

**MINUTES OF THE
REGULAR MEETING OF THE
MORTGAGE INSURANCE COMMITTEE OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD NOVEMBER 6, 2014 AT 8:00 AM
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Moses Krausz	Director
Marge Rogatz	Director (via video conference)
Darryl C. Towns	Director

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

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

M. Lauren McGill, Vice President and Counsel to the Mortgage Insurance Fund (MIF) acted as Secretary. She noted that Marge Rogatz was attending via video conference from the office of Expedia at 325 Duffy Avenue, Hicksville, NY. 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 asked for a motion and second to call the meeting to order. Chairman Mulrow 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 October 9, 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 the approval of 100% mortgage insurance on a \$39,900,000 HFA permanent first mortgage loan for Marcus Garvey Apartments, 327-357 Chester Avenue and 31 other scattered-site buildings, Brooklyn, Kings County. Michael Friedman, Senior Vice President/Director of MIF, 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 moderate rehabilitation of 32 buildings with 625 residential units. He noted that tenants will remain in place.

Mr. Friedman stated that the project is expected to apply for U.S. Department of Housing and Urban Development ("HUD") Section 8 rent subsidies covering 481 existing households under HUD's Rental Assistance Demonstration ("RAD") program which will provide increased HUD Section 8 subsidy to the project. He stated that, in the event that the project does not receive Section 8 subsidies under the RAD program, the insured loan amount will be reduced to \$28.9 million with the project benefitting from Section 8 tenant based enhanced vouchers. He noted that, in addition, the project will be supported by approximately \$2 million per annum in Section 236 IRP payments through January 2026.

Mr. Friedman stated that the development entity is controlled by L&M Development ("L&M") which is a repeat New York State Housing Finance Agency ("HFA") and SONYMA borrower. He reported that the insured loan amount will be either \$63,840 or \$46,240 per unit which will equal either 21% or 16% of the project's total development cost of approximately \$297,600 per unit. He also reported that there is substantial HFA subordinate debt which was acquired by HFA from the Empire State Development. He noted that the project will break even with a 16% (with RAD subsidy) or 20% (without RAD subsidy) vacancy and collection loss or a 15% (with RAD subsidy) or 17% (without RAD subsidy) increase in operating expenses.

Mr. Friedman noted that the MIF's exposure to entities controlled by L&M Development is approximately \$104 million.

Mr. Friedman stated that the determination of whether the project will receive RAD program support will not be made until completion of the rehabilitation and accordingly, the MIC is being asked to approve mortgage insurance of a \$39.9 million loan; if the RAD program support is not received, mortgage insurance will only be provided on a maximum loan amount of \$28.9 million.

Commissioner Towns noted that the project is part of coordinated focus on the surrounding Brownsville community which has involved nearly 20 governmental agencies and 12 community organizations initiating projects to address the neighborhood's immediate needs and launch meaningful, long-term improvements for the residents of Brownsville.

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 MARCUS GARVEY APARTMENTS, 327-357 CHESTER STREET AND 31 OTHER SCATTERED-SITE BUILDINGS, BROOKLYN, KINGS COUNTY

The next item on the Agenda was a resolution recommending the approval of 100% mortgage insurance on a \$11,100,000 HFA permanent first mortgage loan for Canaan House, 8 West 118th Street, Manhattan, 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 reported that the project is comprised of the moderate rehabilitation of one building with 146 units with tenants in place. He noted that this project was originally constructed under the New York State Mitchell-Lama program and has all low-income tenants. He stated that 128 units will be restricted to households with incomes at or below 60% of area medium income ("AMI"), adjusted by family size. Mr. Friedman added that the project has applied for a project-based Section 8 Housing Assistance Payments contract covering these units which will further restrict households to incomes below 50% of the AMI, adjusted by family size. He noted that, like the previous project, this project has substantial HFA subordinate date which HFA acquired from ESD.

Mr. Friedman stated that the project has been owned and operated continuously by HOPE Community, Inc., since it was built in 1976. He stated that the insured loan amount is approximately \$76,000 per unit which equals only 30% of the project's total development cost of approximately \$257,000 per unit. He noted that the project will break even with a 10% vacancy and collection loss for the units, with commercial space vacant for six months, or a 6% increase in pro forma 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 RECOMMENDING APPROVAL OF MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR CANAAN HOUSE, 8 WEST 118TH STREET, MANHATTAN, NEW YORK COUNTY

The next item on the Agenda was a resolution recommending approval of 100% mortgage insurance on a \$8,000,000 HFA permanent first mortgage loan for Maria Isabel Apartments, 787 East 149th 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 is comprised of the moderate rehabilitation of a 99 unit, all low-income senior building. He noted

that an existing Section 8 HAP contract will be extended for an additional 20 years prior to conversion.

Mr. Friedman reported that the loan amount is approximately \$81,000 per unit but equals 22% of the project's total development cost and that the project will break even with a pro forma 8% vacancy and collection loss or a 10% 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 RECOMMENDING
APPROVAL OF MORTGAGE INSURANCE AND A COMMITMENT FOR
THE PROVISION THEREOF FOR MARIA ISABEL APARTMENTS, 787
EAST 149TH STREET, BRONX COUNTY**

The next item on the Agenda was a resolution recommending approval of 100% mortgage insurance on a \$16,950,000 HFA permanent first mortgage loan for Concern Middle Island Apartments, Rocky Point Road, Middle Island, Suffolk 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 the new construction of 8 townhouse buildings containing a total of 123 units including a superintendent's unit; the project will provide 72 low-income units and 50 supportive housing units for chronically homeless single adults with psychiatric disabilities. He stated that the New York State Office of Mental Health ("OMH"), in compliance with the New York State Mental Hygiene Law, will provide debt service and supportive services for the supportive housing units through contracts with Concern for Independent Living, Inc. ("Concern").

Mr. Friedman stated that the project will benefit from approximately \$16.9 million in federal low-income housing tax credits ("LIHTC"). He noted that the \$16.9 million exceeds the \$13.3 million appraised value of the project, however, the MIF is underwriting the contractual obligation of OMH to pay its share of the debt service for thirty (30) years.

Mr. Friedman stated that Concern, founded in 1972, is an experience owner/operator and a repeat HFA and SONYMA borrower. He noted that the project will break even with a pro forma 7% vacancy and collection loss or a 5% increase in operating expenses.

Chairman Mulrow asked how frequently an insured loan has exceeded the appraised value. Mr. Friedman said that it was rare. He stated that this was a unique situation with the OMH debt service payments nearly equaling the rental income for the project. Ms. Rogatz commented that this represents a signal of confidence by OMH in the project and Concern and that such projects have provided a model for changing the lives of chronically homeless people.

Mr. Friedman confirmed that there will be a 30-year contract between OMH and Concern for the payment of debt service, subject to annual appropriation. He stated that the OMH has never not funded a contract in its 50 year history.

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 CONCERN MIDDLE ISLAND APARTMENTS, ROCKY POINT ROAD, MIDDLE ISLAND, SUFFOLK COUNTY

Chairman Mulrow noted that Item 6 (Approval of Permanent Mortgage Insurance for John Wesley Village I Apartments) had been withdrawn.

The next item on the Agenda was a resolution recommending approval of 100% mortgage insurance on a \$10,500,000 HFA permanent first mortgage loan for Ruland Road/Highland Green Apartments, Town of Huntington, Suffolk 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 the new construction of seven two-story buildings which will contain 118 low-income units; of the 118 units, 93 units will be reserved for tenants whose incomes are up to 60% of the Nassau-Suffolk AMI while the remaining 24 units will be restricted to households at up to 80% of the AMI.

Mr. Friedman stated that the project is being developed by D&F Development Group, whose principals are Peter Florey and Leonard T. D'Amico, in partnership with the Long Island Housing Partnership, Inc. ("LIHP"). He stated that the borrowing entity will master lease the project to a limited equity cooperative corporation which will own the leasehold interest in the project. Co-op maintenance payments will fund lease payments under the master lease and in turn cover debt service and operating expenses, which will remain the obligation of the borrower/fee owner.

Mr. Friedman stated that the project will break even with an 11% increase in operating expenses or a 10% vacancy rate; the loan amount is approximately \$89,000 per unit but only equals 31% of the project's total development cost of approximately \$288,000 per unit.

Chairman Mulrow asked Ms. Rogatz if she was familiar with the borrower. Ms. Rogatz stated that she was familiar with the developer and considered Mr. Florey, in particular to be a good developer and businessman.

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 RULAND ROAD/HIGHLAND GREEN APARTMENTS, TOWN OF HUNTINGTON, SUFFOLK COUNTY

The next item on the Agenda was a resolution recommending approval of 100% mortgage insurance on an \$11,350,000 HFA permanent first mortgage loan for The Modern, 130 Mount Vernon Avenue, Mt. Vernon, Westchester 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 the new construction of an 11-story elevator apartment building with 81 low-income residential units; 22 units will be reserved for OMH clients.

Mr. Friedman stated that the development entity is MacQuesten Development LLC, whose principals are Rella Fogliano and Joseph Breda, a repeat HFA and SONYMA borrower. Community Housing Innovations, Inc. ("CHI") will be the not-for-profit partner and will provide supportive services. He stated that OMH will fund 39% of the debt service and supportive services through contracts with CHI. Mr. Friedman noted that CHI is an experienced provider in both Westchester and Long Island. He further noted that the project will break even with a 14% 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 RECOMMENDING APPROVAL OF MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THERE OF FOR THE MODERN, 130 MOUNT VERNON AVENUE, MOUNT VERNON, WESTCHESTER COUNTY

The next item on the Agenda was a resolution recommending approval of 100% mortgage insurance on a \$11,585,000 HFA permanent first mortgage loan for Ohav Sholom Senior Apartments, 115 Krumkill Road, Albany, 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 the substantial rehabilitation of an occupied apartment building with 209 units. He

noted that tenants will remain in place with some tenants may be relocated into vacant units during rehabilitation.

Mr. Friedman noted that in addition to the insured HFA first mortgage loan, the project will benefit from approximately \$7.4 million in LIHTCs, \$2.7 million in state low income tax credits ("SLIHTC"), a project-based voucher/HAP contract covering 176 units, subsidy loans from HFA, Homes for Working Families and NYSEDA, and a PILOT with the City of Albany.

Mr. Friedman stated that the project has been continually owned and operated by Congregation Ohav Shalom Housing Development Fund Company, Inc. ("COS"). The new beneficial owner will be 115 Krumkill Housing, LP, jointly controlled by Omni Housing Development, LLC and COS. He stated that the insured loan amount is approximately \$55,000 per unit which equals only 37% of the project's total development cost of approximately \$147,000 per unit; the insured loan amount is approximately \$76,000 per unit which equals only 30% of the project's total development cost of approximately \$257,000 per unit; the project breaks even with a 13% 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 RECOMMENDING APPROVAL OF MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR OHAV SHALOM SENIOR APARTMENTS, 115 KRUMKILL ROAD, ALBANY, ALBANY COUNTY

The next item on the Agenda was a resolution recommending approval of 100% mortgage insurance on a \$7,690,000 HFA permanent first mortgage loan for Historic Pastures, 105 Green Street and 90 other scattered-site buildings, Albany, 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 reported that this project is comprised of the substantial rehabilitation of 91 scattered site buildings with 246 units with 230 units reserved to tenants with incomes at or below 60% of the AMI and 14 units reserved for households with incomes at or below 90% of the AMI.

Mr. Friedman stated that the project buildings are located within the Pastures Historic district in downtown Albany and includes row houses constructed in the 1880's. He directed the Directors to the pictures in the materials. Commissioner Towns noted that the district is in the vicinity of the Agencies' Hampton Office.

Mr. Friedman stated that the project combines three existing projects. He stated that the project will benefit from approximately \$12.2 million in LIHTCs, \$4 million in SLIHTCs, subsidy loans from HFA, Homes for Working Families, Citibank, the Community Investment Fund and

HOME funds, as well as Project based Section 8 HAP contracts covering 12 units and a PILOT with the City of Albany.

Mr. Friedman stated that the insured loan amount is \$31,260 per unit which equals only 20% of the project's total development cost of \$158,964 per unit; the project breaks even with a 9% vacancy and collection loss or a 7% increase in operating expenses.

Mr. Friedman stated that the developer and SONYMA borrower is Liberty Affordable Housing, Inc., a community-based 501(c)(3) not-for-profit organization experienced in the development and preservation of affordable housing in upstate New York. Mr. Friedman reported that the Agency's aggregate total exposure to Liberty is \$61 million.

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 HISTORIC PASTURES, 105 GREEN STREET AND 90 OTHER SCATTERED-SITE BUILDINGS, ALBANY, ALBANY COUNTY

The next item on the Agenda was a resolution approving 100% mortgage insurance on a \$4,390,000 HFA permanent first mortgage loan for Harris Park Apartments, 72-136 Floverton 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 this project is comprised of the rehabilitation of fifteen buildings with a total of 114 low income units. He stated that 3 units are covered under a project-based Section 8 HAP contract that expires in 2032 with the remaining 51 units covered under a HUD Enhanced Voucher Use Agreement that expires in 2031.

Mr. Friedman noted that the development entity is controlled by Conifer Realty, LLC, a fully-integrated company, with expertise in the development, acquisition and management of affordable housing. He reported that the MIF's aggregate total exposure to Conifer is \$81 million.

Mr. Friedman stated that the insured loan amount is approximately \$38,000 per unit which equals only 33% of the project's total development cost of \$116,170 per unit; the project breaks even with a 10% vacancy and collection 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 HARRIS PARK APARTMENTS, 72-136
FLOVERTON STREET, ROCHESTER, MONROE COUNTY**

The next item on the Agenda was a resolution recommending approval of 100% mortgage insurance on a \$4,210,000 HFA permanent first mortgage loan for WIH Preservation, 1 Arrowhead Drive, Williamson, 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 stated that this project is comprised of the rehabilitation of eight two-story buildings which contain 113 low income units.

Mr. Friedman stated that the borrower will be WIH Preservation, LLC whose managing member will be WIH Preservation jointly controlled by CB Emanuel WIH Preservation LLC.

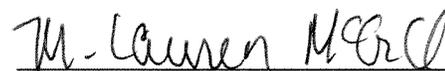
Mr. Friedman stated that the insured loan amount is approximately \$38,000 per unit which equals only 42% of the project's total development cost of approximately \$89,000 per unit; the project breaks even with a 10% vacancy and collection loss or a 9% increase in operating expenses.

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 WIH PRESERVATION, 1 ARROWHEAD
DRIVE, WILLIAMSON, WAYNE COUNTY**

The last item on the Agenda was an information item. Mr. Friedman stated that the surtax collection had remained strong.

There being no unfinished business, Chairman Mulrow moved to adjourn the meeting, Mr. Krausz seconded the motion and the meeting was adjourned at 8:25 a.m.



M. Lauren McGill
Secretary