

**MINUTES OF THE
REGULAR MEETING OF THE MORTGAGE INSURANCE COMMITTEE OF
THE STATE OF NEW YORK MORTGAGE AGENCY
HELD ON MAY 8, 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, (via videoconference)
Darryl C. Towns	Director

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

Ms. Rogatz participated in the meeting via video conference from the office of Expedia at 325 Duffy Avenue in Hicksville, New York. A public notice was given of the time and location of this venue.

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. Commissioner Towns moved to call the meeting to order; Mr. Krausz 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 April 10, 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 recommending approval of 100% mortgage insurance on a \$17,270,000 HFA permanent first mortgage loan for CAMBA Gardens – Phase II, 560 Winthrop Street, 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 construction of 293 all low-income units in the East Flatbush section of Brooklyn on the campus of Kings County Hospital. He stated that 182 units will have Section 8 vouchers. He reported that the project is heavily subsidized with almost \$39 million in federal low-income housing tax credits; almost \$23 million from the New York City Department of Housing Preservation and Development's ("HPD") supportive housing loan program; another \$6.6 million from The New York State Homeless Housing and Assistance Corporation ("HHAC"), \$4.3 million from the New York State Division of Homes & Community Renewal's ("DHCR") Medicaid Redesign Team ("MRT") subsidy and \$2 million in Resolution A funds.

Mr. Friedman stated that the project sponsor and operator of the supportive housing units is CAMBA, which is an experienced and well-regarded provider of affordable housing and supportive housing services.

Mr. Friedman further stated that the loan amount is only \$59,000 per unit which equals 18% of the project's total development costs or \$328,000 per unit and that the project will break even with an 11% increase in operating expenses or an 11% vacancy rate.

Mr. Friedman noted that this is the second phase of the project; the New York State Housing Finance Agency ("HFA") financed the first phase and SONYMA insured the loan on the first phase (approximately \$15 million).

Ms. Bayer recused herself from voting on this item.

Considering the first and second motions previously entered, the motions were carried, 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 RECOMMENDING APPROVAL OF MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR CAMBA GARDENS – PHASE II, 560 WINTHROP STREET, BROOKLYN, KINGS COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,500,000 HFA permanent first mortgage loan for The Cove on the Concourse, 1020 Carroll Place, 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, like the preceding project, this project includes supportive housing units and has MRT subsidy. He stated that there will be 21 low-income units, 15 supportive-housing units and 13 moderate-income units for tenants with incomes up to 90% of the AMI. He further stated that, in addition to the insured first mortgage, the project benefits from \$3 million from HPD, \$1.9 million from MRT, \$1.5 million from HCR's Homes for Working Families ("HWF") Program, \$1 million from the Bronx Borough President's Resolution A grant, and \$8 million from State and Federal low-income housing tax credits. A not-for-profit, The Association for Rehabilitative Case Management and Housing, Inc. will master lease 15 of the units and New York State's Office of Mental Health ("OMH") will provide rent support which will close the gap between supplemental security income rents and low-income housing tax credit rents. He stated that OMH will provide an annual rental subsidy of approximately \$132,000.

Mr. Friedman noted that the insured loan amount is \$70,000 per unit but equals 17% of the project's total development cost of \$409,000 per unit; the project will break even with an 11% increase in pro forma operating expenses or a vacancy rate of 11%.

Ms. Bayer noted that the underwriting is conservative. Ms. Rogatz commented on the income mix in the project and Ms. Bayer noted the New York State Energy Research and Development Authority's involvement.

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 THE
COVE ON THE CONCOURSE, 1020 CARROLL PLACE, BRONX
COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$5,500,000 Low Income Investment Fund permanent first mortgage loan for P.S. 186 Boys and Girls Club of Harlem Apartments, 521 West 145th 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 involves the historic re-adaptation of an old public school into 79 mixed-income units. He stated that 63 units are low-income units, 7 units are moderate-income with eligibility up to 125% of the AMI and 8 units are middle-income housing units with no income restrictions. He stated that in addition to the insured first mortgage, the project will benefit from \$4 million in Resolution A money, \$2.9 million in HPD subsidy and \$31.5 million in both federal historic and low-income housing tax

credits.

Mr. Friedman noted that the historic re-adaptation made the project expensive but noted that the loan amount is only \$70,000 per unit which equals just 12% of the project's total development cost of \$584,000 per unit; the project will break even with an 11% vacancy rate or an 11% increase in pro forma operating expenses. Mr. Friedman stated that the development entity is Monadnock Construction, Inc., an experienced developer of affordable housing and the developer of Nehemiah Houses which was approved by the Board earlier this year.

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 P.S. 186 BOYS AND GIRLS CLUB OF HARLEM APARTMENTS, 521 WEST 145TH STREET, MANHATTAN, NEW YORK COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,720,000 JPMorgan Chase permanent first mortgage loan for 1490 Crotona Park East, 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 comprises 100% insurance of a \$2.7 million loan for the acquisition, development and rehabilitation of 39 all low-income units. He stated that there is a Housing Assistance Payment ("HAP") contract covering 31 of the units and in addition to the insured first mortgage, the project has a \$386,000 subsidy loan from HPD. He also noted that the developer is MBD Community Housing Corp., an experienced developer of low income housing.

