NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Richard Froehlich RF

SUBJECT: Material for Audit Committee Meeting
January 26, at 11:30 a.m.

DATE: January 19, 2018

Attached please find the following materials for the Audit Committee meeting:

- Proposed Agenda
- Minutes of November 27, 2017 Meeting
- Annual Financial Report of HDC for FY 2017
- Ernst & Young's Draft "Opinion" Letter
- Ernst & Young's Draft Single Audit Report and Accompanying Schedules
- Ernst & Young's Draft Report on Compliance with Investment Guidelines
- Ernst & Young's Draft Report of Independent Accountants on Management's Assertion of Compliance
- Ernst & Young's Booklets for FY 2017 Audit
- Annual Investment Report for FY 2017
- Debt Report
- Investment Report
- Credit Risk Update
- Quality Assessment Report
- Internal Audit Reports

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Richard Froehlich RF

SUBJECT: Agenda for Audit Committee Meeting

DATE: January 19, 2018

For the Audit Committee Meeting, which will take place on Friday, January 26th, at 11:30 a.m., I propose the following agenda:

1. Roll Call
2. Approval of Minutes of the Meeting held on November 27, 2017
3. Presentation of the Annual Financial Report of HDC for FY 2017
4. Discussion of the Independent Auditor's Findings
5. Other Ernst & Young Reports
6. Approval of the Annual Financial Statements of the Corporation for FY 2017
7. Approval of the Annual Investment Report for FY 2017
8. Debt Report
9. Investment Report
10. Credit Risk Update
11. Quality Assessment Report
12. Internal Audit Reports
13. Cyber Security Update
14. Other Business

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MINUTES OF THE MEETING OF
THE NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
AUDIT COMMITTEE

November 27th, 2017

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the "Corporation") was held on Monday November 27th, 2017 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York.

The meeting was called to order at 10:30am by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the September 19th, 2017 meeting. The minutes were approved.

Mr. Gould turned to Mr. Richard Froehlich, Chief Operating Officer and General Counsel of the Corporation to provide an overview of the agenda.

Mr. Gould turned to Ms. Ellen Duffy, Senior Vice President of Debt Issuance and Finance to present the Corporation's Debt Report as of September 30, 2017. The last debt report presented to the Audit Committee was as of July 31, 2017. During this time, the Corporation did not issue additional bonds. There were bond redemptions in one series of the Open Resolution bonds totaling \$5.8 million and one stand-alone series totaling \$7.7 million. The Corporation's debt outstanding as of September 30, 2017 is approximately \$10.64 billion. The Corporation's statutory debt capacity stands at \$12.5 billion.

Mr. Gould then turned again to Ms. Duffy to provide the Corporation's Investment report as of November 6, 2017. Funds under management totaled approximately \$4.0 billion. This report reflects routine investment activity.

Mr. Gould then recognized Ms. Mary Hom, Chief Credit Officer, for the counterparty credit risk exposure report. Ms. Hom reported that there was one addition to the list of approved counterparties – Lakeland Bank. Lakeland Bank is a small, solid-performing community bank based in New Jersey. Although not rated by Moody's or S&P, Lakeland has a BBB+ rating from Kroll Bond Rating Agency. All investments with Lakeland Bank are fully-collateralized by U.S. Government and Agency securities. Ms. Hom further reported that there was one rating agency action of note – Bank of America Corp. (holding company) was upgraded by S&P to A- from BBB+, while the bank subsidiary, Bank of America N.A., was affirmed at A+. In its upgrade, S&P cited the Bank's improved profitability and reduced exposure to market risk as a result of tighter underwriting standards. Ms. Hom continued by reporting that the Corporation's counterparty exposure remains pretty well-diversified with the largest exposure being with Fannie Mae, followed by Freddie Mac. Investments rated double-A or higher were 49% of total investments (versus 50% at the last report), and the weighted average maturity was 1.8 years (versus 1.9 years at the last report). Ms. Hom concluded by noting that the Corporation's exposure to liquidity providers remained unchanged at \$41.5 million.

Mr. Gould then turned the committee's attention to Ms. Shirley Jarvis, Vice President of Internal Audit to request the Members approval of the 2018 Audit Schedule. Ms. Jarvis noted that there are eleven audit projects on this year's schedule. They are as follows: The required compliance reviews of Employee expenses, President's office expenses and petty cash; one project carried over from the 2017 Schedule, a review of the accounts receivable process; and seven additional projects, selected based on the results of the risk assessment performed by Internal Audit with input from senior management. The seven projects are: a review of: Legal-Developer disclosure process; Escrow servicing-Insurance Payable; IT- Third Party Vendor Management; Cash Management - Investments; IT– Mobile Device Security and a Reserve for Replacement compliance review. Ms. Jarvis further noted that the review of each area will include: Interviewing the key personnel concerning procedures and workflow; Reviewing written procedures and applicable documentation; Flowcharting the procedures and performing walkthroughs; Performing risk assessment and identifying the inherent risks; Evaluating the adequacy and effectiveness of internal controls to mitigate those risks; Performing a test of controls on a sample basis; Verifying compliance with corporate policies and procedures; applicable laws and regulations; and preparing audit reports to communicate the results of the review to management and the Members. Ms. Jarvis requested approval of the Audit Schedule and the Members approved the Audit Schedule.

Ms. Jarvis then continued with the audit reports. Ms. Jarvis noted that since the last report to the Members, Audit issued the final reports for the reviews of Logical Security Access- Electronic Banking; BI–Annual Disclosure compliance review and the AM-Preservation Loan Closing Process review. She noted that the Audit Staff is currently working to complete and finalize five audit projects from the 2017 audit schedule: Escrow Servicing- RE taxes; Database Security Administration; EE expenses, which has been completed and is currently going through the review process, President's Office Expenses and Petty Cash. It is expected that the results of these audit projects will reported to the members at the next AC meeting in January. Ms. Jarvis briefly summarized the results of the aforementioned reviews documented in the reports before the Members. Ms. Jarvis noted that for the Logical Security Access – Electronic Banking Review the objectives of the audit were to determine whether the controls in place to ensure that access to the online banking systems is secure were adequate. Specifically to determine: 1) whether there is an adequate online banking policy; 2) whether access to the online banking systems is appropriately restricted and; 3). Determine if system reports are generated and reviewed to monitor access levels and audit logs. There were no significant issues to report. Internal Audit determined that access to the online banking systems were appropriately restricted based on job function. Audit did offer some recommendations to enhance the controls. Internal Audit recommended that: 1) Dual Authority for Security Administrators - Ensure the dual authority is implemented for security administrators when new electronic banking systems accounts are established; 2) To ensure segregation of duties, remove access from the users that allow them to create as well as approve transactions; and 3) The System Administrator for each system should periodically review and confirm users and their access levels with business management. Management agreed with the Audit Staff's recommendations and were addressed during the course of the audit. In the BI – Annual Disclosure Review; the objectives of the audit were to determine if HDC was in compliance with the annual continuing disclosure requirements of the Municipal Securities Rulemaking Board (SEC Rule 15C2). For the selected bonds reviewed, Internal Audit determined that HDC was in compliance with the annual disclosure requirements. The specific objectives of the AM- Preservation Financing Closing Process review were to: 1) Ensure adherence to HDC's project transaction approval process by the Credit Committee and the Board; and 2) Determine whether the commitment and the Cost of Issuance (COI) fees were collected, recorded in the General ledger and deposited in the account. The scope of the review focused on loans underwritten and closed by PF from November 1, 2015 to December 31, 2016. Ms. Jarvis noted that there were no significant issues to report. For the selected loans reviewed, Audit found that: All loans underwritten by PF were approved by the Credit Committee; Repair loans above $10 million were presented to and received Board approval; Where applicable, the commitment and COI fees were properly collected and recorded in the GL and deposited; and generally, the required documentation was maintained in the electronic file folders for each project. Ms. Denise Scott, HDC Board Member asked if the Security Access audit will be a regular audit. Ms. Jarvis replied that yes, they will follow up on recommendations. Mr. Gould asked if Ernst & Young provides another set of eyes, to which Mr. Lou Roberts of Ernst & Young responded that they review the Internal Audit reports and follow up. Ms. Jarvis then concluded her report.

Mr. Gould then moved the meeting into executive session during which no votes or actions were taken.

At 10:45am, with no further business, Mr. Gould moved to dismiss and the meeting was adjourned.

Respectfully submitted,

VRoberty

Violine Roberty

MINUTES OF THE MEETING OF
THE NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
AUDIT COMMITTEE

November 27th, 2017

ATTENDANCE LIST

NAME	AFFILIATION
Kyle Kimball	Audit Committee Member
Harry Gould	Audit Committee Member
Denise Scott	Audit Committee Member
Louis Robert	Ernst & Young
Eric Enderlin	NYC Housing Development Corp.
Richard Froehlich	NYC Housing Development Corp.
Paula Roy Carethers	NYC Housing Development Corp.
Cathleen Baumann	NYC Housing Development Corp.
Jim Quinlivan	NYC Housing Development Corp.
Ellen Duffy	NYC Housing Development Corp.
Terry Gigliello	NYC Housing Development Corp.
Shirley Jarvis	NYC Housing Development Corp.
Mary Hom	NYC Housing Development Corp.
Madhavi Kulkarni	NYC Housing Development Corp.
Mary John	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.
Carol Micalizzi	NYC Housing Development Corp.
Trisha Ostergaard	NYC Housing Development Corp.
Christina Mun	NYC Housing Development Corp.
Horace Greene	NYC Housing Development Corp.
Violine Roberty	NYC Housing Development Corp.
Zenaida Bhuiyan	NYC Housing Development Corp.
Patrick Ogoke	NYC Housing Development Corp.

NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Cathleen Baumann CB

SUBJECT: Fiscal Year 2017 Audited Financial Statements

DATE: January 19, 2018

I am pleased to submit the Corporation's audited financial statements for the fiscal year ended October 31, 2017. The audit package includes the following materials related to the Corporation's annual financial audit:

- The financial statements, incorporating a draft of Ernst & Young's clean opinion letter, Management's Discussion and Analysis (MD&A), combined financial schedules for HDC, REMIC, and HAC, footnotes, required supplementary information for Other Post Employment Benefits (OPEB), Net Pension Liability, and the Housing Revenue Bond Program (Open Resolution) and the Multi-Family Secured Mortgage Revenue Bond Program (Mini-Open) financial schedules as required under our bond documents.
- Ernst & Young's draft Single Audit Report on HDC's HUD-related activities. This includes reports on internal controls and Federal expenditures.
- Ernst & Young's draft Report on Compliance with Investment Guidelines.
- Ernst & Young's draft Report on Compliance with Minimum Service Standards.
- Two booklets prepared by Ernst & Young detailing the FY 2017 audit results and financial analysis.

The Corporation achieved another year of growth. The MD&A provides an overview of HDC's financial structure and key operating results for FY 2017. These include:

- Total assets increased to $16.11 billion, an increase of $1.7 billion or 11.85% from 2016. The increase was due to the robust mortgage lending and bond financing activities throughout the year. Total liabilities were $13.7 billion, an increase of $1.5 billion or 12.3% from 2016 as a result of the Corporation's ongoing debt and lending activities.
- Twenty-six new bond series were sold, totaling $1.5 billion, "Back to Back" draws totaled $160.8 million, and one new certificate of participation with the

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FFB totaled $103 million for a total of $1.7 billion in proceeds for the fiscal year to create and preserve affordable housing. The Corporation had a total of $965.5 million in bond repayments for the year of which $763.8 million were scheduled bond redemptions and $192.8 million were scheduled debt service principal payments. In addition there were $7.7 million in debt obligation redemptions and $1.2 million of FFB repayments.

- Total net position of the Corporation totaled $2.5 billion, representing an increase of $203.5 million or 9.01% over the prior year due to normal operating activities and non-operating revenue of grant income.

If you have any questions or need any clarifications we would be happy to discuss them with you.

Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of and for the year ended October 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2017 and the changes in financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Corporation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of the Corporation's OPEB Contributions, the Schedule of the Corporation's Proportionate Share of the Net Pension Liability and the Schedule of the Corporation's Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Net Position for the Housing Revenue Bond Program and Multi-Family Secured Mortgage Revenue

Bond Program as of October 31, 2017 and 2016 and the Schedule of Revenue, Expenses and Changes in Net Position for the years then ended, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

_____, 2018

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Combined Financial Statements

and Other Information

New York City Housing Development Corporation

October 31, 2017

Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of and for the year ended October 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2017 and the changes in financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Corporation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Net Position for the Housing Revenue Bond Program and Multi-Family Secured Mortgage Revenue

Bond Program as of October 31, 2017 and 2016 and the Schedule of Revenue, Expenses and Changes in Net Position for the years then ended, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

______, 2018

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Management's Discussion and Analysis
Year Ended October 31, 2017

INTRODUCTION

The New York City Housing Development Corporation ("HDC" or the "Corporation") is a State public benefit corporation created pursuant to Article XII of the New York State Private Housing Finance Law that finances affordable housing in New York City. HDC issues tax-exempt and taxable debt and uses the proceeds along with other monies of the Corporation to make loans to finance new residential construction and the rehabilitation of existing multi-family housing. HDC, which is financially self-supporting, also lends its own internally-generated funds for these purposes. All of these activities are reported in the financial statements under the heading "Housing Development Corporation."

HDC currently has two active subsidiaries that are presented as blended component units in the financial statements. The New York City Residential Mortgage Insurance Corporation ("REMIC") insures residential mortgages in New York City. The New York City Housing Assistance Corporation ("HAC") made mortgage loans for affordable housing in the 1980s. Presently, it provides rental subsidy assistance to one residential development.

The Corporation's annual financial report consists of four parts: *management's discussion and analysis,* the basic *financial statements,* and *required supplementary information,* which includes the Schedule of Changes in the net Postemployment Benefit Other Than Pensions ("OPEB") Liability and Related Ratios, the Schedule of the Corporation's OPEB Contributions, the Schedule of the Corporation's Proportionate Share of the Net Pension Liability, and the Schedule of the Corporation's Contributions and *Supplementary information,* which includes the Schedule of Net Position and Schedule of Revenues, Expenses and Changes in Net Position for the Housing Revenue Bond Program and the Multi-Family Secured Mortgage Revenue Bond Program. This follows directly after the notes to the financial statements.

This section of the Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal year that ended on October 31, 2017. This period is also referred to as Fiscal Year 2017. Data is presented for the primary governmental entity HDC only. Reported amounts have been rounded to facilitate reading.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation is a self-supporting entity and follows enterprise fund reporting. An enterprise fund reports activity that is financed with debt that is secured solely by a pledge of the net revenue from that activity as well as activity that is not supported by taxes or similar revenues. HDC's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting matches revenues and expenses to the time period in which they are earned or attributable, respectively, which may differ from the period in which the associated cash is received or expended.

Enterprise fund statements offer short-term and long-term financial information about the Corporation's activities. While detailed sub-fund information is not presented in the

Corporation's financial statements, separate accounts are maintained for each bond issue and component unit, as well as the Corporation's general operating fund, known as the Corporate Services Fund. These sub-funds permit HDC to control and manage money for particular purposes and to demonstrate that the Corporation is properly using specific resources. In addition, HDC also services construction and permanent loans on behalf of New York City's Department of Housing Preservation and Development ("HPD").

CORPORATE AND FINANCIAL HIGHLIGHTS

During Fiscal Year 2017, HDC's financial activities, in continued support of the *Mayor's Housing New York Plan,* provided financing on twenty-five new bonded mortgages with senior loans for new construction and preservation projects. The senior loans were financed with a combination of new bond issuances and recycled loan prepayments. The total commitments on bonded loans were approximately $1.1 billion. The Corporation also committed $325.6 million in subsidy loans funded with a combination of corporate reserves and repayments from the City of New York for the Stuyvesant Town-Peter Cooper Village loan made on behalf of the City in December 2015.

In fiscal year 2017, the Corporation originated approximately $126.8 million in senior and subordinate mortgages as part of its Mitchell-Lama restructuring program, ("MLRP"). The mortgages were funded with a combination of taxable bonds and corporate reserves. The MLRP offers a low cost solution to the capital needs facing an aging portfolio while requiring a long-term commitment to remain in the program and continuing to make available hundreds of affordable housing units.

As a means of reducing interest rates on affordable housing, HDC sells a participating interest in certain mortgage loans that are in its FHA Risk Sharing portfolio to the Federal Financing Bank ("FFB"). In July 2017, HDC closed one additional mortgage loan participation interest with the FFB in the amount $103.0 million. To date, HDC has sold participating interests in five mortgage loans under the FHA Risk-Share program. At October 31, 2017, the total amount outstanding under the FFB loan participating financing program was $202.0 million.

HDC also funded mortgages using the "Back to Back" structure, whereby Citibank, N.A. ("Citibank") issued tax exempt funding loans to the Corporation and HDC used the proceeds to fund mortgages to the developments. In fiscal year 2017, one new mortgage loan was closed using this loan structure for $55.5 million. As of October 31, 2017, nine developments have been financed by this funding source with outstanding mortgage balances of $268.8 million.

In fiscal year 2017, the Corporation's net position increased by $203.5 million or 9.01%. Operating revenues were $421.6 million, an increase of $23.9 million or 6.0%. Operating expenses were $322.9 million, an increase of $31.0 million or 10.63%. Non-operating revenues increased by $81.2 million. Non-operating revenues are comprised of two main components, investment income and grant revenues.

