

**MINUTES OF THE
REGULAR MEETING OF THE
MORTGAGE INSURANCE COMMITTEE OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON JANUARY 28, 2010 AT 1:00 P.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Brian Lawlor	Director
Don Lebowitz	Director
William Myers	Director

ABSENT:

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

Elaine McCann, Division of the Budget representing Director Robert Megna, and Marge Rogatz and David J. Sweet, Directors of the State of New York Mortgage Agency, attended the meeting as guests.

Chairman Levy introduced Brian Lawlor, the Acting Commissioner of the Division of Housing and Community Renewal.

* **Item number 1 on the agenda was the presentation of the minutes of the meeting of the Mortgage Insurance Committee held on December 3, 2009.** There being no objections or corrections suggested by the Directors, the minutes were deemed approved.

* **Item number 2 on the agenda was a resolution recommending approval of 100% mortgage insurance on a \$37,500,000 CPC permanent mortgage loan for the construction of Troutman Gardens, 114-136 Troutman Street, Brooklyn, Kings County, containing 144 units. Certificate #10-1626.** 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.

Mr. Friedman stated that the project was initially built as a condominium, but was converted to a rental project due to market conditions. He explained that the construction lender, the Community Preservation Corporation ("CPC"), had reduced its construction loan, which required that the developer increase its equity investment. Chairman Levy noted that the project was a market rate rental project and invited discussion of public policy and credit issues.

Mr. Friedman noted that the project rents are affordable to moderate-income households. He also noted that the project underwrites as a rental and addresses the growing problem of unsold condominiums. Mr. Friedman further stated that approving mortgage insurance would enable CPC to convert the construction loan to a permanent loan for sale to NYCERS and free up capacity to finance affordable housing.

Mr. Lebowitz asked whether the projected rents were achievable. Mr. Friedman responded that the projected rents were based on actual leases. He stated that the MIF had underwritten the project at a 1:10 to 1 income-to-expense ratio and would require that the project maintain 90% occupancy for 180 days in order to address current rental market risk.

Mr. Lebowitz recommended that the MIC address appropriate criteria to evaluate projects built as condominiums that later request insurance from the MIF as rental projects. Chairman Levy noted the need to consider the impact on the surrounding community. Chairman Levy recommended approving the project.

Mr. Lawlor moved to adopt the resolution; Mr. Myers seconded the motion, and the resolution was adopted unanimously.

* **Item number 3 on the agenda was a resolution approving 100% mortgage insurance on a \$4,500,000 CPC permanent co-first mortgage loan for the rehabilitation of Cathedral Parkway Towers, 424 Cathedral Parkway and 125 West 109th Street, Manhattan, New York County containing 313 Mitchell Lama units. Certificate #10-1640.** 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 this was a highly-affordable DHCR-supervised Mitchell-Lama project in which two-thirds of the tenants have Section 8 vouchers. He added that the MIF insured the first CPC mortgage loan six years ago, and this new mortgage loan will be a co-first mortgage with the same lender, credit-enhancer and borrower, and the funding will be used for upgrades to improve the energy efficiency of the project. Mr. Lebowitz questioned if there was a provision requiring that the project remain in the Mitchell-Lama program. Chairman Levy confirmed that the terms of the mortgages would require that the project remain in the program until the maturity of the loans, which would be coterminous.

Mr. Lawlor moved to adopt the resolution; Mr. Myers seconded the motion; and the resolution was adopted unanimously.

* **Item number 4 on the agenda was a resolution approving 100% mortgage insurance on a \$3,100,000 CPC permanent mortgage loan for the rehabilitation of 3603-3605 Broadway, New York, New York County, containing 36 cooperative units. Certificate # 10-1636.** 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 was a highly affordable, heavily-subsidized project. The project will be a limited-equity co-op.

Chairman Levy noted the high percentage of project income attributable to commercial rent; Mr. Friedman responded that the underwriting for the commercial space was more conservative than the MIC norm, and added that the MIF will require that the vacant commercial unit be rented in order for insurance to become effective.

Mr. Lawlor moved to adopt the resolution; Mr. Myers seconded the motion; and the resolution was adopted unanimously.

* **Item number 5 on the agenda was a resolution recommending the approval of 100% mortgage insurance on a \$7,550,000 CPC permanent mortgage loan for the construction of The Glen at Sugar Hill, 410 McChesney Avenue Extension, Brunswick, Rensselaer County, containing 60 units. Certificate #6-246. Board approval is required.** 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 was an unsubsidized affordable project with repeat CPC borrowers.

Mr. Lebowitz expressed concerns with using projections to assess risks for occupied projects. Mr. Friedman stated that the rents are based on actual leases, but that operation expenses were projections since there was no historical data due to the recent construction completion. Chairman Levy requested that in future that rent-up rates be documented.

Mr. Lawlor moved to adopt the resolution; Mr. Myers seconded the motion; and the resolution was adopted unanimously.

* **Item number 6 on the agenda was a resolution approving 100% mortgage insurance on a \$6,750,000 CPC permanent mortgage loan for the completion of construction for Highpointe at Malta, 26 Rock Rose Way, Malta, Saratoga County, containing 81 supportive units. Certificate #6-247.** 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 for the acquisition and rehabilitation of an 82-unit supportive living facility which contains Alzheimer units. He added that the not-for-profit borrower, Home of the Good Shepherd, will purchase the project it now leases. Mr. Friedman stated that this project meets two goals in that it finances supportive housing, and that the borrower is a 140 year-old, highly-regarded not-for-profit.

Mr. Lebowitz questioned insuring a new, increased loan where the only change in the project is a transfer of ownership. Mr. Lawlor responded that the project is similar to a turnkey operation where a private developer assumes the risk during construction, and then turns the project over to a not-for-profit organization to operate.

Mr. Lawlor moved to adopt the resolution; Mr. Myers seconded the motion; and the resolution was adopted unanimously.

* **Item number 7 on the agenda was a resolution approving 100% mortgage insurance on a \$2,900,000 CPC permanent mortgage loan for Pendell Commons, 78-114 Violet Avenue, Poughkeepsie, Dutchess County containing 73 low income units. Certificate #5-234.** 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 is an all-affordable, highly subsidized project with approximately \$11 million in tax credits, \$400,000 from Dutchess County, and nearly \$2 million from the Housing Trust Fund.

Mr. Lawlor moved to adopt the resolution; Mr. Myers seconded the motion; and the resolution was adopted unanimously.

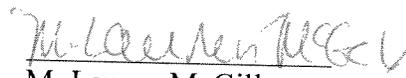
* **Item number 8 on the agenda was a resolution approving 100% mortgage insurance on a \$2,675,000 Citibank permanent first mortgage loan for 269 East Burnside Avenue, Bronx, Bronx County containing 76 low income units. Certificate #10-1647.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item which materials are incorporated herein by reference. He stated that this highly-subsidized project would receive \$18 million in 9% federal tax credits and that the project had a 50-year tax exemption.

Mr. Lawlor moved to adopt the resolution; Mr. Myers seconded the motion; and the resolution was adopted unanimously.

* **Item number 9 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 for December, although still low at \$5.2 million, showed a slight increase from November.

There being no unfinished business, Mr. Lawlor moved to adjourn; Mr. Meyers seconded the motion; and the meeting was adjourned at 2:17 p.m.


M. Lauren McGill
Secretary