Mr. Friedman stated that the insured loan amount is \$70,000 per unit which equals 24% of the project's total development cost of approximately \$289,000 per unit. He stated that the project will break even with a 12% vacancy and collection loss or an 11% increase in operating expenses or will also break even with all of the commercial spaces 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 1490 CROTONA PARK EAST, BRONX COUNTY

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$5,100,000 CPC permanent first mortgage loan for 260-264 West 153rd 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 is comprised of the construction of 51 all low-income residential units and 10,000 square feet of community facility space.

He stated that a Section 8 HAP contract will cover 8 units and, in addition to the insured first mortgage, the project will have a \$1,090,000 subordinate loan from HPD and approximately \$13.9 million in federal low-income housing tax credits from HCR.

Mr. Friedman reported that the development entity is controlled by L&M Development Partners ("L&M"), a well-known and well-regarded developer of affordable housing and a repeat HFA and Community Preservation Corporation ("CPC")/SONYMA borrower. He referred to Exhibit E in the materials which highlighted the Agency's aggregate total exposure of \$69 million to L&M. Ms. Bayer and Chairman Mulrow requested additional information about concentration with the 25 top developers.

Mr. Friedman reported that the loan amount is \$100,000 per residential unit which equals 20% of the project's total development cost of \$424,000 per unit. Mr. Friedman noted that commercial income comprises about 33% of the total income and that the developer will master lease the commercial space and sublease it to a day care center. Mr. Friedman confirmed that this mortgage has a low interest rate because of the timing of the forward commitment and rate lock with the New York City Employee's Retirement System.

Ms. Bayer asked for background on Harlem Congregations for Community Improvement, Inc. ("HCCI") which is member of the ownership entity. Mr. Friedman stated that HCCI is a not-for-profit corporation founded in 1986 by a coalition of more than 90 congregations; it has a new Executive Director, new management, a new Board of Directors and is refinancing a number of its projects.

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 260-264
WEST 153RD STREET, MANHATTAN, NEW YORK COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,925,000 CPC permanent first mortgage loan for Brook Avenue Apartments, 463 and 469 East 147th Street, 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 comprises the construction of 66 all low-income units. He stated that in addition to the insured first mortgage loan, the project has a \$2.8 million HPD subsidy loan, \$1.2 million Resolution A loan and approximately \$16.7 million in federal low-income housing tax credits.

Mr. Friedman reported that this is the second loan insured for the development entity, Yuco Real Estate Company, Inc., which is owned by Raymond and Catherine Yu.

Mr. Friedman stated that the loan amount is only \$44,318 per unit and equals 12% of the project's total development cost of \$367,430 per residential unit; it will break even with a pro forma 8% increase in operating expenses or a 10% residency vacancy rate and would also break even with all 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 BROOK
AVENUE APARTMENTS, 463 & 469 EAST 147th STREET, BRONX
COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,400,000 CPC permanent first mortgage loan for 209 South Second Street, 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 rehabilitation of a six-story walk-up apartment building with 35 units and 3,732 square feet of commercial space. He noted that this is not a tax-credit project. He stated that the existing project is owned by Los Sures, a well-established non-profit developer, manager and social service provider. He stated that this will be the third loan that SONYMA has insured for them.

Mr. Friedman reported that in addition to the insured first mortgage, there will be a \$3.3 million HPD second mortgage. He stated that all the units are reserved for tenants whose income does not exceed 60% of the AMI; projected rents are affordable at 50% of the AMI.

He stated that the loan amount is \$69,143 per unit but equals only 42% of the project's total development cost of \$163,062 per unit. He noted that, if the larger commercial space

becomes vacant, the project will have a deficit of \$32,976. Therefore, the MIF will require that the insured establish a \$17,000 operating reserve to cover 6 months of commercial rent. He further noted that the project breaks even with a 10% increase in operating expenses or a 13% residential vacancy rate.

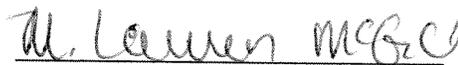
Ms. Bayer asked about the commercial history. Mr. Friedman noted that the commercial space is fully occupied and is expected to remain occupied because the property is located in the southern part of the Williamsburg section of Brooklyn.

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 209 SOUTH SECOND STREET,
BROOKLYN, KINGS COUNTY**

The last item on the agenda was an information item. Mr. Friedman reported that the mortgage recording surtax is back up in April after dipping in March. He noted that March 2013 was also low and stated that he has concluded that there is a seasonal dip in tax receipts.

There being no unfinished business, Commissioner Towns moved to adjourn the meeting, Mr. Krausz seconded the motion and the meeting was adjourned at 8:22 a.m.



M. Lauren McGill
Secretary