CONDENSED STATEMENT OF NET POSITION

The condensed statement of net position presents the Corporation's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of October 31, 2017 and 2016 as restated. The following table represents the changes in the primary entity, HDC's, net position between October 31, 2017 and 2016 as restated (refer to note 2) and should be read in conjunction with the financial statements. (Dollar amounts are in thousands):

	2017	2016 (Restated)	Change	Percent Change
Assets				
Cash and Investments	$4,067,922	$3,323,546	$744,376	22.40%
Mortgage Loans	10,716,729	9,724,987	991,742	10.20
Loan Participation Receivable	595,743	604,529	(8,786)	(1.45)
Notes Receivable	626,198	624,371	1,827	0.29
Accrued Interest	58,287	47,286	11,001	23.26
Other Receivables	33,167	69,904	(36,737)	(52.55)
Capital Assets	2,338	2,473	(135)	(5.46)
Interest Rate Swaps	8,519	-	8,519	100
Other Assets	5,004	9,852	(4,848)	(49.21)
Total Assets	**16,113,907**	**14,406,948**	**1,706,959**	**11.85**
Deferred Outflows of Resources	**10,931**	**11,713**	**(782)**	**(6.68)**
Liabilities				
Bonds Payable & Debt Obligations, net	10,881,457	10,111,986	769,471	7.61
Interest Payable	104,916	97,531	7,385	7.57
Payable to the City of New York:				
Loan Participation Agreement	595,743	604,529	(8,786)	(1.45)
Housing Finance Fund Section 661	803,119	286,865	516,254	179.96
Other	357,937	173,617	184,320	106.16
Payable to Mortgagors	752,690	596,003	156,687	26.29
Accounts and Other Payables	23,401	169,222	(145,821)	(86.17)
Net Pension Liability	10,991	12,877	(1,886)	(14.65)
Net OPEB Liability	12,671	9,748	2,923	29.99
Unearned Revenues and Other Liabilities	110,782	96,235	14,547	15.12
Total Liabilities	**13,653,707**	**12,158,613**	**1,495,094**	**12.30**
Deferred Inflows of Resources	**9,262**	**1,631**	**7,631**	**467.87**
Net Position				
Net Investments in Capital Assets	2,338	2,473	(135)	(5.46)
Restricted for Bond Obligations	1,537,607	1,395,993	141,614	10.14
Unrestricted	921,924	859,951	61,973	7.21
Total Net Position	**$2,461,869**	**$2,258,417**	**$203,452**	**9.01%**

Assets of the Corporation

Assets consist largely of the following: cash and investments from bond proceeds, debt service and other reserves, funds designated for various housing programs, mortgage loans, and other assets which include participation interests in cash flows from pools of mortgage loans, housing-related notes receivable and purpose investments. At October 31, 2017, HDC's total assets were $16.1 billion, an increase of 11.85% from fiscal year 2016. The increase was due to the robust mortgage lending and bond financing activities in the fiscal year. In fiscal year 2016, total assets were $14.4 billion, an increase of $65.9 million or 0.46% from fiscal year 2015.

Cash and Investments: The Corporation ended the fiscal year with $4.1 billion in cash and investments. Other than collateralized and purpose investments, investments were recorded at fair value. Approximately $2.2 billion of that balance was un-advanced construction loan monies already committed to fund mortgage loans that have already closed. Cash and investments under management increased by a net of $744.4 million from a year ago. This was mainly the result of the Corporation's bond financing and operating activities. New money raised this fiscal year exceeded $1.7 billion. Bond issuances and other financings, net of bonds and other obligations principal repayments, netted $773.7 million cash for the fiscal year.

Mortgage Loans: Mortgage loans comprised 66.51% of the Corporation's total assets. The mortgage loan portfolio at the end of the fiscal year was $10.7 billion, an increase of $991.7 million or 10.20% from the previous year. At October 31, 2016, the mortgage loan portfolio was $9.7 billion. During fiscal year 2017, mortgage loan activities included advances of approximately $1.5 billion and principal loan repayments of $647.2 million. Mortgage loans assigned to the Corporation via purchase and sale agreements totaled $81.6 million.

Loan Participation Receivable: Loan participation receivable at October 31, 2017 was $595.7 million, a decrease of $8.8 million from $604.5 million a year ago. The Corporation generates loan participation income from prepayments of loans in its MLRP. Under the MLRP, the Corporation preserves affordable housing units by refinancing the developments' existing mortgages. In fiscal year 2017, four mortgages under the MLRP, with second mortgages owned by HDC (with the City retaining a residual interest) were either paid off or restructured.

Notes Receivable: Notes receivable was $626.2 million, up from $624.4 million in 2016. The Corporation has two outstanding notes receivable that relate to the bonds issued for a military housing development at Fort Hamilton ("Military Housing") and a Capital Fund ("Capital Fund Note") financing for the New York City Housing Authority ("NYCHA"), with outstanding balances of $44.4 million and $581.8 million, respectively. The net increase of $1.8 million is comprised of loan advances of $36.8 million for NYCHA Capital Fund notes and loan repayments of $35.0 million. The Military Housing notes are secured by pledged revenues of the development and the NYCHA Capital Fund notes are secured by payments from the United States Department of Housing and Urban Development ("HUD").

Accrued Interest: Interest receivable increased from $47.3 million at October 31, 2016 to $58.3 million at October 31, 2017. The 23.26% increase was due to an increase in the mortgage loan portfolio outstanding balance.

Other Receivables: Other receivables were $33.2 million, down by $36.7 million from $69.9 million at October 31, 2016. This decrease was primarily due to the receipt of $37.2 million that was due from the Battery Park City Authority ("BPCA"). Other receivables also included servicing fees billed on loans serviced for others which increased by $1.2 million and a decrease of $0.7 million on other HDC loan related receivables.

Interest Rate Swaps: The Corporation entered into various interest rates swap contracts as a means of mitigating its exposure to its variable rate debt. At October 31, 2017, the net change of $8.5 million in the fair value was recorded as an asset offset by a deferred inflow.

Capital and Other Assets: Other assets decreased $4.8 million. This decrease was mainly due to a net $4.3 million decrease in a receivable due to the Corporation arising from rental subsidy payments from the HAC subsidiary. Additionally, there was a $0.6 million decrease relating to the amortization on 2011 participation interest cash flow and a slight decrease in capital assets.

Deferred Outflows of Resources

Deferred outflows of resources (deferred outflows) were $10.9 million at October 31, 2017, a decrease of $0.8 million from October 31, 2016 when deferred outflows were $11.7 million. Deferred outflows consist of (a) the loss incurred on the early retirement of debt due to an advance refunding in 2013, (b) interest rate caps purchased to mitigate the Corporation's exposure to its variable rate bonds in its General Resolution, (c) deferred outflows related to the pension plan and (d) deferred outflows related to the OPEB plan. In fiscal year 2017, the amount amortized on the deferred loss was $0.7 million. During the year, the Corporation purchased an additional interest rate cap for $0.3 million. The fair value of the outstanding interest rate caps were $1.3 million. Included in deferred outflows related to the pension plan is the net difference between projected and actual earnings on the pension plan investments, the change in assumptions and the change in proportion related to the Corporation's pension liability as calculated by the New York City Office of the Actuary ("NYCOA"). There was a net change of $1.4 million in pension related deferred outflows. In fiscal year 2017, HDC adopted GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*." HDC reported deferred outflows of resources of $1,062,000 related to OPEB in fiscal year 2017.

Liabilities of the Corporation

Total liabilities were $13.7 billion at October 31, 2017, an increase of $1.5 billion or 12.30%. At October 31, 2016, total liabilities were $12.2 billion. Liabilities are grouped into three main categories. The largest are HDC bonds and other debt obligations outstanding, which were approximately $10.9 billion, and accounted for approximately 79.70% of total liabilities. The second largest category is "Payable to New York City". This includes funds received under Section 661 of the Private Housing Finance Law ("Section 661") to make loans on behalf of the City acting through HPD. Other payables to the City include loans administered on behalf of HPD and other loans which will ultimately revert to the City pursuant to various loan participation and other agreements. These include loan assets which are currently held by HDC and pledged to pay HDC bonds. These loans are transferred back to the City when the related bonds are retired. The last category of liabilities includes payable to mortgagors, accounts and other payables, and unearned revenues. The payable to mortgagors funds are held and administered by HDC but are the property of others, such as escrows held by HDC in the course of its loan servicing functions.

Bonds Payable and Debt Obligations: Bonds and outstanding debt obligations were $10.9 billion at October 31, 2017, an increase of $769.5 million. At October 31, 2016, bonds and outstanding debt obligations were $10.1 billion. In fiscal year 2017, HDC issued 26 new bond series for a total of $1.5 billion. "Back to Back" draws during fiscal year 2017 totaled $160.8 million. In fiscal year 2017, HDC closed on one new certificate of participation with the FFB on a mortgage included in the Corporation's FHA Risk Sharing Program for a total of $103.0 million. In addition, $10.7 million was drawn down on a previously issued series. Total proceeds raised this fiscal year were $1.7 billion. Repayments this fiscal year amounted to $965.5 million. The Corporation's scheduled debt service principal payments this fiscal year were $192.8 million and redemptions were $763.8 million. In addition, there was $7.7 million in debt obligation redemptions and $1.2 million of FFB repayments. (See Note 10: "Bonds Payable and Debt Obligations")

Interest Payable: Accrued interest payable increased by $7.4 million to $104.9 million at October 31, 2017 from $97.5 million in 2016. This increase was primarily due to rising interest rates and the 7.61% increase in bonds and other debt obligations outstanding.

Payable to the City of New York: Payable to the City of New York at October 31, 2017 was $1.8 billion a net increase of $691.8 million from 2016. Payable to the City is grouped into three categories for reporting purposes: loan participation agreements, HPD grant programs such as Section 661 and other. The City loan participation program had an outstanding balance of $595.7 million, a net decrease of $8.8 million resulting from payoffs and restructurings of mortgages in the MLRP and credit facilities fees due to HDC on the City mortgage loan sale program. The second category, HPD grant program Section 661 had an outstanding balance of $803.1 million, a net increase of $516.3 million as a result of funds received in this fiscal year. Under the program, the City, acting through HPD, grants monies to the Corporation for making loans on its behalf to developments that are also financed by HDC. The Other Payable to the City of New York had a net increase of $184.3 million. This category includes a net increase of $91.2 million in loans assigned and serviced for the City. It also includes a net increase of $93.1 million primarily from the City's continued repayment of the Stuyvesant Town loan made by HAC on behalf of the City in December 2015.

Payable to Mortgagors: Payable to mortgagors was $752.7 million at October 31, 2017, an increase of $156.7 million from $596.0 million in 2016. There was a net increase in escrows and reserve for replacement funds of $88.9 million, resulting from funds held in the course of the Corporation's loan servicing function. Community Development Block Grants ("CDBG") and other funds held on behalf of mortgagors increased by $77.8 million. Prepaid debt service, equity funds held and other decreased by $10.0 million.

Accounts Payable: Accounts payable at fiscal year-end was $23.4 million, down from $169.2 million at October 31, 2016. The net decrease of $145.8 million was mainly due to payments made by the Corporation on a construction loan participation agreement with Citibank. Under the agreement, Citibank funded mortgage advances on construction loans for a specified number of projects. In February 2017, the agreement expired and the balance due was paid in full. The Corporation paid to Citibank a net of $152.4 million in principal and $1.1 million in interest. Other accounts payable items primarily included bond issuance costs payable, credit enhancement fees and mortgage insurance premiums payable which increased by $3.1 million and an increase of $4.6 million in due to agencies and lender.

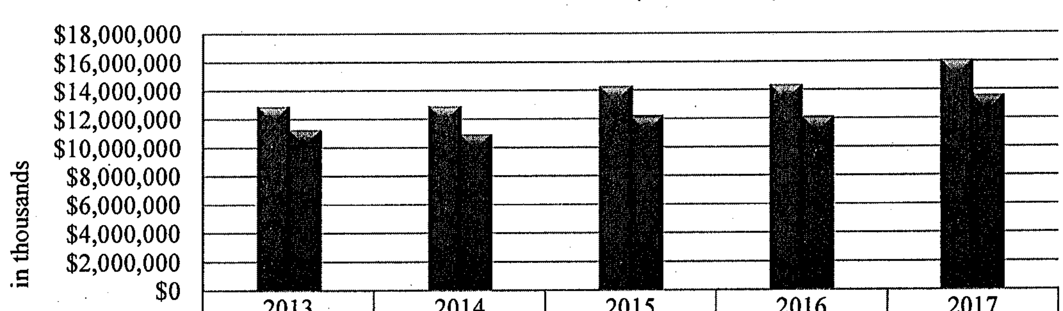
Net Pension and OPEB Liabilities: The accumulated amount of the Corporation's net pension liability as calculated by the NYCOA was $11.0 million as of October 31, 2017, a net decrease of $1.9 million from 2016. Actual earnings on net pension plan assets were better than projected. In fiscal year 2017, HDC adopted GASB Statement No. 75 "*Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*". The Corporation recorded a net OPEB liability of $12.7 million as of October 31, 2017, an increase of $2.9 million from $9.7 million recorded at October 31, 2016, as restated. The increase consisted of the Corporation's net obligation for the fiscal year, which includes normal cost, amortization of unfunded actuarial accrued liability ("UAAL") and interest expense.

Unearned Revenues and Other Liabilities: Unearned revenues and other liabilities increased by $14.5 million to $110.8 million at October 31, 2017. There was a net increase of $14.6 million mainly due to the receipt of construction and bond financing fees on mortgage closings which will be earned over the construction period of the related mortgages. Other unearned revenues including deferred guaranty and other fees received in advance, decreased by $1.6 million due to amortization. Restricted earnings on investments increased by $1.5 million.

<u>**Deferred Inflows of Resources**</u>

Deferred inflows of resources (deferred inflows) increased from $1.6 million at October 31, 2016 to $9.3 million as of October 31, 2017. The first deferred inflow is related to the fair value change on the interest rate swap agreements entered into by the Corporation. At October 31, 2017, the fair market value was $8.5 million in favor of HDC. The other deferred inflow is related to the Corporation's pension liability, which represents the net difference between expected and actual investment earnings on pension plan investments and the difference between expected and actual experience as calculated by the NYCOA.

HDC Assets and Liabilities (2013-2017)

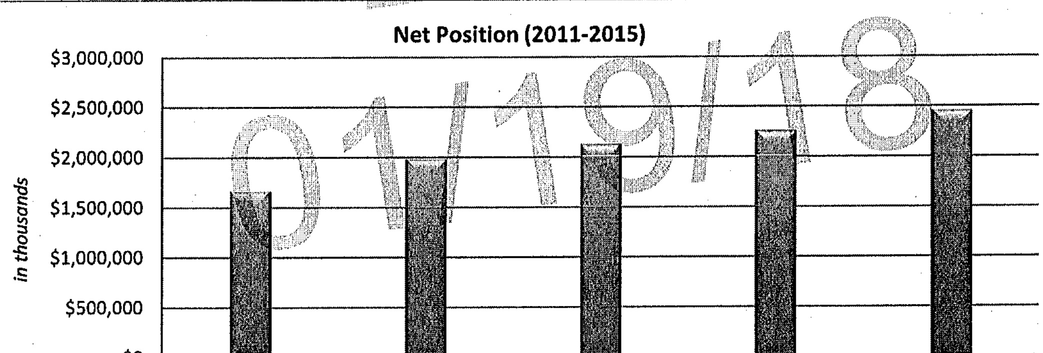


	2013	2014	2015	2016	2017
Assets	12,982,352	12,986,083	14,353,335	14,418,661	16,124,838
Liabilities	11,317,214	11,001,543	12,224,338	12,160,244	13,662,969

Net Position

Net position, the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources, totaled $2.5 billion as of October 31, 2017. This represents an increase of $203.5 million or 9.01% over the balance in the previous year. In 2016, net position increased by $129.4 million. The $203.5 million change includes $98.7 million of net operating income, $79.9 million from non-operating revenues including grants and non-operating revenues of $24.9 million of investment income, net of the fair market value adjustment. Net position for 2016 was restated as a result of a $1.3 million change from the adoption of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*".

Net position is classified as either restricted or unrestricted net position, with restricted net position being committed by law or contract for specific purposes. HDC's most significant restricted assets include debt service reserves for HDC bond issues and undisbursed bond proceeds held prior to construction advances. Unrestricted assets may be classified as designated or undesignated. Designated assets are those allocated by action or policy for specific purposes determined by HDC's Members, such as rating agency reserves (to support the Corporation's general obligation rating), specific housing loan programs to which the Corporation has committed resources under the Mayor's *Housing New York Plan* and working capital. Virtually all of the Corporation's net position is either restricted or designated. The following chart presents the comparative data of the Corporation's net position over the last five years:



	2013	2014	2015	2016	2017
Net Position	1,665,138	1,984,540	2,128,997	2,258,417	2,461,869

Condensed Statement of Revenues, Expenses and Changes in Net Position

The condensed Statement of Revenues, Expenses and Changes in Net Position presents revenues recognized in and expenses attributed to the fiscal year ended October 31, 2017. The table below summarizes the primary entity, HDC's, revenues and expenses and presents comparative data. It should be read in conjunction with the financial statements. (Dollar amounts are in thousands):

	2017	2016 (Restated)	Change	Percent Change
Revenues				
Interest on Loans	$342,577	$306,193	$36,384	11.88%
Fees and Charges	67,633	64,446	3,187	4.95
Income on Loan Participation Interests	8,996	21,735	(12,739)	(58.61)
Other Income	2,426	5,399	(2,973)	(55.07)
Total Operating Revenues	**421,632**	**397,773**	**23,859**	**6.00**
Expenses				
Bond Interest and Amortization	274,545	239,755	34,790	14.51
Salaries and Related Expenses	24,448	24,341	107	0.44
Trustees and Other Fees	7,966	12,701	(4,735)	(37.28)
Bond Issuance Costs	9,696	9,922	(226)	(2.28)
Corporate Operating Expenses	6,290	5,206	1,084	20.82
Total Operating Expenses	**322,945**	**291,925**	**31,020**	**10.63**
Operating Income	**98,687**	**105,848**	**(7,161)**	**(6.77)**
Non-Operating Revenues (Expenses)				
Earnings on Investments	31,854	23,503	8,351	35.53
Unrealized (Losses) Gains on Investments	(6,984)	2,296	(9,280)	(404.18)
Other Non-Operating Revenues (Expenses)	79,895	(2,227)	82,122	3,687.56
Total Non-Operating Revenues (Expenses), net	**104,765**	**23,572**	**81,193**	**344.45**
Change in Net Position	**203,452**	**129,420**	**74,032**	**57.20**
Net Position, Beginning of the Year	2,258,417	2,128,997	129,420	6.08
Net Position, End of the Year	**$2,461,869**	**$2,258,417**	**$203,452**	**9.01%**

Revenues of the Corporation are classified as operating and non-operating. Interest income from mortgages represents the Corporation's major source of operating revenue. It also includes various loan and bond program fees such as commitment, bond financing, mortgage insurance and servicing fees. The Corporation's non-operating revenues consist mostly of grants and earnings on investments and purpose investments. Investment income accrues to the benefit of the program for which the underlying sources of funds are utilized. Also reported separately as part of non-operating revenues (expenses) is the amount of unrealized appreciation or (depreciation) on investments reported by the Corporation during the year.

