

**MINUTES OF THE  
REGULAR MEETING OF THE  
MORTGAGE INSURANCE COMMITTEE OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON APRIL 8, 2010 AT 1:05 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
Brian Lawlor	Director
Don Lebowitz	Director
William Myers	Director
David J. Sweet	Director

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

Karen A. Phillips, Director of the State of New York Mortgage Agency, and Royce Mulholland, Director of New York State Housing Finance Agency, attended the meeting as guests. Elaine McCann, Division of the Budget, representing Robert Megna, SONYMA Director, attended the meeting as a guest via video conference.

\* **Item number 1 on the agenda was the presentation of the minutes of the meeting of the Mortgage Insurance Committee held on March 4, 2010.** 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 eight Dormitory Authority of the State of New York (“DASNY”) permanent mortgage loans aggregating \$22,930,000 for the acquisition and rehabilitation of 22 Office of Mental Retardation and Developmental Disabilities (“OMRDD”) funded projects for 130 residents with developmental disabilities. Certificate #10-1660.** Michael Friedman, Senior Vice President and Director of the Mortgage Insurance Fund (“MIF”), 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 explained that this project involves not-for-profit member agencies of the InterAgency Council (“IAC”), which represents 120 social service providers to the mentally and developmentally disabled in New York State. He said that the project is comprised of eight separate mortgages with eight borrowers, collateralized by 22 separate properties providing supportive housing facilities serving 130 OMRDD clients. He added that this will be the first IAC bond financing done under an amendment to the Public Authorities Law which authorizes DASNY to issue bonds on behalf of IAC. He noted that the project has a standby intercept allowing DASNY to intercept OMRDD payments to the borrowers if the borrowers do not pay debt service.

Chairman Levy asked if the standby intercept would remove all borrower payment risk. Mr. Friedman responded that it would, however there would be OMRDD payment risk.

Mr. Myers raised a question about the cost effectiveness to the State of layering SONYMA mortgage insurance premiums into the debt service. A discussion of fees and bond rating followed. Mr. Friedman stated that DASNY has concluded that the cost of mortgage insurance is more than offset by the improved rating on the bonds, and noted that it is more efficient and economical for IAC to fund the 22 mortgages at one time rather than separately.

Mr. Lawlor moved to adopt the resolution; Ms. Bayer 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 a \$14,070,000 New York City Housing Development Corporation (“HDC”) permanent mortgage loan for the construction of the City University of New York (“CUNY”) Graduate Center Housing Project, 165 East 118<sup>th</sup> Street, Manhattan, New York County containing 77 units for graduate students and faculty. Certificate #10-1656.** 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 will provide below market-rate housing for CUNY faculty and students. He stated that the project will be constructed on land leased from the City University Construction Fund (“CUCF”) by the Graduate Center under a 99-year lease at \$1 per year. He added that the City University is contributing over 50% of project cost in equity, and that below market-rate rents range from \$32 per square foot per annum for three bedrooms to \$41 per square foot per annum for a studio.

Mr. Sweet asked what would occur when a faculty member or student was no longer connected with the institution. Mr. Friedman responded that the units would be licensed, not leased, and if a tenant were no longer a student or faculty member, the license would not be renewed. Mr. Sweet requested clarification regarding the rent regulation provisions in relation to the project.

Mr. Lawlor moved to adopt the resolution; Ms. Bayer 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 \$2,742,500 Community Preservation Corporation (“CPC”) permanent mortgage loan for the construction of Hyenga Lake Senior Apartments, 115 East Route 59, Spring Valley, Rockland County, containing 66 low-income senior units. Certificate #8-256.** 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 was a 100% low-income, heavily-subsidized project, and that although all units will be rent restricted to 60% of the Rockland County AMI, that rents are considerably below that amount. Mr. Friedman stated that the debt per unit is \$41,000 which is only 17% of the project’s development cost.

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

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\* **Item number 5 on the agenda was a resolution approving 100% mortgage insurance on a \$2,720,000 Community Preservation Corporation (“CPC”) permanent mortgage loan for the construction of 60 West First Street, Mount Vernon, Westchester County, containing 43 low-income units. Certificate #8-257.** 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 was a 100% low-income, heavily-subsidized project, and that although all units will be rent restricted to 60% of the Westchester County AMI, rents are considerably below that amount. He added that the development entity includes a very experienced, Westchester-based developer who has previously done business with HFA.

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

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\* **Item number 6 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 pointed out that monthly tax surcharge collection for March was \$3.7 million, which was one million dollars less than the \$4.8 million for February, and that collections have been trending to lower levels.

Mr. Lebowitz inquired about the status of default items in the Delinquency Status Report and questioned how such projects are monitored. Mr. Friedman responded that CPC is proactive in its management of delinquent loans and provides the MIF with a monthly report.

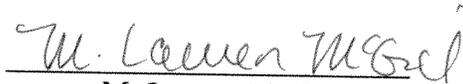
Mr. Lebowitz questioned the delinquency status of certain projects. Mr. Friedman responded that the common factor was the managing entity, which had been replaced.

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- \* **Item number 7 was added to the agenda, and was for Information only.**

Mr. Friedman stated that there was a memo in the members' folders regarding an increase in mortgage insurance premium rates. He stated that the MIF would be increasing the rates on projects which have no restrictions on rent or income, no public subsidies, no low-income housing tax credits, and no second mortgage financing from local government. He noted that the MIF has seen an increase in applications for mortgage insurance from projects which are failed condominiums converting to rental projects, while simultaneously experiencing a decrease in surtax revenue and interest income. He stated that the mortgage insurance premium for an unrestricted or unsubsidized project will be increased from 50 basis points to 100 basis points, adding that 85% of the MIF business will be unaffected by the increase, which will become effective for applications received after July 1, 2010.

There being no unfinished business, Mr. Lawlor moved to adjourn; Ms. Bayer seconded the motion; and the meeting was adjourned at 1:35 p.m.



M. Lauren McGill  
Secretary