

**MINUTES OF THE  
REGULAR MEETING OF THE  
MORTGAGE INSURANCE COMMITTEE OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON NOVEMBER 5, 2009 AT 11:35 P.M.  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Naomi Bayer	Director
Don Lebowitz	Director
Deborah VanAmerongen	Director
Meghan Anderson	Division of the Budget, representing Robert Megna, Director (via video conference)

Chairman Levy chaired the meeting; M. Lauren McGill, Vice President and Counsel to the Mortgage Insurance Fund, acted as secretary.

Chairman Levy noted that Megan Anderson was participating in the meeting via video conference from the New York State Division of Budget conference center at the Capital Building, Room 143, in Albany. A public notice was given of the time and locations of both venues.

\* **Item number 1 on the agenda was the presentation of the minutes of the meeting of the Mortgage Insurance Committee held on September 10, 2009.** There being no objections or corrections suggested by the Directors, the minutes were deemed approved.

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\* **Item number 2 on the agenda was a resolution recommending the approval of 100% mortgage insurance on a \$12,200,000 HFA construction mortgage loan and an \$8,100,000 HFA permanent mortgage loan for the rehabilitation of The Gardens Apartments, 1, 2 and 3 West Cleveland Drive, Buffalo, Erie County, containing 276 low income units. Certificate #1-93.** Michael Friedman, Senior Vice President and Director of the Mortgage Insurance Fund, 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 SONYMA would be providing mortgage insurance for both the construction and permanent mortgage loans for this heavily-subsidized low-income project.

Chairman Levy noted that the term of the PILOT tax exemption was for 15 years and asked if underwriting accounted for its expiration. Mr. Friedman responded that the PILOT agreement would be extended as-of-right upon its expiration. Ms. VanAmerongen confirmed that the granting of PILOT agreements in Buffalo was not discretionary for subsidized housing projects, and added that the city was restricted to a maximum term of fifteen years on such agreements.

Ms. VanAmerongen moved to adopt the resolution. Mr. Lebowitz seconded the motion, and the resolution was adopted unanimously.

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\* **Item number 3 on the agenda was a resolution recommending the approval of 100% mortgage insurance on an \$11,680,000 HFA construction mortgage loan and an \$9,650,000 HFA permanent mortgage loan for the rehabilitation of F.I.G.H.T. Village, 186 Ward Street, Rochester, Monroe County, containing 246 low income units. Certificate #2-103.** 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 financing for acquisition and rehabilitation was intended to remediate physical deficiencies in the all-low income project which failed its last two HUD Real Estate Assessment Center ("REAC") inspections. He explained that the high maintenance costs and lack of cash flow had contributed to the project's deterioration, and that HUD was supportive of the remediation plan. He noted that the new owner entity, controlled by project developer-manager, Conifer Realty, LLC, is refinancing the project to correct deficiencies.

Ms. Bayer commended the Agency for using DHCR weatherization funding for the project.

Ms. Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion; and the resolution was adopted unanimously.

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\* **Item number 4 on the agenda was a resolution approving 100% mortgage insurance on a \$2,860,000 HFA permanent mortgage loan for the construction of Artspace Patchogue Loft Apartments, 20 Terry Street, Patchogue, Suffolk County, containing 45 low income units. Certificate #9-64.** 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 is experienced in the creation of affordable housing for artists and those associated with the arts. All units of this heavily-subsidized project are affordable, and the insured mortgage loan is approximately 16% of total development costs. Chairman Levy questioned if there were any Fair Housing issues associated with tenancy restrictions for the project. Ms. VanAmerongen clarified that while preference would be given to artists, that tenancy could be opened up to those not affiliated with the arts. Mr. Friedman added that based on preliminary marketing efforts, it appeared that there would be a waiting list for the units, so the project should have no cash flow issues.

Ms. Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion; and the resolution was adopted unanimously.

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\* **Item number 5 on the agenda was a resolution recommending the approval of 100% mortgage insurance on a \$15,600,000 Citibank N.A. permanent mortgage loan for the construction of Columbia Hicks Apartments, 104-116 Warren Street and 101-115 Baltic Street, Brooklyn, Kings County, containing 48 affordable units. Certificate #10-1623.** The project was tabled for future consideration.

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\* **Item number 6 on the agenda was a resolution recommending the approval of 100% mortgage insurance on an \$11,645,000 CPC permanent mortgage loan for the construction of Waterside Senior Housing Apartments, 38 Duke Avenue, Cohoes, Albany County, containing 132 affordable units for seniors. Certificate #6-243.** 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 has been fully rented and is ready for permanent financing. He stated that that although there are no income restrictions or subsidies, the project is affordable at about 60% of the Albany area AMI.

Ms. Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion; and the resolution was adopted unanimously.

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\* **Item number 7 on the agenda was a resolution recommending the approval of 100% mortgage insurance on an \$8,417,000 CPC permanent mortgage loan for the construction of The Hammocks at Timber Banks – Phase I 3400, 3396, 3398, 3402 and 3418 Hammocks Drive, Lysander, Onondaga County, containing 88 affordable units. Certificate #3-167.** 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 that although there are no income restrictions or subsidies, the project remains affordable at about 75% of the Syracuse area AMI, and confirmed that the project was built as a rental.

Ms. Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion; and the resolution was adopted unanimously.

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\* **Item number 8 on the agenda was a resolution approving 100% mortgage insurance on a \$2,855,034 CPC permanent mortgage loan for the construction of Balsley Road, Village of Seneca Falls, Seneca County, containing 40 low income units. Certificate #2-105.** 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 26 of the 40 units will be

occupied by clients of the New York State Office of Mental Health ("OMH"), and that OMH will pay the entire debt service on the project, as well as provide \$230,000 per year to subsidize operating expenses.

Ms. Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion; and the resolution was adopted unanimously.

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\* **Item number 9 on the agenda was a resolution approving 100% mortgage insurance on a \$2,685,000 CPC permanent mortgage loan for the construction of 227 East Third Street and 242 East Second Street, New York County, containing 44 low income units. Certificate #10-1622.** 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. Chairman Levy inquired as to why it took so long to arrive at permanent loan financing for the project which completed construction two years ago. Mr. Friedman explained that the tax credit syndicator and the developer had been in negotiations, and have now resolved issues concerning the developer's fee and the amount of equity raised and invested.

Ms. Bayer inquired about the differing cap rates used for different projects, and Mr. Friedman confirmed that it was mostly a function of various geographic locations.

Mr. Lebowitz moved to adopt the resolution; Ms. VanAmerongen seconded the motion; and the resolution was adopted unanimously.

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\* **Item number 10 on the agenda was a resolution approving an increase of \$100,000 on a \$2,000,000 CPC permanent mortgage loan due to an increase in construction costs for Clifton Park Senior Apartments, Route 146 and Waite Road, Clifton Park, Saratoga County containing 70 low income units. Certificate #6-242.** 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 explained that the project had not been presented to MIC previously since the original insured amount had not required MIC approval. He added that the requested increase brought the total permanent mortgage amount up to over the \$2 million threshold requiring approval by the MIC.

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

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\* **Item number 11 on the agenda was a resolution approving an increase of \$1,374,387 on a \$1,560,182 CPC permanent mortgage loan due to an increase in construction costs for 850 Longwood Avenue, Bronx, Bronx County, containing 36 low income units. Certificate #10-548.** 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 reported that rehabilitation took longer than expected and costs were higher than anticipated. He added that HPD had increased all the rents, that 19 of the tenants have Section 8 vouchers and the remaining 16 tenants pay close to market-rate stabilized rents. He noted that there were no delinquency issues, and that concerns about management had been alleviated by replacing the property manager.

Ms. Bayer moved to adopt the resolution; Ms. VanAmerongen seconded the motion; and the resolution was adopted unanimously.

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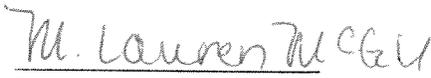
\* **Item number 12 on the agenda was for Information only.**

Mr. Levy asked Mr. Friedman if there was anything that should be highlighted from the information items. Mr. Friedman stated that proceeds of the tax surcharge collections remain stable, and was trending slightly higher at \$7 Million per month up from the \$6 Million per month previously reported.

Mr. Friedman reported an increase in delinquencies in small upstate CPC loans, noting the unemployment rate has had a deleterious impact throughout the state. He added that the current delinquency rate reflects older, smaller projects and financially weaker borrowers.

President Almodovar indicated that at the current level of tax surcharge receipts, projects in the pipeline will be fine, but the MIC may need to prioritize future projects if reduced tax surcharge proceeds continue. Chairman Levy questioned why some loan commitments had been cancelled and suggested that a new column be added to the Summary Status Report to indicate the reason for cancellations.

There being no unfinished business, Ms. Bayer moved to adjourn; Ms. VanAmerongen seconded the motion; and the meeting was adjourned at 12:28 p.m.

  
M. Lauren McGill  
Secretary