HDC's expenses are also classified as operating and non-operating. Operating expenses consist primarily of interest on bonds, which accounted for 85.01% of operating expenses in fiscal year 2017. Other operating expenses include corporate operating expenses (salaries, overhead and depreciation) and fees. Non-operating expenses consist largely of the fair value adjustment of interest rate caps, loss on the early retirement of debt and the amortization of the capitalized value of a purchased cash flow.

RESULTS OF OPERATIONS

Revenues

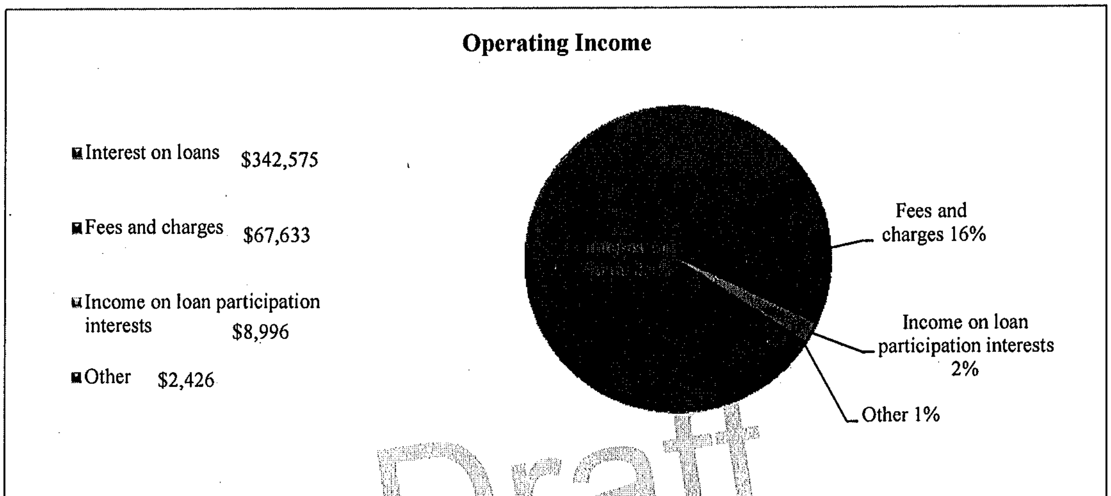
The Corporation had total revenues of $526.4 million, an increase of $105.1 million from a year ago. Operating revenues were $421.6 million in 2017 compared to $397.8 million in fiscal year 2016, an increase of $23.9 million or 6.00%. Operating revenues were approximately 80.10% of total revenues in fiscal year 2017. Net operating income for the fiscal year was $98.7 million. In fiscal year 2017, HDC recorded non-operating revenues of $104.8 million, which included $69.6 million from grants, $24.9 million of net investment earnings and $9.9 million resulting from the purchase of loans from HAC.

Interest on Loans: Interest on loans, the largest component of operating revenues, was $342.6 million, an increase of $36.4 million or 11.88% from 2016. In fiscal year 2016, interest on loans was $306.2 million, an increase of 13.20% from fiscal year 2015. The increase in 2017 was a result of the higher mortgage and notes receivables balances as a result of the Corporation's mortgage closings in the year.

Fees and Charges: Fees and charges, which are mainly comprised of loan origination and servicing related fees, was $67.6 million in 2017, an increase of $3.2 million from 2016. Commitment fees were higher by $5.3 million as a result of $1.1 billion in bonded mortgage loans closed this year. There were also increases in deferred construction financing fees directly related to the loan closings. Loan satisfaction fees this fiscal year were $3.1 million compared to $7.1 million in 2016 when there were more prepayments of loans in the Corporation's conduit debt financing program.

Income on Loan Participation Interests: Loan participation income in fiscal year 2017 was $9.0 million, compared to $21.7 million the previous year. Loan participation income is driven by prepayments of second mortgage loans in the MLRP. In fiscal year 2017, there were partial or full prepayments of four mortgages in the MLRP compared to five in 2016, the prepayment amount was higher in the previous year.

Other Income: Other income in fiscal year 2017 was $2.4 million compared to $5.4 million in 2016. Othėr income is mainly comprised of a receivable setup for debt service on the NYCHA Capital Fund Grant program bonds ("NYCHA Bonds"), income on mortgage participations, and administrative fees on the CDBG sandy related loans. The NYCHA bonds debt service is paid semiannually by HUD. In fiscal year 2017, the receivable was lower by $3.1 million offset by higher loan interest accrued as a result of the funds that were advanced.



Expenses

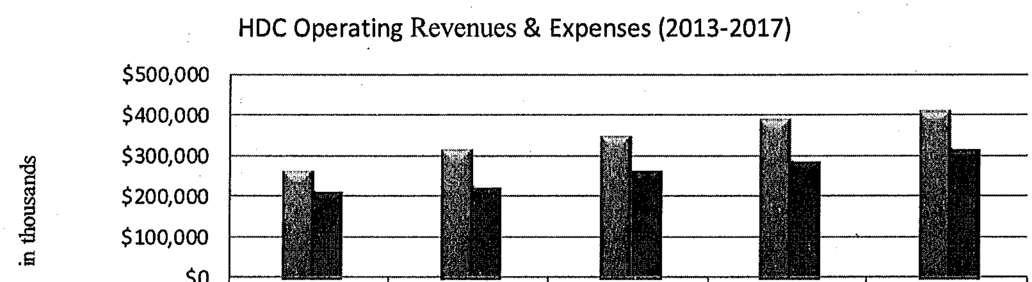
Operating expenses in fiscal year 2017 were $322.9 million, an increase of $31.0 million or 10.63% compared to the previous year, when operating expenses amounted to $291.9 million, as restated. This increase was mainly attributable to bond interest expense due to the Corporation's issuances during the year and rising interest rates on variable rate bonds. There were decreases in trustee and other fees, and debt issuance costs. Corporate operating expenses were up by $1.1 million.

Bond Interest and Amortization: Interest expense constituted 85.01% of the total operating expenses. Total interest, net of amortization, was $274.5 million. This included bond interest of $261.8 million for fiscal year 2017 compared to $233.1 million for fiscal year 2016. The Corporation's interest expense on its "Back to Back" debt obligation portfolio increased by $6.2 million this fiscal year as the outstanding balance increased from $154.7 million to $307.8 million. Interest on the FFB loan participating agreements also increased by $1.3 million, as one new loan was added to the portfolio in 2017 in the amount of $103.0 million.

Salaries and Related Expenses: Salaries and related expenses were $24.4 million in fiscal year 2017, a minimal increase from $24.3 million in fiscal year 2016, as restated. Actual payroll expenses decreased primarily due to vacancies and one less payroll period during the year. However, the decrease was offset by the effects of the adoption of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*".

Bond Issuance and Other Expenses: Trustees' and other fees, bond issuance costs and corporate operating expenses decreased by $3.9 million. Trustees' and other fees decreased $4.7 million, mainly due to the decrease in credit enhancement fees and loan servicing fees. Bond issuance costs were $0.2 million less in this fiscal year. Corporate operating expenses increased from $5.2 million to $6.3 million, an increase of $1.1 million.

The following chart presents the comparative data of the Corporation's operating revenues and expenses over the last five years:



	2013	2014	2015	2016	2017
Operating Revenues	267,625	323,241	354,247	397,773	421,632
Operating Expenses	217,756	229,886	270,780	291,925	322,945

Non-Operating Revenues (Expenses)

Earnings on Investments and Unrealized Losses: Earnings on investments are recognized as non-operating income. Investment income, including the fair market valuation adjustment of outstanding investments, decreased $0.9 million from the prior year. Realized investment income was $31.9 million, an increase of $8.4 million from a year ago. The Corporation reported a $7.0 million unrealized loss on investments this fiscal year compared to a $2.3 million gain in fiscal year 2016.

Other Non Operating Revenues: Other non-operating revenues include $69.6 million in 421-A Grant Revenue from the BPCA. Other non-operating revenues (expenses) also include $9.8 million on the purchase by HDC of loans originated by HAC, $0.6 million of amortization on the 2011 participation interests purchased cash flow, and $0.4 million in pass-through related revenue on the City loan sale participation programs, all of which are offset by $0.5 million of operating transfers from the Corporation's REMIC subsidiary.

Change in Net Position

Change in net position for fiscal year 2017 was $203.5 million, up from $129.4 million from the previous year. The increase was mainly due to the $69.6 million of grant revenue from the 421-A Grant Revenue program with BPCA and Department of Justice settlement funds received from Goldman Sachs and Morgan Stanley for affordable housing programs.

DEBT ADMINISTRATION

At year-end, the Corporation had approximately $10.9 billion of bond principal and debt obligations outstanding, net of discount and premium, an increase of 7.61% over the prior year. The following table summarizes the changes in bonds payable and debt obligations between October 31, 2016 and October 31, 2017. (Dollar amounts are in thousands):

	2017	2016	Percentage increase FY 2016 to 2017
Bonds Payable & Debt Obligations	$10,881,457	$10,111,986	7.61%

In fiscal year 2017, all variable rate demand obligations ("VRDO") bond series were successfully remarketed and there were no bonds that were tendered to become Bank Bonds. Additional information about HDC's debt is presented in Note 10 to the financial statements.

NEW BUSINESS

In fiscal year 2017, the Corporation issued 26 new taxable and tax-exempt bond series totaling $1.5 billion. Included in this total were 23 series of Housing Revenue Bond Program bonds totaling $1.4 billion, two series of Multi-Family Secured Mortgage Revenue Bonds totaling $65.3 million and one Insured Mortgage Loan Pass-Through Bond Series for $59.9 million. The Corporation also made low interest loans from its net position.

Subsequent to October 31, 2017, HDC issued additional bond series, debt obligations and a loan participation certificate with FFB totaling $515.0 million. (See Note 20: "Subsequent Events")

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the resources at its disposal. If you have questions about this report or need additional financial information, contact the Public Information Officer, New York City Housing Development Corporation, 110 William Street, New York, NY 10038. The Corporation also maintains information on its website at www.nychdc.com.

New York City Housing Development Corporation
Statements of Net Position

At October 31, 2017 (with comparative summarized financial information as of October 31, 2016) ($ in thousands)

	HDC and Component Units				
	New York City Housing Development Corporation	**New York City Housing Assistance Corporation**	**New York City Residential Mortgage Insurance Corporation**	**Total 2017**	**Total 2016 (as restated)**
Assets					
Current Assets:					
Cash and cash equivalents (note 3)	$ 607,232	$ -	$ -	$ 607,232	$ 732,710
Investments (note 3)	116,134	-	-	116,134	258,255
Receivables:					
Mortgage loans (note 4)	120,215	-	-	120,215	102,338
Accrued interest	33,811	(145)	-	33,666	45,706
Notes (note 5)	36,208	-	-	36,208	30,760
Other (note 7)	11,977	-	-	11,977	12,715
Total Receivables	202,211	(145)	-	202,066	191,519
Other assets	17	-	-	17	5
Total Current Assets	**925,594**	**(145)**	**-**	**925,449**	**1,182,489**
Noncurrent Assets:					
Restricted cash and cash equivalents (note 3)	1,179,923	14,952	2,107	1,196,982	873,209
Restricted investments (note 3)	2,134,850	-	120,209	2,255,059	1,547,500
Purpose investments (note 2)	29,783	-	-	29,783	30,452
Mortgage loans (note 4)	476,779	-	-	476,779	363,423
Restricted receivables:					
Mortgage loans (note 4)	9,919,747	136,083	-	10,055,830	9,330,904
Mortgage loan participation - Federal Financing Bank (note 4)	199,988	-	-	199,988	100,163
Loan participation receivable - The City of NY (note 6)	595,743	-	-	595,743	604,529
Accrued interest	24,476	-	-	24,476	2,904
Notes (note 5)	589,990	-	-	589,990	593,611
Other (note 7)	21,190	-	-	21,190	57,189
Total restricted receivables	11,351,134	136,083	-	11,487,217	10,689,300
Primary government/component unit receivable (payable)	19	-	(19)	-	-
Capital assets	2,338	-	-	2,338	2,473
Interest rate swaps (note 9)	8,519	-	-	8,519	-
Other assets (note 8)	4,968	-	-	4,968	5,571
Total Noncurrent Assets	**15,188,313**	**151,035**	**122,297**	**15,461,645**	**13,511,928**
Total Assets	**16,113,907**	**150,890**	**122,297**	**16,387,094**	**14,694,417**
Deferred Outflows of Resources					
Interest rate caps (note 9)	1,262	-	-	1,262	1,066
Deferred loss on early retirement of debt (note 9)	6,366	-	-	6,366	7,039
Deferred outflows related to pension plan (note 13)	2,241	-	-	2,241	3,608
Deferred outflows related to OPEB plan (note 14)	1,062	-	-	1,062	-
Total Deferred Outflows of Resources	**$ 10,931**	**$ -**	**$ -**	**$ 10,931**	**$ 11,713**

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation
Statements of Net Position (continued)

At October 31, 2017 (with comparative summarized financial information as of October 31, 2016) ($ in thousands)

	HDC and Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2017	2016 (as restated)
Liabilities					
Current Liabilities:					
Bonds payable (net) (note 10)	$ 296,575	$ -	$ -	$ 296,575	$ 327,642
Debt obligations payable	66	-	-	66	-
Loan participation payable to Federal Financing Bank	1,954	-	-	1,954	-
Accrued interest payable	104,916	-	-	104,916	97,531
Payable to mortgagors	162,992	-	-	162,992	149,438
Restricted earnings on investments	17,740	43	-	17,783	16,306
Accounts and other payables	23,401	-	-	23,401	169,222
Total Current Liabilities	**607,644**	**43**	**-**	**607,687**	**760,139**
Noncurrent Liabilities:					
Bonds and debt obligations payable:					
Bonds payable (net) (note 10)	10,075,122	-	-	10,075,122	9,529,494
Debt obligations payable	307,730	-	-	307,730	154,687
Loan participation payable to Federal Financing Bank	200,010	-	-	200,010	100,163
Payable to The City of New York:					
Loan participation agreements (note 12)	595,743	-	-	595,743	604,529
Housing finance fund (Section 661)	803,119	-	-	803,119	286,865
Other	357,937	150,703	-	508,640	343,328
Payable to mortgagors	589,698	144	-	589,842	446,708
Net pension liabilities (note 13)	10,991	-	-	10,991	12,877
OPEB liability (note 14)	12,671	-	-	12,671	9,748
Unearned revenues and other liabilities	93,042	-	-	93,042	79,971
Total Noncurrent Liabilities	**13,046,063**	**150,847**	**-**	**13,196,910**	**11,568,370**
Total Liabilities	**13,653,707**	**150,890**	**-**	**13,804,597**	**12,328,509**
Deferred Inflows of Resources					
Deferred inflows from pensions	743	-	-	743	1,631
Interest rate swap fair value	8,519	-	-	8,519	-
Total Deferred Inflows of Resources	**9,262**	**-**	**-**	**9,262**	**1,631**
Net Position					
Net investment in capital assets	2,338	-	-	2,338	2,473
Restricted for bond obligations (note 19)	1,537,607	-	-	1,537,607	1,395,994
Restricted for insurance requirement and others	-	-	71,192	71,192	68,293
Unrestricted (note 19)	921,924	-	51,105	973,029	909,230
Total Net Position	**$ 2,461,869**	**$ -**	**$ 122,297**	**$ 2,584,166**	**$ 2,375,990**

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation
Statements of Revenues, Expenses and Changes in Net Position

Year ended October 31, 2017 (with comparative summarized financial information for the year ended October 31, 2016) ($ in thousands)

	HDC and Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2017	2016 (as restated)
Operating Revenues					
Interest on loans (note 4)	$ 342,577	$ -	$ -	$ 342,577	$ 306,193
Fees and charges (note 7)	67,633	-	3,055	70,688	68,246
Income on loan participation interests (note 6)	8,996	-	-	8,996	21,735
Other	2,426	-	-	2,426	5,399
Total Operating Revenues	**421,632**	**-**	**3,055**	**424,687**	**401,573**
Operating Expenses					
Interest and amortization of bond premium and discount (note 10)	274,545	-	-	274,545	239,755
Salaries and related expenses	24,448	-	-	24,448	24,341
Trustees' and other fees	7,966	-	-	7,966	12,701
Bond issuance costs	9,696	-	-	9,696	9,922
Corporate operating expenses (note 11)	6,290	-	-	6,290	5,206
Total Operating Expenses	**322,945**	**-**	**-**	**322,945**	**291,925**
Operating Income	**98,687**	**-**	**3,055**	**101,742**	**109,648**
Non-operating Revenues (Expenses)					
Earnings on investments (note 3)	31,854	-	1,741	33,595	25,007
Unrealized (losses) gains on investments (note 3)	(6,984)	(1)	444	(6,541)	2,497
Other non-operating revenues, net (note 7)	79,380	-	-	79,380	(2,742)
Payments from REMIC Subsidiary to HDC	515	-	(515)	-	-
Total Non-operating Revenues, net	**104,765**	**(1)**	**1,670**	**106,434**	**24,762**
Changes in Net Position	**203,452**	**(1)**	**4,725**	**208,176**	**134,410**
Total net position - beginning of year (as adjusted)	2,258,417	1	117,572	2,375,990	2,241,580
Total Net Position - End of Year	**$ 2,461,869**	**$ -**	**$ 122,297**	**$ 2,584,166**	**$ 2,375,990**

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Years ended October 31, 2017 (with comparative summarized financial information for the year ended October 31, 2016) ($ in thousands)

	HDC and Component Units				
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	Total 2017	Total 2016 (as restated)
Cash Flows From Operating Activities					
Mortgage loan repayments	$ 958,446	$ 369	$ -	$ 958,815	$ 1,315,198
Note repayments	61,506	-	-	61,506	55,657
Receipts from fees and charges	79,238	-	149	79,387	49,934
Mortgage escrow receipts	196,643	-	-	196,643	162,917
Reserve for replacement receipts	93,883	-	-	93,883	28,794
Mortgage loan advances	(1,528,905)	(10)	-	(1,528,915)	(1,213,123)
Note advances	(36,776)	-	-	(36,776)	(207,594)
Escrow disbursements	(180,144)	-	-	(180,144)	(144,364)
Reserve for replacement disbursements	(22,484)	-	-	(22,484)	(19,519)
Payments to employees	(24,111)	-	-	(24,111)	(23,442)
Payments to suppliers for corporate operating expenses	(5,640)	-	-	(5,640)	(4,696)
Project contributions and funds received from NYC	762,730	335	-	763,065	187,509
Advances and other payments for NYC	(162,360)	-	-	(162,360)	(37,598)
Bond cost of issuance	(9,511)	-	-	(9,511)	(9,344)
Other receipts	243,399	-	-	243,399	422,615
Other payments	(300,705)	(2,513)	-	(303,218)	(435,221)
Net Cash Provided by (Used in) Operating Activities	**125,209**	**(1,819)**	**149**	**123,539**	**127,723**
Cash Flows From Non Capital Financing Activities					
Proceeds from sale of bonds	1,475,379	-	-	1,475,379	1,205,404
Proceeds from loan participation - FFB	103,030	-	-	103,030	29,540
Proceeds from debt obligations	160,784	-	-	160,784	120,028
Retirement of bonds	(965,502)	-	-	(965,502)	(1,446,077)
Interest paid	(270,903)	-	-	(270,903)	(234,221)
Grant proceeds from BPCA	79,364	-	-	79,364	-
Hunters Point Cost Share savings and DOJ funds	27,447	-	-	27,447	-
Payments to component units	(18,154)	15,763	2,391	-	-
Net Cash Provided by (Used in) Non Capital Financing Activities	**591,445**	**15,763**	**2,391**	**609,599**	**(325,326)**
Cash Flows From Capital and Related Financing Activities					
Purchase of capital assets	(515)	-	-	(515)	(1,201)
Net Cash (Used in) Capital and Related Financing Activities	**(515)**	**-**	**-**	**(515)**	**(1,201)**
Cash Flows From Investing Activities					
Sale of investments	24,874,561	52,452	225,016	25,152,029	21,047,457
Purchase of investments	(25,403,783)	(51,743)	(267,885)	(25,723,411)	(21,181,550)
Interest and dividends collected	35,276	9	1,769	37,054	28,181
Net Cash (Used in) Provided by Investing Activities	**(493,946)**	**718**	**(41,100)**	**(534,328)**	**(105,912)**
Increase (decrease) in cash and cash equivalents	222,193	14,662	(38,560)	198,295	(304,716)
Cash and cash equivalents at beginning of year	1,564,962	290	40,667	1,605,919	1,910,635
Cash and Cash Equivalents at End of Year	**$ 1,787,155**	**$ 14,952**	**$ 2,107**	**$ 1,804,214**	**$ 1,605,919**

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation
Statements of Cash Flows (continued)

Years ended October 31, 2017 (with comparative summarized financial information for the year ended October 31, 2016) ($ in thousands)

	HDC and Component Units				
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	Total 2017	Total 2016 (as restated)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	$ 98,687	$ -	$ 3,055	$ 101,742	$ 109,648
Adjustments to reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation expense	651	-	-	651	523
Amortization of bond discount and premium	(4,220)	-	-	(4,220)	(4,363)
Amortization of deferred loss on early retirement of debt	673	-	-	673	646
Nonoperating bond interest payment	270,903	-	-	270,903	234,221
Changes in Assets & Liabilities:					
Mortgage loans	(988,912)	35,757	-	(953,155)	(212,026)
Loan participation receivable - NYC	6,633	-	-	6,633	-
Accrued interest receivable	(11,723)	1,469	-	(10,254)	(687)
Notes receivables	(1,827)	-	-	(1,827)	(173,843)
Other receivables	(453)	-	-	(453)	5,158
Primary government/component unit receivable (payable)	32,870	(29,964)	(2,906)	-	-
Other assets	(8,422)	-	-	(8,422)	-
Payable to The City of New York	693,469	(9,081)	-	684,388	212,781
Payable to mortgagors	154,640	-	-	154,640	(3,524)
Accounts and other payables	(145,958)	-	-	(145,958)	(41,871)
Restricted earnings on investments	(1,056)	-	-	(1,056)	(1,869)
Unearned revenues and other liabilities	22,005	-	-	22,005	(5,161)
Accrued interest payable	7,249	-	-	7,249	8,090
Net Cash Provided by (Used in) Operating Activities	**$ 125,209**	**$ (1,819)**	**$ 149**	**$ 123,539**	**$ 127,723**
Non Cash Investing Activities:					
(Decrease) increase in fair value of investments	$ (6,984)	$ (1)	$ 444	$ (6,541)	$ 2,497

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2017

Note 1: Organization

The New York City Housing Development Corporation (the "Corporation" or "HDC") is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Corporation is also a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation was established in 1971 under the provisions of Article XII of the Private Housing Finance Law (the "Act") of the State and is to continue in existence for at least as long as bonds, notes or other obligations of the Corporation are outstanding.

The Corporation was created to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, the Corporation is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. The Corporation finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of the Corporation are not debts of either the State or The City of New York (the "City").

Pursuant to Governmental Accounting Standards Board ("GASB") Codification 2100, *Defining the Financial Reporting Entity*, the Corporation's financial statements are included in the City's financial statements as a component unit for financial reporting purposes.

<u>Primary Government Entity</u>

For the purpose of these financial statements, the Corporation is the primary government entity. Financial activity in HDC's bond and loan programs and in its Corporate Services Fund are aggregated and reported in the financial statements under Housing Development Corporation. The Corporation sells bonds, administers bond proceeds and manages bond revenues and repayments in accordance with bond resolutions adopted by its Board Members (See Note 10: "Bonds Payable"). Bond proceeds are used to make loans and provide for related costs and reserves, and loan repayments are applied to pay principal and interest on the related bonds (See Note 4: "Mortgage Loans"; Note 5: "Notes Receivable"; and Note 6: "Loan Participation Receivable for The City of New York"). Corporation resources that are not pledged under or governed by a bond resolution are managed in the Corporate Services Fund. This fund accounts for (1) fees and earnings transferred from the bond and loan programs; (2) fees earned on loans serviced for HDC and for the City; (3) compliance monitoring fees; (4) income from Corporate Services Fund investments; (5) grant revenues; (6) payments of the Corporation's operating expenses; and (7) loans made with corporate funds.

The Corporation currently has four blended component units, two of which are inactive.

The New York City Housing Assistance Corporation ("HAC") and the New York City Residential Mortgage Insurance Corporation ("REMIC") are active subsidiaries and together with HDC, the Housing New York Corporation ("HNYC") and the Real Estate Owned Corporation comprise the reporting entity. HAC and REMIC have been included in the Corporation's financial statements as blended component units of HDC. All of these entities have been reported as component units because HDC's Members comprise all or a controlling majority of the Board for each entity and HDC's staff provides all services for each entity.

Component Units

(A) New York City Housing Assistance Corporation

HAC is a public benefit corporation established pursuant to Section 654-b of the Act as a subsidiary of the Corporation.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate-income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development or assist the Corporation in financing such developments. As a subsidiary of HDC, HAC's functions are administered by the Corporation and its Board Members substantially overlap with HDC's Board Members, so it is reported as a blended component unit in HDC's financial statements.

(B) New York City Residential Mortgage Insurance Corporation

REMIC is a public benefit corporation established pursuant to Section 654-d of the Act as a subsidiary of HDC. REMIC is the successor entity to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC"), which was dissolved on January 27, 1993. REMIC has the authority to insure residential mortgage loans throughout the City in order to promote the preservation of neighborhoods which are blighted, are becoming blighted or may become blighted, to discourage divestment and encourage the investment of mortgage capital in such neighborhoods and to provide safe, sanitary and affordable housing accommodations to persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations.

REMIC currently maintains two reserves; the Housing Insurance Fund and the Premium Reserve Fund. The Housing Insurance Fund can be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts issued by REMIC. The Housing Insurance Fund requirement (as of any particular date) is established by statute and must be in an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to housing insurance contracts, plus (ii) twenty percent of the insured amounts under housing insurance contracts other than insured amounts which are due and payable pursuant to (i) above, plus (iii) twenty percent of the amounts to be insured under REMIC's commitments to insure. The Housing Insurance Fund requirement at October 31, 2017 is $71,192,000.

Any income or interest earned on the Housing Insurance Fund in excess of its respective requirements is transferred at least annually to the Premium Reserve Fund. The Premium Reserve Fund must also be maintained to provide for the payment of REMIC's liabilities arising from its operations, including liabilities arising from housing and mortgage insurance contracts. REMIC also maintains an Operating

Fund for operation purposes. As a component unit of HDC, REMIC functions are administered by the Corporation. The Premium Reserve Fund and Operating Fund have a combined balance of $51,105,000 at October 31, 2017. REMIC is a blended component unit because HDC's Members comprise a controlling majority of the Board and HDC's staff provides all services for REMIC.

(C) Real Estate Owned Corporation

The NYC HDC Real Estate Owned Corporation ("REO Subsidiary Corporation") was established under Section 654-a of the Act on September 20, 2004. The REO Subsidiary Corporation has the power to hold property whenever, in the sole discretion of the Corporation, it has become necessary to acquire a project in the case of sale under foreclosure or in lieu of foreclosure to effectuate the purposes of the Act. There was no activity undertaken by this subsidiary during fiscal year 2017, and did not have any assets or liabilities at October 31, 2017. The REO Subsidiary Corporation is treated as a blended component unit of HDC.

<u>Inactive Component Unit</u>

(D) Housing New York Corporation

The Housing New York Corporation is a public benefit corporation established pursuant to Section 654-c of the Act as a subsidiary of the Corporation. Authorization for the funding of the Housing New York Program ended on July 1, 1995. Consequently, HNYC can no longer issue bonds or notes to fund the Housing New York Program.

Upon repayment of all of the outstanding HNYC bonds on November 3, 2003, HNYC became an inactive subsidiary of the Corporation and its remaining funds were transferred out of HNYC. However, HNYC is not expected to be dissolved.

Note 2: Summary of Significant Accounting Policies

The Corporation follows the principles of fund accounting, with a sub-fund for each bond series, for the Corporate Services Fund, and for each component unit. Each fund's assets, liabilities and net position are accounted for as separate entities and follow enterprise fund reporting. Certain individual funds are aggregated into larger categories for the purpose of financial reporting. The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. In its accounting and financial reporting, the Corporation follows the pronouncements of the GASB.

Other significant accounting policies are:

A. Revenue and Expense Recognition

The Corporation's operating revenues consist of earnings on loans and loan participation interests, fees and charges associated with both financing and servicing mortgages and loans, and other revenues that are received to cover the costs of raising capital. All other revenue, which is primarily investment income and grant revenue are considered non-operating. Revenues are recognized when earned.

Operating expenses include bonding costs, expenses for administering the various bond resolutions, personnel expenses, corporate operating expenses, bond issuance and financing costs, and depreciation expense. The Corporation reports all other expenses, including distributions of first mortgage earnings to the City in connection with loan participations and the payment, if necessary, of mortgage loan principal receipts on bond payments, as non-operating expenses. Expenses are recognized as incurred.

Virtually all resources are either restricted or designated. Net position has been restricted in accordance with terms of an award, agreement or by state law. Designated assets are committed for specific purposes pursuant to HDC policy and/or Board directives. (Please see Note 19: "Net Position" for more detailed information.)

B. Cash Equivalents and Investments

Short-term bank deposits and investments with stated maturities of 90 days or less are reported as Cash and Cash Equivalents. All investments are reported at fair value, except for certificates of deposit and investment agreements. The Corporation's investment agreements, which can take the form of open time deposits or fixed repurchase agreements, are reported at an amount equal to principal and accrued interest.

Generally Accepted Accounting Principles ("GAAP") require that restricted assets be reported as non-current assets. In the case of cash equivalents and investments, this treatment generally causes restricted investments with maturities less than one year to be reported as non-current. However, to more accurately report the alignment of HDC's current liability for payment of bond principal and interest with funds available to satisfy these liabilities, HDC has included in Current Assets, the cash, cash equivalents and investments totaling $457,600,000 at October 31, 2017, to cover the payment of bond principal and interest due in the following year.

C. Purpose Investments

As part of its financing activities, HDC has made three housing development loans that are secured by GNMA certificates rather than mortgages on the related properties. The GNMA certificates provide payments at such times and in such amounts as to fully repay the respective HDC loans, and are the only source of repayment for these loans. The GNMA certificates are treated under U.S. Treasury regulations as acquired program obligations. The GNMA certificates are classified in the financial statements as purpose investments and identified separately from other investments and restricted investments in the financial statements. However, interest earned on the GNMA certificates is included in investment income.

It is the Corporation's policy to record GNMA certificates at amortized cost, which amounted to $29,783,000 and $30,452,000 at October 31, 2017 and October 31, 2016, respectively. The fair value of these purpose investments amounted to $29,812,000 and $31,532,000 at October 31, 2017 and at October 31, 2016, respectively.

D. Mortgage Loans

As part of the Corporation's major financing activities, mortgage loans are funded from bond and debt obligation proceeds and corporate reserves. The mortgage loans funded from bond proceeds and debt obligations are generally classified as restricted receivables because the loan repayments of all such loans are pledged to cover the debt service on the related bonds and obligations. The loans funded from corporate reserves are not restricted but designated for a specific purpose.

E. Earnings on Investments

Investment earnings on monies held for the City, project reserves for replacement and certain other project escrows are not reported as revenues; rather, they are reported as payable to the City or payable to mortgagors, respectively.

F. Allowance for Credit Losses

HDC's loans are underwritten according to standards the Corporation believes prudent and are closely monitored for payment and for management of the associated housing developments. In addition, many of the Corporation's mortgages have credit enhancements through letters of credit, mortgage insurance and other supports. Therefore, HDC believes that the likelihood of experiencing material credit losses relating to its bonded mortgage programs is remote. Management has determined that current charges against income are not required.

G. Summarized Financial Information

The financial statements include summarized comparative information as of and for the year ended October 31, 2016 in total but not by reporting unit. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended October 31, 2016 (which are available from the Corporation and on its website).

H. Recent and Upcoming Accounting Pronouncements

<u>Accounting Standards Issued and Adopted</u>

GASB Statement No. 75 <u>("GASB No. 75")</u>, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. In this statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

The statement is effective for fiscal years beginning after June 15, 2017. The Corporation elected early adoption of GASB No. 75 in its current fiscal year 2017 financial statements. The implementation of GASB No.75 resulted in the Corporation reporting a Net OPEB Liability as of November 1, 2016. The Corporation's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position as of November 1, 2016 have been restated to reflect the required adjustments.

As a result of the adoption of GASB No. 75, the following restatements have been made to the Corporation's financial statements.
(in thousands)

	As Previously Reported	Adjustment	Restated
As of November 1, 2016			
Net OPEB Liability	11,051	(1,303)	9,748
Net Position	$ 2,374,687	1,303	$ 2,375,990

In March 2016, GASB issued Statement No. 82 ("GASB No. 82"), *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This statement had no significant impact on the financial statements.

Accounting Standards Issued and Not Yet Adopted

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued in March 2016. The primary objective of this statement is to provide financial statement users with information about asset retirement obligations (ARO's) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for those obligations. The requirements of this statement apply to financial statements of all state and local governments. For purposes of applying this statement, an ARO is a legally enforceable liability associated with the retirement of a tangible capital asset (that is, the tangible capital asset is permanently removed from service). The retirement of a tangible capital asset encompasses its sale, abandonment, recycling, or disposal in some other manner; however, it does not encompass the temporary idling of a tangible capital asset. This statement also applies to legally enforceable liabilities of a lessor in connection with the retirement of its leased property if those liabilities meet the definition of an ARO.

The statement is effective for fiscal years beginning after June 15, 2018. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The statement is effective for fiscal years beginning after December 15, 2018. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 85, *Omnibus 2017*, was issued in March 2017. The primary objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). Among the various topics that may pertain to the Corporation's financial reporting include; blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, measuring certain money market investments and participating interest-earning investment contracts at amortized cost, timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, and classifying employer-paid member contributions for OPEB.

The statement is effective for fiscal years beginning after June 15, 2017. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB statement No. 86, *Certain Debt Extinguishment Issues*, was issued in May 2017. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole-purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The statement is effective for fiscal years beginning after June 15, 2017. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 87, *Leases*, was issued in June 2017. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The statement is effective for fiscal years beginning after December 15, 2019. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

I. Reclassifications

Certain fiscal year 2016 balances have been reclassified in order to conform to the current year presentation.

Note 3: Investments and Deposits

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set for the Corporation by the Members of the Corporation on an annual basis, through the annual adoption of written investment guidelines. Investments are reviewed on a periodic basis by the Corporation's Audit Committee. Day-to-day investment decisions are made by the Corporation's Investment Committee. The Corporation principally invests in securities of the United States and its agencies, open time deposits ("OTDs") in the form of investment agreements, demand accounts, and repurchase agreements. In fiscal year 2017, HDC continued investing in taxable municipal bonds of New York State and New York City, consistent with the Corporation's enabling statute and Investment Guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2017. The Corporation is not aware of any violations of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, were held by the Corporation or its agents in the Corporation's name. Bond program investments are held by the trustee of the applicable program.

All investment transactions are recorded on the trade date. Investments, other than purpose investments, at October 31, 2017, were as follows:

		Investment Maturities at October 31, 2017 (in Years)			
Investment Type	2017	Less than 1	1-5	6-10	More than 10
(in thousands)					
Money Market and NOW Accounts	$1,677,282	1,677,282	—	—	—
FHLMC Bonds	1,123,108	497,847	571,952	25,070	28,239
U.S. Treasury (Bonds, Notes, Bills)	374,023	370,200	3,823	—	—
Fixed Repurchase Agreements	196,253	196,253	—	—	—
Certificates of Deposits	296,963	44,924	252,039	—	—
NYS/NYC Municipal Bonds *	131,961	25,451	54,463	—	52,047
FNMA Bonds	131,258	—	64,671	66,587	—
Term Repurchase Agreements	112,891	—	112,891	—	—
FHLB	71,549	69,564	1,985	—	—
Open Time Deposits	46,137	—	—	—	46,137
Total	$4,161,425	2,881,521	1,061,824	91,657	126,423
Less amounts classified as cash equivalents	(1,790,232)	(1,790,232)	—	—	—
Total investments	$2,371,193	1,091,289	1,061,824	91,657	126,423

**Note: Primarily taxable VRDO instruments which can be put weekly.*

As required by GASB No. 31, the Corporation has recorded a fair value adjustment in its investment portfolio. HDC recorded a net depreciation of $6,541,000 for the year ended October 31, 2017.

Under Statement No. 72, *Fair Value Measurement and Application,* HDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of October 31, 2017:

- NYC/NYS Municipal securities of $131,961,000 are valued using quoted market prices. (Level 1 inputs)
- U.S. Treasury securities of $374,023,000 are valued based on models using observable inputs. (Level 2 inputs)
- U.S. Agency securities of $1,325,915,000 are valued based on models using observable inputs. (Level 2 inputs)

In addition to the investments identified above, as of October 31, 2017 and 2016, the Corporation held $13,982,000 and $5,878,000, respectively, uninvested as cash in various trust and escrow accounts.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's Investment Guidelines charge the Investment Committee with "...determining appropriate investment instruments...based on...length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in long term securities that carry a higher yield, with the intent to hold the investments to maturity.

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished by making decisions based on a review of ratings, collateral, and diversification requirements that vary according to the type of investment.

As of October 31, 2017, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") and Federal Home Loan Bank ("FHLB") were rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae, Freddie Mac and FHLB are collectively referred to as "Agency"). These ratings were AA+ and A-1+ by Standard & Poor's, and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. Investments in Fannie Mae, Freddie Mac and FHLB are implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings from AAA to F2. Money market accounts are either backed by collateral held by the provider or letters of credit provided by third parties.

Ratings for NYS/NYC municipal bonds are based on each issuer's rating for its general obligation debt. The issuers' ratings ranged from AAA to A by Standard & Poor's; ranged from Aaa to Aa2 by Moody's; and AAA to AA by Fitch Ratings Service. Money Market, Open Time Deposits and Repurchase Agreements in the form of OTDs are not rated; however, the providers are rated.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Corporation. The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

As of October 31, 2017, open time deposits in the amount of $30,093,000, repurchase agreements in the amount of $309,144,000, demand accounts in the amount of $1,472,538,000 and certificates of deposits in the amount of $296,963,000 were collateralized by high quality instruments such as U.S. Treasury Notes, U.S. Treasury Bills, and Agency investments and Letters of Credits held by the Corporation's agent in the name of the Corporation. A portion of collateral supporting the demand accounts was in the form of FHLB letters of credit.

For deposits, custodial credit risk is the risk that in the event of a bank failure the Corporation's deposit may not be returned to it. HDC bank deposits amounted to $20,068,000 at October 31, 2017, of which $19,225,000 was uninsured by the Federal Deposit Insurance Corporation ("FDIC") and uncollateralized. Correspondingly, $13,420,000 was secured in trust accounts, which are protected under state law and $6,648,000 was held in Demand Deposit Accounts ("DDA"). HDC limits its deposits to highly rated institutions, and such deposits are either in trust accounts or partially insured through the FDIC. The maximum coverage of $250,000 is available to depositors under the FDIC's general deposit insurance rules. All of the Corporation's funds held in the DDA are subject to this provision.

Concentration of Credit Risk: The Corporation follows its annually adopted investment guidelines in accordance with concentration limits and reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation's Audit Committee.

The following table shows issuers that represent 5% or more of total investments at October 31, 2017 ($ in thousands):

Issuer	Dollar Amount	Percentage
FHLMC	$1,123,108	26.80%
Signature Bank (*)	707,918	16.89
NY Community Bank (*)	628,540	15.00

**Note: Covered by FHLB securities and/or FHLB letter of credit collateral held at FHLB as the Corporation's collateral agent.*

Note 4: Mortgage Loans

The Corporation had outstanding, under various loan programs, mortgage loans of $10,716,729,000 and $9,724,987,000 as of October 31, 2017 and 2016, respectively. These amounts represent the portion of mortgage loans for which the Corporation has advanced monies. Of the total loans outstanding above, $476,779,000 of loans funded from corporate reserves were not restricted assets as they were not pledged to any specific bonds or under any bond resolutions. However, they are considered designated as defined under Note 19: Net Position. The portion of mortgage loans that have not yet been advanced is recorded as investments and amounted to $2,174,675,000 and $1,532,424,000 at October 31, 2017 and October 31, 2016, respectively. (See Note 16: "Commitments")

Changes in Mortgage Loans

The changes in Mortgage Loans are as follows:

Mortgage loans outstanding at October 31, 2016	$9,724,987,000
Mortgage Advances	1,606,230,000
Mortgage Transfers from HAC Subsidiary	32,383,000
Principal Collections	(646,878,000)
Discount/Premium Amortized	7,000
Mortgage loans outstanding at October 31, 2017	$10,716,729,000

(A) New York City Housing Development Corporation

(i) The HDC mortgage loans listed above were originally repayable over terms of 2 to 50 years and bear interest at rates from 0.25% to 10.36% per annum. Almost all mortgage loans receivable are collateralized by first or second mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. The table above does not include loans which are not secured by mortgages, which include a military housing loan and a loan to the NYCHA, each of which are secured by notes (See Note 5: "Notes Receivable"), and loans secured by GNMA certificates (See Note 2C: "Purpose Investments"). Of the total HDC mortgages including those that are in the Mitchell-Lama programs held as of October 31, 2017, 74% are first mortgages and 26% are subordinate loans.

(ii) In fiscal year 2014, the Corporation entered into a new financing agreement with the FFB for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured with mortgage insurance provided by the Federal Housing Administration ("FHA") pursuant to a risk sharing agreement between FHA and such housing finance agency like the Corporation. The Corporation was selected to be the first housing finance agency to participate in this new Federal initiative to reduce the costs of capital for affordable housing. The Corporation acts as servicer of the loans and receives the monthly mortgage payments from the borrower as per the schedule of the Certificate of Participation. The monthly loan principal and interest payment will be remitted to the FFB as per the schedule of the Certificate of Participation.

During fiscal year 2017, HDC closed one additional loan participation agreement for the Stevenson Commons development. HDC sold a participating interest in this mortgage to the FFB in the amount of $103,030,000. The mortgage loan participation program with the FFB had a balance of $201,964,000 and $100,163,000 at October 31, 2017 and October 31, 2016, respectively. For more details on the loans included in the FFB Loan Participation program, please see Note 10: "Bonds Payable and Debt Obligations".

(B) Housing Assistance Corporation

The Housing Assistance Corporation financed construction and capitalized interest costs for eight affordable housing projects during the period of 1986 to 1990. These loans, funded by the City, accrue interest at the rate of 0-1% per annum.

The cash flows from these loans were used to provide funding for City directed subsidy programs. Beginning in 2003, the cash flows from mortgage loan interest and the investment portfolio were not sufficient to meet the payment requirements for the subsidy program. HDC's Members approved fund transfers from the Corporation to HAC for an amount at any one time not to exceed $10,000,000 in total to cover the shortfall of payments required. HAC is obligated to repay to HDC when funds become available to HAC.

In order to continue to fund the City subsidy program for the project named Ruppert/Yorkville ("RY Subsidy Program") and to repay HDC for the obligations, HAC's Board Members approved the sale of the remaining five mortgage loans in the HAC loan portfolio to HDC at its meeting on September 19, 2017. The total outstanding balance on these loans at the time of the loan sale was $32,400,000. The sale raised $23,800,000 for HAC. This amount represented the discounted value of the future cash flow on the purchased loans. A portion of the sale proceeds was used to repay HDC for outstanding obligations and the remainder should be sufficient to continue to provide funds for the RY Subsidy Program through 2022.

In fiscal year 2016, the City of New York requested that the Corporation help facilitate the implementation of the new affordable housing regime for Stuyvesant Town-Peter Cooper Village. On December 15, 2015, HDC and Wells Fargo Bank entered into a Participation Agreement whereby HDC funded a $143,236,000 subordinate loan to the purchasers of Stuyvesant Town-Peter Cooper Village. The Corporation executed this transaction through its subsidiary HAC. This subordinate loan bears no interest and is forgiven at the rate of 1/20th per annum over its 20 year term. HDC will be reimbursed for this transaction pursuant to a memorandum of understanding with the City. In fiscal year 2017, $7,162,000 of the Stuyvesant Town loan was forgiven according to the 20 year term stated in the Participation Agreement. As of October, 31, 2017, the outstanding mortgage loan balance was $136,074,000. As of October 31, 2017, HDC has received a total of $91,185,000 in Stuyvesant fund reimbursements from the City.

In fiscal year 2017, a construction loan was closed for a project named BEC Continuum Resyndication. One building at 145 Hart Street, Brooklyn, New York, with a loan commitment in the amount of $335,000 was financed by HAC. The mortgage loan had a balance of $9,000 as of October 31, 2017.

The total loan outstanding balance in HAC was $136,083,000 and $171,841,000 at October 31, 2017 and October 31, 2016, respectively.

Note 5: Notes Receivable

HDC has loans outstanding that are secured by notes and pledged revenues. Military Housing Notes receivable of $44,850,000 was received in connection with the 2004 Series A Class I & II Military Housing Revenue Bond (Fort Hamilton LLC Project) issuance. The notes are secured by pledged revenues of the development under a Master Trust Indenture. The interest rate on the mortgage loan is a blended rate of 6.32% which is equal to the bond interest rate. The interest on the mortgage is collected semi-annually on the debt service date. As of October 31, 2017, the outstanding Military Housing Notes Receivable was $44,435,000.

During fiscal year 2013, notes receivable from NYCHA received in connection with the Corporation's 2005 Series A Capital Fund Program Revenue Bonds were replaced upon the issuance of the Corporation's 2013 Series A Capital Fund Program Revenue Bonds. As of October 31, 2017, the outstanding NYCHA Notes Receivable relating to the 2013 Series A Bonds was $144,711,000.

In addition to the NYCHA Notes Receivable of the 2013 Series A Bonds, the Corporation also agreed to provide additional funds for a second note from NYCHA for the purpose of modernizing and making capital improvements at NYCHA projects across the City. The Corporation issued the 2013 Series B Capital Fund Program Revenue Bonds for this purpose. As of October 31, 2017, the outstanding NYCHA Notes Receivable relating to the 2013 Series B Bonds was $437,052,000.

The 2013 Series A and B Notes Receivables are secured by a first priority pledge of NYCHA's Capital Grant money provided by the United States Department of Housing and Urban Development ("HUD").

Note 6: Loan Participation Receivable for The City of New York

In fiscal year 2002, the Corporation acquired interests in two real estate mortgage investment trusts in connection with its housing activities. In addition, the Corporation entered into various agreements with the City whereby HDC sold bonds and used the bond proceeds to purchase from the City interests in various mortgage loans and pools of mortgage loans.

In each of fiscal years 2002 and 2003, HDC used bond proceeds from its Multi-Family Housing Revenue Bonds, 2002 Series D (the "2002 Series D Bonds"), and Multi-Family Housing Revenue Bonds, 2003 Series D (the "2003 Series D Bonds"), to purchase a subordinated position in a 100% participation interest in a portion of the cash flows from a pool of mortgage loans the City had previously securitized in 1996. This pool is known as the Sheridan Trust II and HDC's purchased asset is the Sheridan Trust II Class B Certificate. Upon completion of the 2003 transaction, HDC's participation interest covered all of the City's cash flows from the Sheridan Trust II. In September 2005, the senior lien interests were satisfied and HDC became the primary beneficiary of Sheridan Trust II. At that time, therefore, the loan asset was added to HDC's statement of net position and was valued at its principal amount.

In 2006, the Corporation issued its Multi-Family Housing Revenue Bonds, 2006 Series A, which refinanced its 2002 Series D and 2003 Series D Bonds. On May 1, 2014, the 2006 Series A bonds were fully redeemed. Simultaneously, the Corporation issued the Multi-Family Housing Revenue Bonds, 2014 Series B-1 and 2014 Series B-2 (collectively, the "2014 Series B Bonds") to re-securitize the remaining underlying loan portfolio, which included the Sheridan Trust II Class B Certificate. At that time, the Sheridan Trust II had a balance of $57,372,000. The Sheridan Trust II, along with the other remaining underlying loans under the 2006 Series A Bonds totaling $246,698,000, were transferred to the 2014 Series B Bonds.

As of October 31, 2017, the balance in the Sheridan Trust II was $28,801,000. This balance is included under "Loan Participation Receivable – The City of New York" which totaled $595,743,000 at October 31, 2017. This total balance represents the excess face amount of collateral over the related bonds. In each case, the "Loan Participation Receivable - The City of New York" are pledged to the associated bonds but revert to the City when such bonds are retired. (See Note 12: "Payable to The City of New York.")

Note 7: Other Receivables

Other Receivables of $33,167,000 represent mortgage related fees, servicing fees receivable, Corporate Services Fund loans not secured by mortgages on the properties, bond interest receivable from HUD, and interest and servicing fees receivable on Department of Housing Preservation and Development ("HPD") loans serviced (but not owned) by HDC.

On March 29, 2010, The City of New York entered into a grant agreement with Battery Park City Authority ("BPCA") whereby the City is to receive funds from BPCA that exceed BPCA's operating expenses over the next seven years. This amount was anticipated to be $400,000,000. The City designated HPD and the Corporation to each receive $200,000,000 of these funds to further the purpose of creating additional affordable housing in New York City.

On April 20, 2011, the Corporation entered into a "421-A Fund Agreement" with the City which further details the roles and responsibilities of the Corporation and HPD related to the use and reporting of the BPCA funds. The funds are intended to be used by HDC and HPD to address the availability of affordable housing in the City with priority given to the fifteen sub-borough areas with the highest percentage of households below the poverty line according to the most recent United States census bureau data.

The Corporation has received the full $200 million contractual obligation from the BPCA. In addition, the Corporation also received $79,364,000 in 2017 from the "Pay-as-You-Go" Capital Funds. As of October 2017, the Corporation received a total of $89,357,000 and may receive additional 421-A funds from BPCA under the "Pay-as-You-Go" Capital funds as directed by the City.

Note 8: Other Non-Current Assets

On June 27, 2011, a trust created by the City was dissolved and the Corporation and the City entered into the 2011 Participation Agreement. The trust when created consisted of a pledge of the income from Interest Reduction Payment Contracts ("Section 236 Contracts") from HUD on 32 developments. Under the 2011 Participation Agreement, the Corporation holds a 100% participation interest in the second mortgages and related Section 236 Contracts on the remaining properties. The Corporation paid the City $10,266,000 as the purchase price, which represents the discounted value of the future cash flows (monthly interest reduction payments). During fiscal year 2017, $603,000 was amortized and was recorded as a non-operating expense. The unamortized value of the 2011 Participation Interest was $4,968,000 at October 31, 2017.

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2017

Note 9: Deferred Inflows/Outflows of Resources

(A) Interest Rate Caps

The Corporation uses interest rate caps to mitigate its exposure to rising interest rates on its variable rate debt. On October 16, 2017, the Corporation purchased an additional interest rate cap from U.S. Bank in the amount of $259,000 covering $39,825,000 of its 2017 Series A-2 floating rate debt.

At October 31, 2017, the values of all the interest rate caps were:

Trade Date	Bonds	Current Notional Amount	Counterparty	Effective Date	Termination Date	Cap Strike	Cap Ceiling	Fair Value at 10/31/17
11/29/2005	2008 Series K, as well as similar outstanding variable rate bonds	$166,130,000	Goldman	12/2/2005	11/1/2032	7.35%	14.85%	$173,000
10/23/2014	2014 Series B-2, as well as similar outstanding variable rate bonds	50,000,000	PNC	11/1/2014	11/1/2033	4.50%	7.50%	769,000
7/30/2015	2002 Series C, as well as similar outstanding variable rate bonds	150,000,000	Barclays Bank	8/3/2015	11/1/2020	3.50%	8.00%	76,000
10/16/2017	2017 Series A-2, as well as similar outstanding variable rate bonds	39,825,000	U.S. Bank	2/1/2018	2/1/2023	3.25%	7.50%	244,000
Total Caps		$405,955,000						$1,262,000

(B) Interest Rate Swaps

HDC has entered into certain interest rate swap contracts to manage the risk associated with the variable rate bonds in its portfolio.

As of October 31, 2017, the fair value balances of the interest rate swaps were recognized as either an asset or a liability, with the offsetting gains or losses recognized as deferred inflows or deferred outflows. The fair value for the derivative instruments is the estimated exit price that assumes a transaction takes place in the market. The fair value recorded was derived from a third party source as listed below as of October 31, 2017.

Description	Classification	Fair Value Amount	Classification	Notional Amount
Cash flow hedges:				
Pay-Fixed interest rate swap	Deferred Inflow	$4,231,000	Debt	$65,630,000
Pay-Fixed interest rate swap	Deferred Inflow	4,774,000	Debt	85,000,000
Pay-Fixed interest rate swap	Deferred Inflow	83,000	Debt	50,000,000
Pay-Fixed interest rate swap	Deferred Outflow	(569,000)	Debt	54,126,000
Total Swaps		$8,519,000		$254,756,000

At October 31, 2017, the total fair value of the interest rate swaps amounted to $8,519,000 and were valued using other significant observable inputs (Level 2 inputs).

The following table displays the objectives and terms of HDC's interest rate swaps outstanding at October 31, 2017.

Trade Date	Type	Objective	Notional Amount	Counter-party	Term	Effective Date	Termination Date	Counter party Rating Moody's /S&P
7/26/2016	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2016 Series A draw down bonds (FFB 148th Street Jamaica) and bank loan funded by Wells Fargo in accordance with the participation agreement.	$65,630,000	Wells Fargo	Pay 2.24%; receive 100% 3M LIBOR;CXL-8/1/2031	8/1/2019	5/1/2047	Aa2/AA-
11/2/2016	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2016 Series G-2 bonds , as well as similar outstanding variable rate bonds.	85,000,000	PNC Bank	Pay 2.029%; receive 100% 3M LIBOR; 7.50% Ceiling	5/1/2018	11/1/2035	A2/A
4/4/2017	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2017 Series A-3 bonds	50,000,000	PNC Bank	Pay 1.2028%; receive 70% 1M LIBOR; 7.50% Ceiling	6/1/2017	8/1/2020	A2/A
7/5/2017	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2017 Series C-4 bonds (FFB Lexington Garden)	54,126,000	Wells Fargo	Pay 2.984%; receive 100% 3M LIBOR; CXL-2/1/2033	2/1/2021	5/1/2048	Aa2/AA-
Total Swaps			$254,756,000					

Credit Risk: HDC is exposed to credit risk on hedging derivative instruments. To mitigate the risk, HDC requires the swap be collateralized by the counterparty if the counterparty's credit rating falls below Baa1/BBB+. At October 31, 2017, the counterparty ratings were above the threshold; therefore, no collateral was required.

Termination Risk: HDC or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If at the time of the termination, the fair value of the swap is negative, HDC would be liable to the counterparty for a payment equal to the fair market value of the instrument. To mitigate this termination risk, the swap agreement provides that the counterparty may terminate the swap only if HDC's rating falls below investment grade (Baa3 or BBB-) for PNC and Baa2 or BBB for Wells Fargo. HDC's current ratings are Aa2 and AA+, respectively.

Interest Rate Risk: HDC is exposed to interest rate risk on the pay-fixed variable rate swap. As LIBOR decreases, HDC's net payments on the swap increase.

Basis Risk: Of the four interest rate swaps outstanding, HDC has basis risk exposure on two interest rate swaps because the variable rate interest payments received from the counterparty is indexed to LIBOR

and the hedging item is indexed to a rate determined by Treasury.
Rollover Risk: HDC is exposed to rollover risk on hedging derivative instruments should a termination event occur prior to the maturity of the hedged debt.

(C) Deferred Loss on Early Retirement of Debt

On September 10, 2013, the 2005 Series A Capital Fund Program Revenue Bonds (NYCHA) were retired through an advance refunding and the Corporation incurred a loss in the amount of $8,958,000 which will be amortized over the shorter of the life of the old bonds or the new bonds. At October 31, 2017, the balance of the unamortized deferred loss on early retirement of debt was $6,366,000. This loss was covered by NYCHA as a part of this transaction.

(D) Pension

At October 31, 2017, the Corporation's pension contribution after the measurement date was $1,724,000. In addition, as calculated by the NYCOA, the Corporation recorded a decrease in Deferred Outflows of Resources in the amount of $2,301,000 (as per New York City Employees' Retirement System ("NYCERS") pension report). This amount represents the net difference between projected and actual investment earnings on pension plan investments, the change in assumptions and change in proportion. The outstanding balance of Deferred Outflows of Resources was $2,241,000 and $3,608,000 at October 31, 2017 and at October 31, 2016, respectively.

(E) OPEB

As of November 1, 2016, HDC adopted GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" HDC reported Deferred Outflows of Resources of $1,062,000 related to OPEB as of October 31, 2017. (See Note 14 for more details)

Note 10: Bonds Payable and Debt Obligations

The Corporation's authority to issue bonds and notes for any corporate purpose is limited by the Act to the extent that (i) the aggregate principal amount outstanding may not exceed $12.5 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not exceed $85 million. No bonds are currently subject to the Capital Reserve Fund requirement. These limits may be changed from time to time through State legislation. As of October 31, 2017, the limit on the aggregate principal amount outstanding remains unchanged at $12.5 billion.

<u>Bond Programs</u>

The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the bond programs described below. As of October 31, 2017, the Corporation had bonds outstanding in the aggregate principal amount of $10,342,156,000. All of the bonds are separately secured, except for the bonds issued under the General Resolution which are equally and ratably secured by the assets pledged under the General Resolution (See "*C. Housing Revenue Bond Program*" below). None of the bonds under the bond programs described in "*A. Multi-Family Mortgage Revenue Bond*

Program", "*B. Military Housing Revenue Bond Program*", "*D. Liberty Bond Program*", "*E. Capital Fund Revenue Bond Program*" and, "*F. Multi-Family Housing Pass-Through Revenue Bond Program*" provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

<u>A. Multi-Family Mortgage Revenue Bond Program</u>. The Corporation established its Multi-Family Program to develop privately-owned multi-family housing, all or a portion of which is reserved for low income tenants. The following describes the Corporation's activities under its Multi-Family Program.

(1) Rental Projects; Fannie Mae or Freddie Mac Enhanced: The Corporation has issued tax-exempt and/or taxable bonds which either (i) are secured by mortgage loan payments, which payments are secured by obligations of Fannie Mae under various collateral agreements, (ii) are secured by a Direct Pay Credit Enhancement Instrument issued by Fannie Mae or (iii) are secured by a Direct Pay Credit Enhancement Agreement with Federal Home Loan Mortgage Corporation ("Freddie Mac").

(2) Rental Projects; Letter of Credit Enhanced: The Corporation has issued tax-exempt and/or taxable bonds to finance a number of mixed income projects and entirely low income projects, which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(3) Residential Housing; Credit Enhanced: The Corporation has issued bonds to provide financing for residential facilities for hospital staff and for post-secondary students, faculty and staff which bonds are secured by letters of credit issued by investment-grade rated institutions.

(4) Rental Projects; Not Rated: The Corporation has issued bonds and obligations to provide financing for rental projects, which bonds and obligations are not rated by a rating agency and were not publicly offered.

(5) Commercial Mortgage Backed Security Program: Under this program, the Corporation has issued bonds structured as commercial mortgage backed securities to refinance a multi-family housing development.

<u>B. Military Housing Revenue Bond Program</u>. Under this program, the Corporation has issued taxable obligations in order to fund a portion of the cost of the design, demolition, renovation, construction and operation of housing units in residential family housing areas located at Fort Hamilton.

<u>C. Housing Revenue Bond Program</u>. Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under its General Resolution which include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, State of New York Mortgage Agency ("SONYMA") insured mortgage loans, GNMA mortgage-backed securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments.

<u>*D. Liberty Bond Program*</u>. In accordance with Section 301 of the Job Creation and Worker Assistance Act of 2002, the Corporation has issued tax-exempt and taxable bonds, each secured by a letter of credit to finance the development of multi-family housing within an area of lower Manhattan designated in such legislation as the "Liberty Zone".

<u>*E. Capital Fund Revenue Bond Program*</u>. Under this program, the Corporation has issued tax-exempt obligations in order to assist NYCHA with the execution of a multi-year construction initiative that addressed critical capital improvement needs of their aging housing portfolio.

<u>*F. Pass-Through Revenue Bond Program*</u>. Under this program, the Corporation has issued bonds to finance loans evidenced by a note and secured by a mortgage of privately owned multi-family housing. All repayments and prepayments derived from the associated mortgage loans, including a payment of insurance, if any, are passed through to the bondholder to redeem the bonds on a monthly basis.

<u>Changes in Bonds Payable:</u>
(in thousands)

The summary of changes in Bonds Payable was as follows:

Bonds Payable outstanding at October 31, 2016	$9,857,136
Bonds Issued	1,475,379
Bond Principal Retired	(956,597)
Net Premium/Discount on Bond Payable	(4,221)
Bonds Payable outstanding at October 31, 2017	$10,371,697

Details of changes in HDC bonds payable for the year ended October 31, 2017 were as follows:

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
<u>MULTI-FAMILY MORTGAGE REVENUE BOND PROGRAM:</u>				
Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced				
1999 Series A (AMT) Brittany Development Project – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2029	$ 53,100	$ —	$ (1,800)	$ 51,300
2000 Series A (AMT) Related West 89th Street Development – 0.57% to 0.98% Variable Rate Bonds due upon demand through 2029	53,000	—	—	53,000
2001 Series A Queenswood Refunding – 0.42% to 1.01% Variable Rate Bonds due upon demand through 2031	10,800	—	—	10,800

Description of Bonds as Issued *(in thousands)*	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
2001 Series A (AMT) Related Lyric Development – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2031	85,000	—	—	85,000
2001 Series B (Federally Taxable) Related Lyric Development – 0.44% to 1.19% Variable Rate Bonds due upon demand through 2031	4,000	—	—	4,000
2002 Series A (AMT) The Foundry – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2032	55,100	—	—	55,100
2003 Series A (AMT) Related-Sierra Development – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2033	56,000	—	—	56,000
2004 Series A (AMT) Related-Westport Development – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2034	110,000	—	—	110,000
2004 Series B (Federally Taxable) Related – Westport Development – 0.44% to 1.19% Variable Rate Bonds due upon demand through 2034	12,500	—	(800)	11,700
2005 Series A Royal Charter Properties – 0.42% to 1.02% Variable Rate Bonds due upon demand through 2035	89,200	—	—	89,200
2005 Series A (AMT) Atlantic Court Apartments – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2035	83,700	—	—	83,700
2005 Series B (Federally Taxable) Atlantic Court Apartments – 0.44% to 1.19% Variable Rate Bonds due upon demand through 2035	10,100	—	(1,800)	8,300
2005 Series A (AMT) The Nicole Development – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2035	54,600	—	—	54,600
2005 Series B (Federally Taxable) The Nicole Development – 0.44% to 1.19% Variable Rate Bonds due upon demand through 2035	3,700	—	(900)	2,800
2005 Series B (AMT) Progress of People Development – 3.50% to 4.95% Fixed Rate Serial and Term Bonds maturing in varying installments through 2036	45,635	—	(45,635)	—
2006 Series A (AMT) Rivereast Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2036	50,000	—	—	50,000
2006 Series B (Federally Taxable) Rivereast Apartments – 0.65% to 1.20% Variable Rate Bonds due upon demand through 2036	1,900	—	(900)	1,000

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2006 Series A (AMT) Seaview Towers – 3.70% to 4.75% Fixed Rate Serial and Term Bonds maturing in varying installments through 2039	16,840	—	(1,290)	15,550
2007 Series A (AMT) Ocean Gate Development – 0.57% to 1.05% Variable Rate Bonds due upon demand through 2040	8,445	—	—	8,445
2007 Series B (AMT) Ocean Gate Development – 4.80% to 5.35% Fixed Rate Term Bonds maturing in varying installments through 2025	9,980	—	(860)	9,120
2007 Series A (AMT) 155 West 21st Street Apartments – 0.57% to 0.98% Variable Rate Bonds due upon demand through 2037	37,900	—	—	37,900
2007 Series B (Federally Taxable) 155 West 21st Street Apartments – 0.61% to 1.10% Variable Rate Bonds due upon demand through 2037	10,600	—	(700)	9,900
2008 Series A (AMT) Linden Plaza – 0.57% to 1.05% Variable Rate Bonds due upon demand through 2043	61,930		(1,795)	60,135
2009 Series A Gateway Apartments – 2.65% to 4.50% Fixed Rate Term Bonds due upon demand through 2025	20,615	—	(285)	20,330
2009 Series A The Balton – 0.56% to 0.96% Variable Rate Bonds due upon demand through 2049	29,750	—	—	29,750
2009 Series A Lexington Courts – 0.51% to 0.98% Variable Rate Bonds due upon demand through 2039	19,700	—	(1,200)	18,500
2012 Series A 1133 Manhattan Avenue Development – 0.56% to 0.96% Variable Rate Bonds due upon demand through 2046	45,900	—	(300)	45,600
2014 Series A-1 NYCHA Triborough Preservation Development – 0.55% to 3.95% Fixed Rate Serial and Term Bonds due 2044	230,000	—	(2,860)	227,140
2014 Series A-2 (Federally Taxable) NYCHA Triborough Preservation Development – 0.30% to 1.07% Fixed Rate Serial Bonds due 2016	455	—	(455)	—
Multi-Family Mortgage Revenue Bonds – Rental Project; Fannie Mae or Freddie Mae Enhanced				
2001 Series A (AMT) West 48th Street – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2034	20,000	—	(400)	19,600

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2004 Series A (AMT) Aldus Street Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2037	8,100	—	—	8,100
2004 Series A (AMT) 941 Hoe Avenue Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2037	6,660	—	—	6,660
2004 Series A (AMT) Peter Cintron Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2037	7,840	—	—	7,840
2004 Series A (AMT) State Renaissance Court – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2037	35,200	—	—	35,200
2004 Series A (AMT) Louis Nine Boulevard Apartments – 0.57% to 0.98% Variable Rate Bonds due upon demand through 2037	7,300	—	—	7,300
2004 Series A (AMT) Courtlandt Avenue Apartments – 0.57% to 0.98% Variable Rate Bonds due upon demand through 2037	7,905	—	—	7,905
2004 Series A (AMT) Ogden Avenue Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2038	4,760	—	—	4,760
2004 Series A (AMT) Nagle Courtyard Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2038	4,200	—	—	4,200
2005 Series A (AMT) Morris Avenue Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2038	14,700	—	—	14,700
2005 Series A (AMT) Vyse Avenue Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2038	4,335	—	—	4,335
2005 Series A (AMT) 33 West Tremont Avenue Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2038	3,490	—	—	3,490
2005 Series A (AMT) Ogden Avenue Apartments II – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2038	2,500	—	—	2,500
2005 Series A (AMT) White Plains Courtyard Apartments – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2038	4,900	—	—	4,900
2005 Series A (AMT) Highbridge Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2039	13,600	—	—	13,600

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2005 Series A (AMT) 89 Murray Street Development – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2039	49,800	—	—	49,800
2005 Series A (AMT) 270 East Burnside Avenue Apartments – 0.57% to 0.98% Variable Rate Bonds due upon demand through 2039	6,400	—	—	6,400
2006 Series A (AMT) Reverend Ruben Diaz Gardens Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2038	6,400	—	—	6,400
2006 Series A (AMT) Villa Avenue Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2039	5,990	—	—	5,990
2006 Series A (AMT) Bathgate Avenue Apartments – 0.56% to 1.01% Variable Rate Bonds due upon demand through 2039	4,435	—	—	4,435
2006 Series A (AMT) Spring Creek Apartments I & II – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2039	24,000	—	—	24,000
2006 Series A (AMT) Linden Boulevard Apartments – 3.90% to 4.75% Fixed Rate Serial and Term Bonds maturing in varying installments through 2039	12,315	—	(280)	12,035
2006 Series A (AMT) Markham Garden Apartments – 0.44% to 1.03% Variable Rate Bonds due upon demand through 2040	16,000	—	—	16,000
2008 Series A 245 East 124th Street – 0.53% to 1.00% Variable Rate Bonds due upon demand through 2046	35,400	—	—	35,400
2008 Series A Bruckner by the Bridge – 0.53% to 1.00% Variable Rate Bonds due upon demand through 2048	36,800	—	—	36,800
2008 Series A Hewitt House Apartments – 0.59% to 0.94% Variable Rate Bonds due upon demand through 2048	4,100	—	—	4,100
2010 Series A Eliot Chelsea Development – 0.53% to 0.98% Variable Rate Bonds due upon demand through 2043	40,750	—	—	40,750
2011 Series A (AMT) West 26th Street Development – 0.58% to 1.05% Variable Rate Bonds due upon demand through 2041	28,700	—	—	28,700
2011 Series B West 26th Street Development – 0.56% to 0.99% Variable Rate Bonds due upon demand through 2045	8,470	—	—	8,470

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2012 Series A West 26th Street Development – 0.56% to 0.99% Variable Rate Bonds due upon demand through 2045	41,530	—	—	41,530
Multi-Family Mortgage Revenue Bonds – Rental Project; Letter of Credit Enhanced				
2003 Series A (AMT) Related-Upper East – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2036	67,000		—	67,000
2003 Series B (Federally Taxable) Related-Upper East – 0.67% to 1.10% Variable Rate Bonds due upon demand through 2036	3,000	—	—	3,000
2004 Series A (AMT) Manhattan Court Development– 0.57% to 1.01% Variable Rate Bonds due upon demand through 2036	17,500	—	—	17,500
2004 Series A (AMT) East 165th Street Development – 0.57% to 1.01% Variable Rate Bonds due upon demand through 2036	7,665	—	—	7,665
2004 Series A (AMT) Parkview Apartments – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2036	5,935	—	—	5,935
2005 Series A (AMT) 2007 LaFontaine Avenue Apartments – 0.57% to 1.01% Variable Rate Bonds due upon demand through 2037	3,825	—	—	3,825
2005 Series A (AMT) La Casa del Sol Apartments – 0.57% to 0.98% Variable Rate Bonds due upon demand through 2037	4,450	—	(100)	4,350
2005 Series A (AMT) 15 East Clarke Place Apartments – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2037	5,430	—	—	5,430
2005 Series A (AMT) Urban Horizons II Development – 0.57% to 0.98% Variable Rate Bonds due upon demand through 2038	5,265	—	(100)	5,165
2005 Series A (AMT) 1090 Franklin Avenue Apartments – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2037	2,320	—	—	2,320
2005 Series A (AMT) Parkview II Apartments – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2037	4,255	—	—	4,255
2006 Series A (AMT) Granville Payne Apartments – 0.57% to 1.01% Variable Rate Bonds due upon demand through 2039	5,560	—	—	5,560

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2006 Series A (AMT) Beacon Mews Development – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2039	23,500	—	—	23,500
2006 Series A (AMT) Granite Terrace Apartments – 0.57% to 1.01% Variable Rate Bonds due upon demand through 2038	4,060	—	—	4,060
2006 Series A (AMT) Intervale Gardens Apartments – 0.57% to 1.01% Variable Rate Bonds due upon demand through 2038	3,115	—	—	3,115
2006 Series A (AMT) 500 East 165th Street Apartments – 0.57% to 0.97% Variable Rate Bonds due upon demand through 2039	7,255	—	—	7,255
2006 Series A (AMT) 1405 Fifth Avenue Apartments – 0.57% to 1.01% Variable Rate Bonds due upon demand through 2039	14,190	—	—	14,190
2007 Series A (AMT) 550 East 170th Street Apartments – 0.57% to 1.01% Variable Rate Bonds due upon demand through 2042	5,500	—	—	5,500
2007 Series A (AMT) Susan's Court – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2039	24,000	—	—	24,000
2007 Series A (AMT) The Dorado Apartments – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2040	3,470	—	—	3,470
2007 Series A (AMT) Boricua Village Apartments Site A-2 – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2042	4,250	—	—	4,250
2007 Series A (AMT) Boricua Village Apartments Site C – 0.57% to 0.99% Variable Rate Bonds due upon demand through 2042	6,665	—	—	6,665
2007 Series A (AMT) Cook Street Apartments – 0.58% to 0.98% Variable Rate Bonds due upon demand through 2040	4,280	—	(100)	4,180
2008 Series A (AMT) Las Casas Development – 0.57% to 1.05% Variable Rate Bonds due upon demand through 2040	19,200	—	—	19,200
2010 Series A 101 Avenue D Apartments – 2.00% to 2.39% Variable Rate Bonds due upon demand through 2043	22,700	—	—	22,700
Residential Revenue Bonds – Residential Housing ; Letter of Credit Enhanced				

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
1993 Series A Montefiore Medical Center – 0.54% to 0.96% Variable Rate Term Bonds maturing in varying installments through 2030	5,900	—	(300)	5,600
2012 Series A College of Staten Island Residences – 2.00% to 4.15% Fixed Rate Serial and Term Bonds due 2046	65,800	—	(675)	65,125
2012 Series B College of Staten Island Residences (Federally Taxable) – 1.39% to 2.44% Fixed Rate Serial Bonds due 2017	95	—	(95)	—
Multi-Family Mortgage Revenue Bonds – Rental Project; Not Rated				
2007 Series A Queens Family Courthouse Apartments – 5.41% Fixed Rate Term Bonds due upon demand through 2047	40,000	—	—	40,000
2013 Series A 250 Ashland Development – 2.50% to 2.89% Index Floating Rate Bonds due upon demand through 2022	33,000	—	(33,000)	—
2013 Series A City Point-Tower One – 1.80% to 2.94% Index Floating Rate Bonds due upon demand through 2046	49,330	—	(49,330)	—
2014 Series A City Point-Tower One – 1.80% to 2.94% Index Floating Rate Bonds due upon demand through 2044	12,670	—	(12,670)	—
2016 Series A 148th Street Jamaica –2.52% to 3.02% Variable Rate Bonds due upon demand through 2056	1,478	10,703	—	12,181
2016 Series A (Federally Taxable) Queens Family Courthouse Apartments – 5.97% Fixed Rate Term Bonds due upon demand through 2047	15,000	—	—	15,000
Multi-Family Commercial Mortgage Backed Securities				
2014 Series A, B and C - 8 Spruce Street (Federally Taxable) - 3.71% to 3.93% Fixed Rate Serial Bonds due 2048	346,100	—	—	346,100
Total Multi-Family Mortgage Revenue Bonds	2,580,793	10,703	(158,630)	2,432,866
MILITARY HOUSING REVENUE BOND PROGRAM:				
2004 Series A (Federally Taxable) Class I & II Fort Hamilton Housing LLC Project – 5.60% to 6.72% Fixed Rate Serial Bonds maturing in varying installments through 2049	44,850	—	(415)	44,435
Total Military Housing Revenue Bond Program	44,850	—	(415)	44,435

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
HOUSING REVENUE BOND PROGRAM:				
Multi-Family Mortgage Revenue Bonds Under the Corporation's General Resolution, assets pledged to bondholders in a pool of mortgage loans.				
1998 Series A (Federally Taxable) – 6.84% Fixed Rate Term Bonds maturing in varying installments through 2030	100	—	—	100
1998 Series B – 3.75% to 5.25% Fixed Rate Serial and Term Bonds maturing in varying installments through 2031	100	—	—	100
1999 Series A-1 (Federally Taxable) – 5.83% to 6.06% Fixed Rate Term Bonds maturing in varying installments through 2022	7,285	—	(1,000)	6,285
1999 Series C (AMT) – 4.40% to 5.70% Fixed Rate Serial and Term Bonds maturing in varying installments through 2031	115	—	—	115
1999 Series E – 4.40% to 6.25% Fixed Rate Serial and Term Bonds maturing in varying installments through 2036	100	—	—	100
2002 Series C (Federally Taxable) – 0.68% to 1.41% Index Floating Rate Term Bonds maturing in varying installments through 2034	40,550	—	(1,440)	39,110
2003 Series B-2 (AMT) – 2.00% to 4.60% Fixed Rate Serial and Term Bonds maturing in varying installments through 2036	100	—	—	100
2003 Series E-2 (AMT) – 2.25% to 5.05% Fixed Rate Serial and Term Bonds maturing in varying installments through 2036	100	—	—	100
2006 Series B (AMT) – 5.35% Fixed Rate Term Bonds due on demand through 2049	28,040	—	(28,040)	—
2006 Series G-1 (AMT) – 3.80% to 4.88% Fixed Rate Serial and Term Bonds maturing in 2039	22,700	—	(22,700)	—
2006 Series H-1 (AMT) – 3.85% to 4.70% Fixed Rate Serial and Term Bonds maturing in 2040	22,790	—	(22,790)	—
2006 Series I (Federally Taxable) – 5.33% to 5.96% Fixed Rate Term Bonds maturing in varying installments through 2040	6,160	—	(6,160)	—
2006 Series J-1 – 1.22% to 1.64% Index Floating Rate Term Bonds due 2046	100,000	—	—	100,000

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2006 Series J-2-A (AMT) – 3.95% to 4.85% Fixed Rate Serial and Term Bonds maturing in varying installments through 2040	9,955	—	(9,955)	—
2006 Series J-2-C (AMT) – 4.40% to 5.20% Fixed Rate Serial and Terms Bonds maturing in varying installments through 2040	16,380	—	(16,380)	—
2007 Series A (Federally Taxable) – 5.26% to 5.52% Fixed Rate Term Bonds maturing in 2041	23,925	—	(420)	23,505
2007 Series B-1 (AMT) – 4.40% to 5.25% Fixed Rate Serial and Term Bonds maturing in varying installments through 2045	31,850	—	(31,850)	—
2007 Series C (Federally Taxable) – 6.02% to 6.56% Fixed Rate Term Bonds maturing in 2040	4,975	—	(4,975)	—
2007 Series D (Federally Taxable) – 5.95% Fixed Rate Term Bonds maturing in 2039	25,390	—	(515)	24,875
2007 Series E-1 (AMT) – 3.90% to 5.45% Fixed Rate Serial and Term Bonds maturing in varying installments through 2040	22,110	—	(440)	21,670
2008 Series A-1-A (AMT) – 5.00% to 5.45% Fixed Rate Term Bonds due 2046	15,665	—	—	15,665
2008 A-2 (AMT) – 4.35% to 5.00% Fixed Rate Serial Bonds maturing in varying installments through 2018	1,990	—	(620)	1,370
2008 Series C-2 (Federally Taxable) – 3.55% to 5.69% Fixed Rate Serial and Term Bonds maturing in varying installments through 2018	2,300	—	(955)	1,345
2008 Series E (Federally Taxable) – 0.68% to 1.41% Index Floating Rate Terms Bonds maturing in 2037	90,125	—	(2,720)	87,405
2008 Series F (Federally Taxable) – 0.68% to 1.41% Index Floating Rate Term Bonds maturing in 2041	74,010	—	(1,755)	72,255
2008 Series H-1 (AMT) – 4.50% to 5.50% Fixed Rate Serial and Term Bonds maturing in varying installments through 2028	7,005	—	(390)	6,615
2008 Series H-2-A (AMT) – 5.00% to 5.35% Fixed Rate Term Bonds due 2041	14,540	—	—	14,540

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2008 Series J (Federally Taxable) – 1.50% to 1.92% Index Floating Rate Term Bonds due 2043	33,715	—	(285)	33,430
2008 Series K (Federally Taxable) – 1.50% to 1.92% Index Floating Rate Term Bonds due 2043	89,565	—	(3,875)	85,690
2008 Series L– 2.25% to 6.50% Fixed Rate Serial and Term Bonds due 2028	3,560	—	(310)	3,250
2008 Series M– 3.15% to 6.88% Fixed Rate Serial and Term Bonds due 2038	27,340	—	(735)	26,605
2009 Series A– 2.00% to 4.20% Fixed Rate Term Bonds maturing in varying installments through 2019	1,940	—	(525)	1,415
2009 Series C-1– 2.50% to 5.70% Fixed Rate Serial and Term Bonds due 2046	108,735	—	(1,620)	107,115
2009 Series F– 1.95% to 4.85% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041	5,520	—	(110)	5,410
2009 Series I-1 (Federally Taxable) – 5.63% to 6.42% Fixed Rate Term Bonds maturing in varying installments through 2039	50,000	—	—	50,000
2009 Series I-2 (Federally Taxable) – 1.36% to 1.79% Index Floating Rate Term Bonds due 2039	25,000	—	—	25,000
2009 Series J – 0.70% to 4.80% Fixed Rate Serial and Term Bonds maturing in varying installments through 2036	20,645	—	(890)	19,755
2009 Series K – 1.95% to 4.95% Fixed Rate Serial and Term Bonds due 2039	70,380	—	(1,400)	68,980
2009 Series L-1 – 1.65% to 4.95% Fixed Rate Serial and Term Bonds due 2043	22,685	—	(390)	22,295
2009 Series M – 1.85% to 5.15% Fixed Rate Serial and Term Bonds due 2045	30,395	—	(180)	30,215
2010 Series A-1 – 3.35% to 4.90% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041	25,325	—	—	25,325
2010 Series A-2 (Federally Taxable) – 3.67% to 4.97% Fixed Rate Term Bonds maturing in varying installments through 2019	1,730	—	(550)	1,180
2010 Series C – 1.50% to 4.95% Fixed Rate Serial and Term Bonds due 2047	14,115	—	(205)	13,910

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2010 Series D-1-A – 1.60% to 5.00% Fixed Rate Serial and Term Bonds due 2042	30,875	—	(575)	30,300
2010 Series E – 0.80% to 3.85% Fixed Rate Serial and Term Bonds due 2019	2,935	—	(795)	2,140
2010 Series F – 1.70% to 4.75% Fixed Rate Serial and Term Bonds due 2030	3,530	—	(200)	3,330
2010 Series G – 0.40% to 4.75% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041	38,595	—	(2,360)	36,235
2010 Series H (Federally Taxable) – 1.43% to 1.85% Index Floating Rate Term Bonds due 2040	58,165	—	(4,805)	53,360
2010 Series J-1– 0.75% to 5.00% Fixed Rate Serial Bonds due 2022	14,170	—	(1,940)	12,230
2010 Series K-1– 2.05% to 5.25% Fixed Rate Serial and Term Bonds due 2032	4,850	—	(140)	4,710
2010 Series L-1 – 2.35% to 5.00% Fixed Rate Serial and Term Bonds due 2026	11,775	—	(875)	10,900
2010 Series N – 0.60% to 4.25% Fixed Rate Serial Bonds due 2021	2,775	—	(600)	2,175
2011 Series B-1 – 0.50% to 3.65% Fixed Rate Serial and Term Bonds due 2018	1,515	—	(590)	925
2011 Series C – 2.25% to 4.50% Fixed Rate Serial and Term Bonds due 2022	1,655	—	(230)	1,425
2011 Series D – 0.28% to 3.37% Fixed Rate Serial and Term Bonds due 2020	2,730	—	(575)	2,155
2011 Series E – 1.40% to 4.93% Fixed Rate Serial and Term Bonds due 2036	16,215	—	(530)	15,685
2011 Series F-1 (Federally Taxable) – 0.29% to 3.47% Fixed Rate Serial Bonds due 2018	11,300	—	(4,355)	6,945
2011 Series F-2 (Federally Taxable) – 1.36% to 1.79% Index Floating Rate Term Bonds due 2040	56,460	—	—	56,460
2011 Series F-3 (Federally Taxable) – 1.36% to 1.79% Index Floating Rate Term Bonds due 2040	12,540	—	—	12,540

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2011 Series G-2-A – 0.35% to 3.10% Fixed Rate Serial and Term Bonds due 2021	19,010	—	(2,975)	16,035
2011 Series G-2-B – 1.39% Fixed Rate Term Bonds due 2017	1,555	—	(1,555)	—
2011 Series H-2-A – 1.10% to 4.40% Fixed Rate Serial and Term Bonds due 2031	20,680	—	(1,200)	19,480
2011 Series H-2-B – 4.00% to 4.40% Fixed Rate Term Bonds due 2031	15,970	—	—	15,970
2011 Series H-3-B – 2.51% Fixed Rate Term Bonds due 2022	8,880	—	(1,255)	7,625
2011 Series J-1 – 4.00% to 4.80% Fixed Rate Term Bonds due 2044	38,345	—	—	38,345
2011 Series J-2 – 1.55% to 2.55% Fixed Rate Term Bonds due 2022	5,705	—	(790)	4,915
2012 Series B (Federally Taxable) – 0.66% to 3.93% Fixed Rate Serial Bonds due 2025	31,545	—	(2,950)	28,595
2012 Series D-1-A – 0.80% to 4.30% Fixed Rate Serial and Term Bonds due 2045	48,465	—	(250)	48,215
2012 Series D-1-B – 0.35% to 4.30% Fixed Rate Serial and Term Bonds due 2045	80,710	—	(2,280)	78,430
2012 Series E (Federally Taxable) – 0.34% to 4.40% Fixed Rate Serial and Term Bonds due 2032	62,050	—	(3,060)	58,990
2012 Series F – 0.80% to 3.90% Fixed Rate Serial and Term Bonds due 2045	38,910	—	(800)	38,110
2012 Series G – 0.95% to 3.90% Fixed Rate Serial and Term Bonds due 2045	31,780	—	(670)	31,110
2012 Series H – 0.25% to 1.60% Fixed Rate Serial Bonds due 2018	3,705	—	(1,935)	1,770
2012 Series I (Federally Taxable) –0.40% to 4.49% Fixed Rate Serial and Term Bonds due 2044	65,425	—	(6,460)	58,965
2012 Series K-1-A – 0.45% to 4.00% Fixed Rate Serial and Term Bonds due 2045	93,985	—	(1,885)	92,100
2012 Series L-1– 1.80% to 3.90% Fixed Rate Serial and Term Bonds due 2042	12,390	—	—	12,390

New York City Housing Development Corporation
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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2012 Series L-2-A – 0.30% to 4.00% Fixed Rate Serial and Term Bonds due 2044	101,230	—	(520)	100,710
2012 Series L-2-B (AMT) – 2.30% to 3.60% Fixed Rate Serial and Term Bonds due 2026	2,060	—	—	2,060
2012 Series M-2 – 1.10% to 4.00% Fixed Rate Serial and Term Bonds due 2047	9,745	—	(90)	9,655
2012 Series M-3 –1.40% to 4.65% Fixed Rate Serial and Term Bonds due 2047	10,525	—	(100)	10,425
2013 Series B-1-A – 1.10% to 4.60% Fixed Rate Term Bonds due 2045	87,920	—	(13,770)	74,150
2013 Series B-1-B – 0.35% to 4.60% Fixed Rate Serial and Term Bonds due 2045	53,225	—	(4,585)	48,640
2013 Series B-2 – 0.55% to 0.60% Variable Rate Term Bonds due 2018	7,500	—	(7,500)	—
2013 Series B-4 – 0.55% to 0.69% Variable Rate Term Bonds due 2018	17,610	—	(17,610)	—
2013 Series D-1 (Federally Taxable) – 0.70% to 3.78% Fixed Rate Serial and Term Bonds due 2028	35,920	—	(2,420)	33,500
2013 Series D-2 (Federally Taxable) – 1.53% to 1.96% Index Floating Rate Term Bonds due 2038	55,000	—	—	55,000
2013 Series E-1-A – 0.25% to 4.90% Fixed Rate Serial and Term Bonds due 2038	96,885	—	(57,165)	39,720
2013 Series E-1-B –0.75% to 4.95% Fixed Rate Term Bonds due 2043	29,560	—	—	29,560
2013 Series E-1-C – 0.75% to 4.95% Fixed Rate Term Bonds due 2046	67,750	—	(22,725)	45,025
2013 Series E-2 – 0.54% to 0.58% Variable Rate Term Bonds due 2018	32,670	—	(32,670)	—
2013 Series E-3 – 0.54% to 0.92% Variable Rate Term Bonds due 2018	19,520	—	(19,520)	—
2013 Series F-1 – 1.25% to 4.50% Fixed Rate Serial and Term Bonds due 2047	29,080	—	—	29,080
2013 Series F-2 – 1.25% Term Rate Term Bonds due 2017	4,210	—	(4,210)	—

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2013 Series F-3 – 1.00% Term Rate Term Bonds due 2017	9,205	—	(9,205)	—
2014 Series A – 0.20% to 4.35% Fixed Rate Serial and Term Bonds due 2044	7,345	—	(420)	6,925
2014 Series B-1 (Federally Taxable) – 0.25% to 3.69% Fixed Rate Serial Bonds due 2024	82,375	—	(20,790)	61,585
2014 Series B-2 (Federally Taxable) – 1.37% to 1.80% Index Floating Rate Bonds due upon demand through 2033	50,000	—	—	50,000
2014 Series C-1-A – 0.70% to 4.30% Fixed Rate Serial and Term Bonds due 2047	153,470	—	(35,720)	117,750
2014 Series C-1-B – 0.40% to 1.25% Fixed Rate Term Bonds due 2018	42,820	—	(10,800)	32,020
2014 Series C-1-C – 1.10% to 4.00% Fixed Rate Serial and Term Bonds due 2047	30,500	—	—	30,500
2014 Series C-2 – 0.53% to 0.95% Variable Rate Bonds due upon demand through 2019	35,840	—	(35,840)	—
2014 Series C-3 – 0.55% to 0.94% Variable Rate Bonds due upon demand through 2019	13,000	—	—	13,000
2014 Series D-1 (Federally Taxable) – 0.40% to 4.10% Fixed Rate Serial and Term Bonds due 2027	31,560	—	(3,805)	27,755
2014 Series D-2 (Federally Taxable) – 1.37% to 1.80% Index Floating Rate Bonds due upon demand through 2037	38,000	—	—	38,000
2014 Series E – 2.90% to 3.75% Fixed Rate Serial and Term Bonds due 2035	39,595	—	—	39,595
2014 Series G-1 – 0.20% to 4.00% Fixed Rate Serial and Term Bonds due 2048	322,905	—	(2,935)	319,970
2014 Series G-2 – 0.25% to 4.00% Fixed Rate Serial and Term Bonds due 2048	8,310	—	(20)	8,290
2014 Series H-1 (Federally Taxable) – 0.76% to 4.32% Fixed Rate Serial and Term Bonds due 2035	73,910	—	(2,210)	71,700
2014 Series H-2 (Federally Taxable) – 1.35% to 1.78% Index Floating Rate Term Bonds due 2044	50,000	—	—	50,000
2014 Series I – 1.45% Fixed Rate Term Bonds due 2018	3,260	—	—	3,260

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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2015 Series A-1 – 0.70% to 4.00% Fixed Rate Serial and Term Bonds due 2048	28,000	—	(3,900)	24,100
2015 Series A-2 – 2.25% to 3.75% Fixed Rate Serial and Term Bonds due 2035	6,150	—	—	6,150
2015 Series B-1 (Federally Taxable) – 0.60% to 3.53% Fixed Rate Serial Bonds due 2027	32,450	—	(4,665)	27,785
2015 Series B-2 (Federally Taxable) – 1.28% to 1.71% Index Floating Rate Term Bonds due 2044	33,000	—	—	33,000
2015 Series D-1-A – 1.30% to 4.35% Fixed Rate Serial and Term Bonds due 2048	167,495	—	—	167,495
2015 Series D-1-B – 0.85% to 4.35% Fixed Rate Serial and Term Bonds due 2048	322,470	—	(32,900)	289,570
2015 Series D-1-C – 1.35% Fixed Rate Term Bonds due 2018	7,200	—	(7,200)	—
2015 Series D-2 – 0.45% to 4.00% Fixed Rate Serial and Term Bonds due 2035	63,725	—	(1,215)	62,510
2015 Series D-3 – 0.55% to 0.91% Variable Rate Term Bonds due 2020	15,000	—	—	15,000
2015 Series D-4 – 0.55% to 0.91% Variable Rate Term Bonds due 2020	13,500	—	—	13,500
2015 Series E-1 – 0.30% to 4.05% Fixed Rate Serial and Term Bonds due 2047	37,520	—	(525)	36,995
2015 Series E-2 – 0.30% to 3.75% Fixed Rate Serial and Term Bonds due 2035	15,085	—	(7,770)	7,315
2015 Series G-1 (SNB) – 0.30% to 3.95% Fixed Rate Serial and Term Bonds due 2049	129,315	—	(110)	129,205
2015 Series G-2 (SNB) – 1.45% to 3.95% Fixed Rate Serial and Term Bonds due 2049	47,160	—	—	47,160
2015 Series H (SNB) – 2.95% Term Rate Term Bonds due 2026	136,470	—	—	136,470
2015 Series I (SNB) – 2.95% Term Rate Term Bonds due 2026	60,860	—	—	60,860
2015 Series K (SNB) – 1.15% Fixed Rate Term Bonds due June 2019	3,755	—	—	3,755

New York City Housing Development Corporation
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October 31, 2017

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2016 Series A (SNB) – 0.35% to 3.75% Fixed Rate Serial and Term Bonds due 2047	66,445	—	(365)	66,080
2016 Series D (SNB) – 0.50% to 3.75% Fixed Rate Serial and Term Bonds due 2047	54,090	—	(520)	53,570
2016 Series C-1-A (SNB) – 1.20% to 3.45% Fixed Rate Serial and Term Bonds due 2050	119,330	—	—	119,330
2016 Series C-1-B (SNB) – 1.38% to 3.40% Fixed Rate Term Bonds due 2047	61,020	—	—	61,020
2016 Series C-2 (SNB) – 1.45% Term Rate Term Bonds due 2020	32,820	—	—	32,820
2016 Series E-1-A (SNB) –0.40% to 5.00% Fixed Rate Serial and Term Bonds due 2047	82,510	—	(625)	81,885
2016 Series E-1-B (SNB) – 1.30% to 3.40% Fixed Rate Term Bonds due 2047	81,340	—	—	81,340
2016 Series E-2 (SNB) – 1.25% Fixed Rate Term Bonds due 2019	48,235	—	—	48,235
2016 Series F-1-A (SNB) –1.95% to 3.37% Fixed Rate Serial and Term Bonds due 2051	23,675	—	—	23,675
2016 Series F-1-B (SNB) –2.75% to 3.15% Fixed Rate Term Bonds due 2041	40,275	—	—	40,275
2016 Series F-2 (AMT) (SNB) – 1.25% to 2.25% Fixed Rate Term Bonds due 2025	8,120	—	—	8,120
2016 Series G-1 (Federally Taxable) (SNB) – 0.85% to 2.82% Fixed Rate Serial Bonds due 2027	30,000	—	(2,890)	27,110
2016 Series G-2 (Federally Taxable) (SNB) – 1.37% to 1.82% Index Floating Rate Term Bonds due 2045	78,000	—	—	78,000
2016 Series H – 0.90% Term Rate Term Bonds due 2017	21,225	—	(21,225)	—
2016 Series I-1-A (SNB) – 1.80% to 4.30% Fixed Rate Serial and Term Bonds due 2050	—	111,095	—	111,095
2016 Series I-1-B (SNB) – 3.60% to 4.30% Fixed Rate Term Bonds due 2050	—	36,300	—	36,300
2016 Series I-2-A-1 (SNB) – 2.00% Fixed Rate Term Bonds due 2020	—	25,185	—	25,185

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2016 Series I-2-A-2 (SNB) – 2.00% Fixed Rate Term Bonds due 2020	—	74,840	—	74,840
2016 Series I-2-B (SNB) – 1.85% to 2.00% Fixed Rate Term Bonds due 2021	—	65,320	—	65,320
2016 Series J-1 (Federally Taxable) (SNB) – 1.71% to 1.99% Index Floating Rate Term Bonds due 2052	—	161,500	—	161,500
2016 Series J-2 (SNB) – 1.71% to 1.99% Index Floating Rate Term Bonds due 2052	—	29,500	—	29,500
2017 Series A-1-A (SNB) – 1.45% to 4.05% Fixed Rate Serial and Term Bonds due 2052	—	51,610	—	51,610
2017 Series A-1-B (SNB) – 3.80% to 4.05% Fixed Rate Term Bonds due 2052	—	11,165	—	11,165
2017 Series A-2-A (SNB) – 1.90% Fixed Rate Term Bonds due 2021	—	48,880	—	48,880
2017 Series A-2-B (SNB) – 1.90% Fixed Rate Term Bonds due 2021	—	11,285	—	11,285
2017 Series A-3 (SNB) – 1.24% to 1.41% Index Floating Rate Term Bonds due 2021	—	50,000	—	50,000
2017 Series B-1 (Federally Taxable) (SNB) – 1.60% to 3.81% Fixed Rate Serial and Term Bonds due 2029	—	24,500	—	24,500
2017 Series B-2 (Federally Taxable) (SNB) – 1.74% Index Floating Rate Term Bonds due 2046	—	61,500	—	61,500
2017 Series C-1 (SNB) – 1.20% to 3.85% Fixed Rate Serial and Term Bonds due 2057	—	139,725	—	139,725
2017 Series C-2 (SNB) – 1.70% Fixed Rate Term Bonds due 2021	—	103,025	—	103,025
2017 Series C-3-A (SNB) – 1.70% Fixed Rate Term Bonds due 2021	—	40,000	—	40,000
2017 Series C-3-B (SNB) – 1.70% Fixed Rate Term Bonds due 2021	—	40,000	—	40,000
2017 Series C-4 (SNB) – 0.76% to 0.91% Variable Rate Term Bonds due 2057	—	57,830	—	57,830
2017 Series D –0.90% Term Rate Term Bonds due 2018	—	62,285	(62,285)	—

New York City Housing Development Corporation
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Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2017 Series E-1 (SNB) – 1.50% to 3.55% Fixed Rate Serial and Term Bonds due 2043	—	60,465	—	60,465
2017 Series E-2 (SNB) – 1.20% to 3.35% Fixed Rate Serial and Term Bonds due 2036	—	3,535	—	3,535
2017 Series F – 1.00% Term Rate Term Bonds due 2018	—	69,915	—	69,915
Multi-Family Secured Mortgage Revenue Bonds				
2005 Series A-2 (Federally Taxable) Secured Mortgage Revenue Bonds – 6.32% Fixed Rate Term Bonds due 2037	3,905	—	(3,905)	—
2005 Series B (Federally Taxable) Secured Mortgage Revenue Bonds– 6.35% Fixed Rate Term Bonds due 2038	3,055	—	(70)	2,985
2011 Series A (Federally Taxable) Secured Mortgage Revenue Bonds – 1.26% to 4.78% Fixed Rate Serial and Term Bonds due 2026	37,605	—	(3,395)	34,210
2013 Series A (Federally Taxable) Secured Mortgage Revenue Bonds – 0.48% to 5.34% Fixed Rate Serial and Term Bonds due 2035	38,950	—	(2,575)	36,375
2017 Series A-1 (Federally Taxable) (SNB) Secured Mortgage Revenue Bonds – 1.37% to 3.48% Fixed Rate Serial Bonds due 2029	—	25,500	—	25,500
2017 Series A-2 (Federally Taxable) (SNB) Secured Mortgage Revenue Bonds – 1.76% Index Floating Rate Term Bonds due 2041	—	39,825	—	39,825
Federal New Issue Bond Program (NIBP)				
2009 Series 1-2 HRB (NIBP) – 3.16% Fixed Rate Term Bonds due 2043	89,600	—	(27,370)	62,230
2009 Series 1-3-A HRB (NIBP) – 3.70% Fixed Rate Term Bonds due 2043	19,120	—	(19,120)	—
2009 Series 1-3-B HRB (NIBP) (AMT) – 3.70% Fixed Rate Term Bonds due 2031	8,120	—	(8,120)	—
2009 Series 1-4 HRB (NIBP) – 3.68% Fixed Rate Term Bonds due 2051	14,990	—	(14,990)	—
2009 Series 1-5-A HRB (NIBP) – 2.47% Fixed Rate Term Bonds due 2048	158,800	—	—	158,800

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2009 Series 1-5-B HRB (NIBP) (AMT) – 2.47% Fixed Rate Term Bonds due 2041	31,930	—	—	31,930
2009 Series 2-3 HRB (NIBP) – 3.70% Fixed Rate Term Bonds due 2043	2,500	—	(2,500)	—
2009 Series 2-5 HRB (NIBP) – 2.47% Fixed Rate Term Bonds due 2048	35,970	—	(1,720)	34,250
Total Housing Revenue Bond Program	5,911,495	1,404,785	(745,405)	6,570,875
LIBERTY BOND PROGRAM:				
Multi-Family Mortgage Revenue Bonds				
2005 Series A 90 Washington Street – 0.53% to 1.00% Variable Rate Bonds due upon demand through 2035	74,800	—	—	74,800
2006 Series A 90 West Street – 0.55% to 0.95% Variable Rate Bonds due upon demand through 2036	104,000	—	—	104,000
2006 Series B (Federally Taxable) 90 West Street – 0.61% to 1.10% Variable Rate Bonds due upon demand through 2036	8,000	—	(300)	7,700
2006 Series A - 2 Gold Street – 0.55% to 0.95% Variable Rate Bonds due upon demand through 2036	162,000	—	—	162,000
2006 Series B (Federally Taxable) - 2 Gold Street – 0.61% to 1.10% Variable Rate Bonds due upon demand through 2036	39,900	—	(2,700)	37,200
2006 Series A 201 Pearl Street – 0.55% to 0.95% Variable Rate Bonds due upon demand through 2041	65,000	—	—	65,000
2006 Series B (Federally Taxable) 201 Pearl Street – 0.61% to 1.05% Variable Rate Bonds due upon demand through 2041	23,000	—	(500)	22,500
2014 Series Classes D, E and F (8 Spruce Street) – 3.00% to 4.50% Fixed Rate Term Bonds due 2048	203,900	—	—	203,900
Total Liberty Bond Program	680,600	—	(3,500)	677,100
CAPTIAL FUND PROGRAM REVENUE BONDS (New York City Housing Authority ('NYCHA'))				
2013 Series A Capital Fund Program–2.00% to 5.00% Fixed Rate Serial Bonds maturing in varying installments through 2025	150,555	—	(13,740)	136,815

Description of Bonds as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
2013 Series B-1 Capital Fund Program–2.00% to 5.25% Fixed Rate Serial Bonds maturing in varying installments through 2033	310,160	—	(16,625)	293,535
2013 Series B-2 Capital Fund Program–5.00% to 5.25% Fixed Rate Serial Bonds maturing in varying installments through 2032	122,170	—	—	122,170
Total Capital Fund Program Revenue Bonds	582,885	—	(30,365)	552,520
Pass-Through Revenue Bond Program				
2014 Series A (Federally Taxable) – 3.05% Fixed Rate Serial Bonds due 2036	22,751	—	(18,282)	4,469
2017 Series A (Federally Taxable) (SNB) – 3.10% Fixed Rate Bonds due 2046	—	59,891	—	59,891
Total Pass-Through Revenue Bond Program	22,751	59,891	(18,282)	64,360
Total Bonds Payable Prior to Net Premium Unamortized (Discount) on Bonds Payable	9,823,374	1,475,379	(956,597)	10,342,156
Net Premium (Discount) on Bonds Payable	33,762	0	(4,221)	29,541
Total Bonds Payable (Net)	$9,857,136	$1,475,379	($960,818)	$10,371,697

Interest on the Corporation's variable rate debt is based on the Securities Industry and Financial Markets Association ("SIFMA") rate and is reset daily and weekly.

<u>Bonds Issued in Fiscal Year 2017</u>

On December 22, 2016, seven Multi-Family Housing Revenue Bonds series were issued in an amount totaling $503,740,000. The fixed rate 2016 Series I-1-A Bonds were issued in the amount of $111,095,000, the fixed rate 2016 Series I-1-B Bonds were issued in the amount of $36,300,000, the fixed rate 2016 Series I-2-A-1 Bonds were issued in the amount of $25,185,000, the fixed rate 2016 Series I-2-A-2 Bonds were issued in the amount of $74,840,000, the fixed rate 2016 Series I-2-B Bonds were issued in the amount of $65,320,000, the index floating rate 2016 Series J-1 (Federally Taxable) Bonds were issued in the amount of $161,500,000, and the index floating rate 2016 Series J-2 Bonds were issued in the amount of $29,500,000. The 2016 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments and to refund certain outstanding bonds of the Corporation.

On April 5, 2017, seven Multi-Family Housing Revenue Bonds series were issued in the amount totaling $258,940,000. The fixed rate 2017 Series A-1-A Bonds were issued in the amount of $51,610,000, the fixed rate 2017 Series A-1-B Bonds were issued in the amount of $11,165,000, the fixed rate 2017 Series A-2-A Bonds were issued in the amount of $48,880,000, the fixed rate 2017 Series A-2-B Bonds were issued in the amount of $11,285,000, the fixed rate 2017 Series B-1 (Federally Taxable) Bonds were issued in the amount of $24,500,000, the index floating rate 2017 Series A-3 Bonds were issued in the amount of $50,000,000, and the index floating rate 2017 Series B-2 (Federally Taxable) Bonds were issued in the amount of $61,500,000. The 2017 Bonds were issued and combined with other monies to finance construction and permanent mortgage loans for certain developments and to refund certain outstanding bonds of the Corporation.

On June 28, 2017, six Multi-Family Housing Revenue Bonds series were issued in the amount totaling $442,865,000. The fixed rate 2017 Series C-1 Bonds were issued in the amount of $139,725,000, the fixed rate 2017 Series C-2 Bonds were issued in the amount of $103,025,000, the fixed rate 2017 Series C-3-A Bonds were issued in the amount of $40,000,000, the fixed rate 2017 Series C-3-B Bonds were issued in the amount of $40,000,000, the variable rate 2017 Series C-4 Bonds were issued in the amount of $57,830,000, and the term rate 2017 Series D Bonds were issued in the amount of $62,285,000. The 2017 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments and to refund certain outstanding bonds of the Corporation.

On October 12, 2017, the fixed rate Multi-Family Housing Pass-Through Revenue Bonds, 2017 Series A (Federally Taxable) were issued in the amount of $59,891,000 to finance the acquisition of six permanent loans currently pledged to the Corporation's Open Resolution.

On October 12, 2017, two Multi-Family Secured Mortgage Revenue Bonds series were issued in the amount totaling $65,325,000. The fixed rate 2017 Series A-1 (Federally Taxable) Bonds were issued in the amount of $25,500,000, and the index floating rate 2017 Series A-2 (Federally Taxable) Bonds were issued in the amount of $39,825,000. The 2017 Bonds were issued to finance the acquisition of certain permanent mortgage loans and to finance corporate purposes of the Corporation.

On October 12, 2017, three Multi-Family Housing Revenue Bonds series were issued in the amount totaling $133,915,000. The fixed rate 2017 Series E-1 Bonds were issued in the amount of $60,465,000, the fixed rate 2017 Series E-2 Bonds were issued in the amount of $3,535,000, and the term rate 2017 Series F Bonds were issued in the amount of $69,915,000. The 2017 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments and to refund certain outstanding bonds of the Corporation.

All the bonds listed above are subject to regular redemption and certain issues are also subject to special redemption provisions as well. The parameters under which the redemptions may occur are set forth in the respective bond resolutions.

In fiscal year 2016, the Corporation committed to issue a draw-down bond in the amount totaling $22,130,000, under the variable rate Multi-Family Mortgage Revenue Bond 2016 Series A (148th Street Jamaica). As of October 31, 2017, the balance for the drawn down bonds for this series was $12,181,000.

In fiscal year 2010, as part of the Housing Finance Agency ("HFA") initiative using authority provided to the Treasury pursuant to the Housing and Economic Recovery Act of 2008 ("HERA") to help expand resources to provide affordable mortgages for low and middle income households, and to support the development and rehabilitation of affordable housing units, the Corporation was allocated $500,000,000 by Treasury to issue bonds under the New Issue Bond Program ("NIBP"). HDC has issued two programs under the NIBP. The variable rate 2009 Housing Revenue Bonds Series 1 (Federally Taxable) Bonds were issued in the amount of $415,000,000 and the 2009 Housing Revenue Bonds Series 2 (Federally Taxable) Bonds were issued in the amount of $85,000,000 on December 23, 2009. During the period between June 2010 and December 2011, all the principal amount of the 2009 Series 1 (NIBP) Bonds and the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These bonds were designated as the "Converted Bonds". As of October 31, 2017, portions of the NIBP Converted Bonds in the amount of $212,790,000 were redeemed and defeased.

Debt Obligations Program

In fiscal year 2017, the Corporation closed one new funding loan agreement with Citibank to finance mortgage loans under its Multi-Family Housing Revenue Debt Obligations Program. