage of the project revenue net of utility expenses and are therefore less advantageous than other tax exemptions.

Chairman Mulrow asked about the developer fees for the project. Mr. Friedman responded that explained that the lender approves developer fees which are generally a maximum of 15% of the development costs exclusive of the developer fee but may be further limited to 10% of acquisition cost and 15% of the remainder of the costs where there is a substantial acquisition cost. He stated that the developer fee for the project was reasonable and that half of the fee would be deferred through the tax credit compliance period.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously 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 CABS SENIOR HOUSING, 590 DEKALB
AVENUE, BROOKLYN, KINGS COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$6,625,976 Local Initiatives Support Corporation permanent first mortgage loan for Genesis Robert F. Kennedy Apartments, 113 East 13th Street, 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 stated that this project comprises the moderate rehabilitation of 91 low-income units and 17,000 square feet of commercial space. He reported that the developer, HELP USA, Inc., a well-regarded and experienced developer of supportive low-income housing, is relocating

its corporate headquarters to the commercial space in the project and will pay \$500,000/year in rent which will represent a substantial savings. Mr. Friedman stated that the commercial income represents 31% of the project's gross potential income. Therefore, the project has been underwritten requiring a 1.10:1 income to expense ratio rather than 1.05:1 and the project would break even with a 31% increase in maintenance and operating expenses.

Mr. Friedman further stated that the project will have a negative cash flow of \$200,000/year with the commercial space vacant. Therefore, a debt service reserve fund of \$500,000 will be funded at closing. Mr. Friedman further noted that the project is well located a block from the Union Square subway station and next door to a New York University dormitory with university office space. Accordingly, the commercial space should not be difficult to re-lease at \$29.50/square feet.

Ms. Bayer asked if the developer was deliberately keeping the commercial space vacant now so that the rehabilitation and the move can be completed. Mr. Friedman responded affirmatively and noted that the leases of all existing commercial tenants had not been renewed.

Chairman Mulrow noted that he served on the Board of HELP USA, Inc. more than 10 years ago but with the approval of counsel would vote on the item.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously 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 GENESIS ROBERT F. KENNEDY APARTMENTS, 113 EAST 13TH STREET, MANHATTAN, NEW YORK COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,000,000 Low Income Investment Fund permanent first mortgage loan for 25 Madison Street, 163 Suydam Street, 354 Saratoga Avenue, 1619 Lincoln Place, 1719, 1725 and 1752 Sterling Place, Kings 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 the project is comprised of 100% insurance of a Low Income Investment Fund loan for the acquisition and substantial rehabilitation of 95 moderate-income units. He stated that the vacant units will be income-restricted at 65% and 75% of the Area Medium Income ("AMI").

Mr. Friedman stated that the loan is for a New York City Department of Housing Preservation and Development's ("HPD") Preservation Participation Loan Program ("PLP") project and that in addition to the insured first mortgage, there is a subordinate loan of \$7.6 million from HPD. He added that the development entity is controlled by R. Christopher Bramwell, Benathan

Upshaw, Steve Varkaris and Emetrios Varkaris. He noted that this will be the fourth loan the Agency has insured for Benathan Upshaw and the total exposure is only \$7.5 million.

Mr. Friedman noted that the insured loan amount is \$31,579 per unit but equals only 26% of the project's total development cost of \$123,485 per unit; the project will break even with an 11% 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 unanimously 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 25 MADISON STREET, 163 SUYDAM STREET, 354 SARATOGA AVENUE, 1619 LINCOLN PLACE, 1719, 1725 AND 1752 STERLING PLACE, BROOKLYN, KINGS COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,072,000 JPMorgan Chase permanent first mortgage loan for 331 Saratoga Avenue, Kings 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 the project is comprised of the construction of 80 low-income units. He stated that the project will benefit from approximately \$18 million in federal low-income housing tax credits and 420 (c) real estate tax benefits.

Mr. Friedman reported that half of the units will be restricted to formerly homeless single adults and will be master leased to CAMBA, which will operate the supportive units. Mr. Friedman noted that the development entity is controlled by Martin Dunn, an experienced and prolific developer of both affordable and supportive housing; this will be the ninth deal the Agency has insured for entities controlled by Dunn Development Corp.

Mr. Friedman stated that the insured loan amount is only \$26,000 per unit which equals only 10% of the project's total development costs of \$259,000 per unit. He stated that the project will break even with a 10% vacancy and collection loss or a 7% increase in operating expenses.

Ms. Bayer recused herself from voting on this item.

Chairman Mulrow moved to adopt the resolution; Ms. Rogatz seconded the motion and the following resolution was adopted with the exception of Ms. Bayer:

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 331 SARATOGA AVENUE, BROOKLYN, KINGS COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$4,000,000 CPC permanent first mortgage loan for 733 Broadway, Albany 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 is comprised of 100% insurance of a Community Preservation Corporation ("CPC") loan for the acquisition and historic readaptation of a commercial building into 29 residential units. The project will benefit from a 20-year PILOT Agreement with the City of Albany.

Mr. Friedman reported that the development entity is controlled by Norstar Investments USA, Inc. ("Norstar"). He stated that this will be the third loan that the Agency has insured for entities controlled by Norstar.

Mr. Friedman noted that the MIF has insured two downtown historical re-adaption projects in Watertown, New York with an aggregate exposure of \$9.5 million. He stated that the loan amount is approximately \$138,000 per unit which equals 77% of the project's total development costs of approximately \$178,000 per unit. He added that, although there is no subsidy for the project, there is \$1.2 million in equity. He further added that the project will break even with a pro forma 22% vacancy rate for the residential units and will maintain a 1.14:1 income to expense ratio without income from the commercial space.

Ms. Bayer asked about the risk for market rate projects in downtown Albany. Mr. Friedman responded that the risk is a higher than standard risk but the Agency has tried to be flexible when underwriting redevelopments in upstate areas where there is little development within the private sector. He stated that the project is located six blocks from the Capitol.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously 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 733 BROADWAY, ALBANY, ALBANY
COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,250,000 CPC permanent mortgage loan for 184 and 188 South Second Street, 743 Driggs Avenue, 258 Grand Street, 249 South First Street and 201 South Fourth Street, Brooklyn, Kings 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 comprises the very substantial rehabilitation of six 6-story walk up buildings with 124 affordable units. He stated that an HPD regulatory

agreement that will require that 20% of the units be rented to tenants whose income does not exceed 60% of the AMI with the remaining 80% will be rented to tenants whose income does not exceed 120% of the AMI. Initial rents are set at 50% of the AMI.

Mr. Friedman stated that the project will have a \$1.7 million subordinate loan from HPD; the development entity is Southside United HDFC - Los Sures, which is also the development entity on the previously approved HFA CABS loan.

Mr. Friedman stated that the loan amount is only \$26,000 per unit and equals 61% of the project's total development cost of \$43,256 per unit; it will break even with a pro forma 8% increase in operating expenses or a 14% residency vacancy rate. He added that the project would break even with two thirds of the commercial space vacant.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously 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 184 AND 188 SOUTH SECOND STREET, 743 DRIGGS AVENUE, 258 GRAND STREET, 249 SOUTH FIRST STREET AND 201 SOUTH FOURTH STREET, BROOKLYN, KINGS COUNTY

The last item on the agenda was a resolution approving 100% mortgage insurance on a \$2,595,000 CPC permanent first mortgage loan for 615 Sterling Place and 816 Washington Avenue, Kings 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 comprises the substantial rehabilitation of a six-unit building and new construction of an eight unit building both with low income and market rate units. Mr. Friedman stated that the developer, Larry Hirschfield, is an experienced CPC developer. He stated that the project will break even with a 16% vacancy and collection loss on the units, a 42% vacancy and collection loss on the commercial space or a 30% increase in operating and maintenance expense.

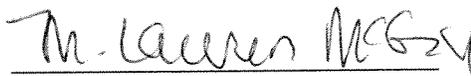
Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously adopted:

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 615 STERLING PLACE AND 816 WASHINGTON AVENUE, BROOKLYN, KINGS COUNTY

The next item on the agenda was an information item. Mr. Friedman reported that the mortgage recording surtax receipts fell to \$8 million in March but look as if they will return in April to the level of recent months. He noted that there seems to be seasonality in the tax receipts.

Ms. Bayer noted favorably the diversity of lenders for the projects on the agenda.

There being no unfinished business, Ms. Bayer moved to adjourn the meeting, Ms. Rogatz seconded the motion and the meeting was adjourned at 8:28 a.m.



M. Lauren McGill
M. Lauren McGill
Secretary