

**MINUTES OF THE  
REGULAR MEETING OF THE  
MORTGAGE INSURANCE COMMITTEE OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD OCTOBER 15, 2015 AT 8:00 AM  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

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DIRECTORS AND DESIGNEES

PRESENT:

William C. Thompson            Chairman

James S. Rubin                Director

ABSENT:

Marge Rogatz                 Director

Chairman William Thompson 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. Chairman Thompson moved to call the meeting to order; Commissioner Rubin seconded the motion.

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

A public notice was given of the time and location of the venue in accordance with the New York State Open Meetings Law.

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.

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**The first item on the agenda was the adoption of the minutes of the meeting of the MIC held on September 10, 2015.** There being no objections or corrections from the Directors, Ms. McGill reported that the minutes were deemed approved.

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The next item on the agenda was a resolution recommending the approval of 100% mortgage insurance on a \$7,310,000 HFA permanent first mortgage loan for Alexander Street Apartments, 175 Alexander Street, Rochester, 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 stated that the project comprises the development of 60 low income units including 30 supportive housing units for clients of the New York State Office of Mental Health (OMH) which will pay 100% of the debt service for the full, 30-year term of the mortgage.

Mr. Friedman stated that the development entity and service provider, East House Corporation, was founded in 1966; they provide residential, rehabilitation services to persons recovering from mental illness and/or chemical dependency. He added that East House owns and operates 200 units of supportive housing.

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  
RECOMMENDING APPROVAL OF MORTGAGE INSURANCE AND A  
COMMITMENT FOR THE PROVISION THEREOF FOR ALEXANDER  
STREET APARTMENTS, 175 ALEXANDER STREET, ROCHESTER,  
MONROE COUNTY**

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The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,450,000 HFA permanent first mortgage loan for 100 Chenango Street, Binghamton, Broome 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 this project comprises the moderate rehabilitation of 144 low-income units for seniors.

Mr. Friedman stated that, in addition to the insured mortgage, the project will benefit from a \$2 million Homes for Working Families subordinate loan, \$4.3 million in federal low income housing tax credits (LIHTC), a project-based Section 8 Housing Assistance Program (HAP) contract covering 86 of the 144 units, and a PILOT agreement with the City of Binghamton.

Mr. Friedman stated that the project will continue to be owned by the entity which developed the project in 1972. He noted that this is a very efficient loan; the insured loan amount is approximately \$24,000 per unit which equals only 30% of the project's total development cost of \$81,000 per unit. He stated that the project will break even with a 9% pro forma vacancy loss or a 7% increase in operating expenses.

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 100 CHENANGO STREET, BINGHAMTON, BROOME COUNTY**

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The next item on the agenda was a resolution approving 75% mortgage insurance on a \$5,934,171 CPC permanent first mortgage loan for Lakeview Macedon, 1934 Route 31, Macedon, Wayne 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 The Community Preservation Corporation (CPC) will sell a 100% participation in the loan to the Methodist Pension Fund (MPF). He stated that the project comprises the new construction of 60 low income units including 30 supportive units reserved for clients of OMH. He noted that, as with the first project, OMH will pay 100% of the debt service. He stated that, in addition to the insured first mortgage, the project will benefit from a \$3.2 million Housing Trust Fund subsidy loan and \$5.1 million in LIHTCs.

Mr. Friedman stated that the service provider and development entity, Lakeview Health Services, Inc. was founded in 1978 and provides residential services in a six county region serving over 1,800 individuals annually and operates more than 360 supportive housing units. He noted that the insured loan amount is \$98,903 per unit and equals 40% of the project's total development cost of \$244,992.

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 LAKEVIEW MACEDON, 1934 ROUTE 31, MACEDON, WAYNE COUNTY**

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The next item on the agenda was a resolution approving 75% mortgage insurance on an \$3,520,000 CPC permanent first mortgage loan for Riverview Apartments, 6-10 Riverview Avenue, Cortland, Cortland 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 CPC will sell a 100% participation to the MPF. He stated that the project comprises the new construction of 39 low income units including 20 supportive housing units reserved for clients of OMH. He added that, as with the previous transaction and Alexander Street, OMH will pay 100% of the debt service for the full, 30-year term of the mortgage. He noted that, in addition to the insured first mortgage, this project

will benefit from \$3.3 million in federal LIHTCs and a \$525,000 Housing and Community Renewal/Medicaid and Redesign team subsidy loan.

Chairman Thompson inquired about the involvement of the MPF. Mr. Friedman stated that the MPF is a buyer of loans from CPC with an interest in supportive housing loans where a State agency provides one hundred percent of the debt service. Commissioner Rubin asked if they purchase loans at the same interest rate as the New York City and New York State pension funds. Mr. Friedman stated that they are slightly higher than the New York City Employees Retirement System and lower than the New York State Common Retirement Fund. He added that the MPF purchases a participation rather than a whole loan because they are not an ERISA pension fund regulated by the Department of Labor.

Mr. Friedman noted that the development entity, Catholic Charities of Cortland County, and its subsidiary, Christopher Communities, Inc., currently manages nearly 3,000 units in over 104 buildings.

Mr. Friedman stated that the insured loan amount is \$90,256 per unit which equals 48% of the project's total development cost of approximately \$189,000 per unit. He noted that Catholic Charities of Cortland County has owned the site since 2001 and is contributing it at no cost to the project.

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 RIVERVIEW APARTMENTS, 6-10  
RIVERVIEW AVENUE, CORTLAND, CORTLAND COUNTY**

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**The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,600,000 CPC permanent first mortgage loan for 295 Maryland Street, Buffalo, Erie 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 comprises the development of 57-units of workforce housing. He said that there is no subsidy or regulatory agreement in place for this project other than the \$1.1 million in Brownfield Tax Credits. He noted, however, the units will be affordable at 70% of the Erie County AMI.

Mr. Friedman stated that the borrower is 295 Maryland, LLC, whose principal is Anthony LoRusso, an experienced Buffalo area developer who owns 150 units in the Buffalo region. Mr. Friedman noted that project is efficient with a loan amount of approximately \$63,000 per unit

which equals 56% of the project's total development cost of \$112,000 per unit. The project breaks even with a 15% residential vacancy rate or 19% increase in operating expenses.

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 295 MARYLAND STREET, BUFFALO, ERIE COUNTY**

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The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,200,000 CPC permanent first mortgage loan for Chatham Gardens, 150 Kelly Street, Rochester, 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. Mr. Friedman stated that the project comprises the moderate rehabilitation of 184 Mitchell-Lama units in Rochester. He stated that all units are restricted to tenants with incomes at or below 50% of the Rochester AMI and are affordable at approximately 42% of the AMI. The project was constructed under the Mitchell-Lama program between 1962 and 1964 and will continue to be owned by the development entity, Chatham Gardens Housing Corporation, a not-for-profit corporation created for the purpose of providing housing facilities for low and middle-income residents in Rochester, New York.

Mr. Friedman noted that this is another efficient project with an insured loan amount of \$17,391 per unit which equals 71% of the project's total development cost of approximately \$24,500 per unit. He added that the project will break even with a 10% residential vacancy rate or a 6% increase in operating expenses.

Commissioner Rubin inquired about other sources of capital for the project. Mr. Friedman stated that there is \$1.6 million of borrower equity from retained earnings and Brownfields tax credits of \$1.1 million but no additional subsidy. Commissioner Rubin inquired about the low cost per unit. Mr. Friedman stated that it is moderate rehabilitation but, with nominal acquisition cost and refinancing cost, virtually all of the funds are going to hard costs.

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 CHATHAM GARDENS, 150 KELLY STREET, ROCHESTER, MONROE COUNTY**

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The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,000,000 CPC permanent first mortgage loan for Lynn's Place, 1060 – 1064 Reverend James Polite Avenue, Bronx, 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 noted that this project comprises the development of 69 low income units including 42 supportive housing units for clients of OMH.

Mr. Friedman stated that the project is a heavily subsidized HPD PLP project which will benefit from a \$9.1 million HPD subsidy loan, a \$1.8 million Reso A subsidy loan, \$11 million in LIHTCs and a project-based Section 8 HAP contract covering all 42 supportive housing units. He noted that, because of the Section 8 HAP contract, rent for the supportive housing studios is \$1100 per month with the result that net operating income is sufficient to cover debt service. Mr. Friedman stated that, under this structure, OMH will not pay any debt service but will pay for services; New York City agencies will provide the Section 8 HAP contract and tax credits.

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 LYNN'S PLACE, 1060-1064 REVEREND JAMES POLITE AVENUE, BRONX, BRONX COUNTY**

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The next item on the agenda was a resolution approving 100% mortgage insurance on a \$5,130,000 Citibank, N.A. permanent first mortgage loan for 2501 Pitkin Avenue, 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 noted that this project comprises the development of 60 low income units and one retail space. He added that, in addition to the insured Citibank first mortgage, the project will benefit from a \$4.5 million HPD Capital Loan A, a \$2 million HPD Reso A loan, a \$1.2 million Citibank DOJ subordinate loan and \$14.8 million in LIHTCs. Additionally, there will be a 420c real estate tax abatement for the residential portion and a New York City Economic Development Corp. provided Food Retail Expansion to Support Health ("FRESH") program tax abatement for the retail space which will be occupied by a grocery store.

Mr. Friedman stated that the project is an above average risk because the project will have negative cash flow of \$81,000 if the grocery store is vacant. He added that debt service is \$340,000 per annum; approximately 25% of the debt service is from the grocery store lease. He further stated that the project would break even if rent on the grocery store was reduced from a \$20/square foot market rent to \$12/square foot. Responding to a question, Mr. Friedman stated that the project

does not have a grocery store tenant identified but noted that SONYMA does not take the lease up risk; insurance will not become effective until a tenant under an executed is in occupancy. He further stated that the store was only 7300 square feet; the project will be located on Pitkin Avenue in the East New York section of Brooklyn.

Mr. Friedman stated that the developer is Cypress Hill Local Development Corp., Inc. which was established in 1983; it serves approximately 8,000 residents a year through an array of service programs and neighborhood development projects.

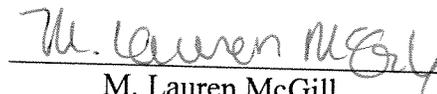
Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously adopted:

**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 2501 PITKIN AVENUE, BROOKLYN,  
KINGS COUNTY**

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**The last item on the agenda was an information item.** Mr. Friedman reported that defaults remain low with the majority of defaults on small loans upstate. He stated that these are generally small 10 to 12 unit market rate CPC financed projects with less sophisticated developers. He confirmed that SONYMA will pay claims on many of them. He stated that the claims are usually \$.50 to \$.60 on the dollar, much of which is interest and transaction costs. In the aggregate, the MIF pays between \$4 and \$5 million in claims annually on a risk in force of \$2.8 billion.

There being no unfinished business, Chairman Thompson moved to adjourn the meeting which was duly seconded by Commissioner Rubin; the meeting was adjourned at 8:22 a.m.

  
M. Lauren McGill  
Secretary