

**MINUTES OF THE  
REGULAR MEETING OF THE  
MORTGAGE INSURANCE COMMITTEE OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON OCTOBER 6, 2011 AT 11:20 P.M.  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

Naomi Bayer	Director
Don Lebowitz	Director
David J. Sweet	Director
Darryl C. Towns	Director

Karen A. Phillips, Vice Chairperson of State of New York Mortgage Agency (“SONYMA”), attended and chaired the meeting; M. Lauren McGill, Vice President and Counsel to the Mortgage Insurance Fund (“MIF”), acted as Secretary. Steven J. Weiss, New York State Housing Finance Agency (“HFA”) Member, attended the meeting as a guest.

\*\*\*\*\*

\* **Item number 1 on the agenda was the presentation of the minutes of the meeting of the Mortgage Insurance Committee (“MIC”) held on September 15, 2011.** There being no objections or corrections suggested by the Directors, the minutes were deemed approved.

\*\*\*\*\*

\* **Item number 2 on the agenda was a resolution approving 100% mortgage insurance on a \$5,430,000 HFA construction first mortgage loan and a \$3,970,000 permanent first mortgage loan for the rehabilitation of Towpath Senior Apartments, 201-250 Canal Street, Village of Palmyra, Wayne County, containing 97 low-income units. Certificate #2-122.** 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 insured permanent loan amount on this all low-income senior housing project is \$41,000 per unit and equals 42% of the project’s total development cost, with two project-based Section 8 HAP contracts covering 96 of the units. He said that, in addition to the the insured first mortgage, there is over \$2.4 million from federal low-income housing tax credits, and that \$400,000 is anticipated from a Federal Home Loan Bank loan. Mr. Friedman stated the MIF has had numerous transactions with the

developer, Conifer Realty, LLC (“Conifer”), and that this project, together with the Village Square Senior Apartments project next on the agenda, would bring the MIF’s total exposure to Conifer to approximately \$80 million. He added that the MIF’s target exposure to Conifer would be in the range of \$120 million.

Mr. Lebowitz suggested that the MIF devise a formal methodology to address the issue of risk concentration which would let developers know where they stand. Mr. Sweet commented that an appropriate limit for one developer may differ with another. Mr. Friedman responded that variances of risk exposure to individual developers may depend upon the size of loans, developer history and management capacity.

Ms. Bayer suggested that the MIF develop criteria for analyzing appropriate MIF exposure to each developer entity which includes factors that may require additional due diligence or project mitigation. She stated that this may be a good time to review capital needs assessments and monitor performance from a “green” or energy-efficient perspective, to determine what operating savings might be. Mr. Weiss added that broader risk factors could include market concentrations and the capacity of a developer’s staff, but stressed the need for a flexible approach with developers and with underwriting staff.

Returning to the project, Mr. Lebowitz noted that he was again troubled by the amount of rehabilitation work going into the project, adding that there was no work on boilers or other building systems.

Ms. Bayer moved to adopt the resolution; Mr. Sweet seconded the motion, and the resolution was adopted.

\*\*\*\*\*

\* **Item number 3 on the agenda was a resolution approving 100% mortgage insurance on a \$4,490,000 HFA construction first mortgage loan and a \$3,640,000 HFA permanent first mortgage loan for the acquisition and rehabilitation of Village Square Senior Apartments, 250 Hamilton Street, Painter Post, Steuben County, containing 64 low-income units and 10 affordable units. Certificate #4-24.** 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, and stated that a replacement memorandum in the Members’ materials noted the increased amount of the HFA construction loan from \$3,940,000 to \$4,490,000. He stated that although this Conifer project may obtain Section 8 vouchers, it was underwritten to tax-credit rents. He said that the permanent loan amount is \$48,500 per unit, which equals 55% of the project’s total development cost. Mr. Friedman stated that the current limited partner’s interest in the project will be bought out by Conifer for approximately \$1 million, adding that HFA will retain \$1 million of the \$4,490,000 construction loan during the 18 to 24-month construction period, and will fund that amount to Conifer when the construction loan converts to the permanent loan, thereby reducing the MIF’s potential liability during the construction period to \$3,490,000.

Mr. Lebowitz asked why the construction loan needed to be insured. Mr. Friedman stated that, at this point, it would be a more efficient execution for HFA to sell all the bonds,

fund the mortgage and hold the \$1 million rather than finance \$1 million 18 months from now. He added that the MIF agreed to finance both loans because the variance between the loans is less than \$1 million.

Ms. Bayer moved to adopt the resolution; Mr. Sweet seconded the motion, and the resolution was adopted.

\*\*\*\*\*

\* **Item number 4 on the agenda was a resolution approving 100% mortgage insurance on a \$5,440,000 HFA permanent first mortgage loan for the acquisition and rehabilitation of Gateway Gardens Apartments, 1-A Lowndes Avenue, Huntington Station, Suffolk County, containing 39 low-income units and three moderate income units. Certificate #9-78.** 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 sponsor of this all low-income senior housing project is controlled by the Huntington Housing Authority ("Authority") which will ground-lease the land for 99 years for a one-time payment of \$1,600,000, noting that the Authority cannot sell the land. He stated that the 1967-built project requires substantial rehabilitation and that the loan amount is \$129,000 per per unit, which equals 57% of the project's total development cost. He added that the rehabilitation cost is over \$100,000 per unit.

Mr. Lebowitz asked if the deal was locked in on affordability during the entire term of the mortgage. Mr. Friedman confirmed that there was an HFA Regulatory Agreement.

Ms. Bayer moved to adopt the resolution; Mr. Sweet seconded the motion, and the resolution was adopted.

\*\*\*\*\*

\* **Item number 5 on the agenda was a resolution approving 100% mortgage insurance on a \$4,320,000 HFA permanent first mortgage loan for the acquisition and rehabilitation of Bradmar Village Apartments, 200 Martin Road, Jamestown, Chautauqua County, containing 100 low-income units. Certificate #1-107.** 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 developer of this moderate rehab, all low-income project is Pathstone Housing Action Corporation. He said that this highly-subsidized project will also receive a \$250,000 loan from the City of Jamestown. He stated that the existing Section 8 HAP contract expires in six months, but its renewal is a condition precedent to SONYMA insurance. He stated that the the loan amount is \$43,000 per per unit, which equals 28% of the project's total development cost. He added that the rehab cost is over \$70,000 per unit.

Ms. Bayer recused herself from voting on this item.

Mr. Sweet moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the resolution was adopted.

\*\*\*\*\*

\* **Item number 6 on the agenda was a resolution approving 100% mortgage insurance on \$3,570,000 HFA permanent first mortgage loan for the construction of Wartburg Marie Heins Senior Apartments, 55 Bradley Avenue, Mt. Vernon, Westchester County, containing 61 low-income units. Certificate #8-273.** 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 highly-subsidized project will receive a \$3,890,000 NYS Health Efficiency and Affordability Law grant from the New York State Department of Health. He stated that the the loan amount is \$58,000 per per unit, which equals 20% of the project's total development cost. He added that the rehabilitation cost is over \$70,000 per unit.

Mr. Sweet asked if the project would have a recorded mortgage. Sheldon Goldman, Vice President, so affirmed.

Ms. Bayer recused herself from voting on this item.

Mr. Sweet moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the resolution was adopted.

\*\*\*\*\*

\* **Item number 7 on the agenda was a resolution recommending the approval of 50% mortgage insurance on a \$36,865,000 HDC permanent first mortgage loan for the rehabilitation of Dayton Towers, 7400 Shore Front Parkway, et al, Rockaway Beach, Queens County, containing 1,758 affordable cooperative units. Certificate #10-1754.** 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 first mortgage loan on this moderate-rehabilitation of Mitchell-Lama co-op units would be provided by the New York City Housing Development Corporation ("HDC"). He stated the existing New York Department of Housing Preservation and Development ("HPD") loan of nearly \$24 million will remain on the project as a second mortgage, and the existing \$14 million HDC loan will be paid. He stated that the the loan amount is \$21,000 per per unit, which equals 88% of the project's total development cost.

Mr. Lebowitz asked if the existing loans could be repaid early and how that would effect a regulatory agreement. Mr. Friedman stated that he would confirm if the co-terminus 30-year HDC Regulatory Agreement would remain in effect if the mortgages were repaid early.

Mr. Sweet asked about the origination of the \$10,000 flip tax. Mr. Friedman responded that the flip tax was coming from the purchasers of the co-op units.

Mr. Sweet moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the resolution was unanimously adopted.

\*\*\*\*\*

\* **Item number 8 on the agenda was a resolution approving 100% mortgage insurance on a \$3,003,000 CPC permanent first mortgage loan for the acquisition of 30 Park Place, Lynbrook, Nassau County, containing 30 low-income units of OMH supported housing. Certificate #9-77.** 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 involves the acquisition of a 22-unit apartment building by Hands Across Long Island, Inc., an experienced provider of supportive housing for clients of the New York State Office of Mental Health ("OMH"), which will have 30 independent special needs OMH clients, and that the acquisition cost is \$100,000 per per unit. He said that the Community Preservation Corporation's first mortgage loan would be sold to the New York State Common Retirement Fund.

Mr. Lebowitz asked if the project was a straight acquisition. Mr. Friedman confirmed that the project was an acquisition which would not involve rehabilitation work which is authorized for OMH projects. Mr. Lebowitz asked if there was an appraisal to value the property. Mr. Friedman stated that the acquisition cost was approved by OMH, which would have had an appraisal done as part of its process. Mr. Friedman said that the prospective sellers would realize about \$120,000 per unit, which seemed reasonable, and that it is difficult for OMH to have projects in Nassau County.

Ms. Bayer asked when the project would be fully occupied by OMH clients. Mr. Friedman responded that by spring 2012, when the leases of non-OMH tenants have all expired, those non-OMH tenants would be replaced by OMH clients. He said that OMH will not fund the acquisition until the apartment building contains only OMH clients.

Mr. Sweet moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the resolution was unanimously adopted.

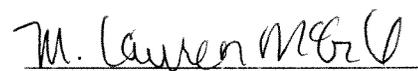
\*\*\*\*\*

\* **Item 9 on the agenda was was for Information only.**

Vice Chairperson Phillips asked if there were any issues to report. Mr. Friedman stated that the monthly surtax for September was \$10.2 million, of which \$6.3 million was from the commercial mortgage recording taxes paid on large New York City transactions.

\*\*\*\*\*

There being no unfinished business, Ms. Bayer moved to adjourn; Mr. Sweet seconded the motion; and the meeting was adjourned at 12:11 P.M.

  
M. Lauren McGill  
Secretary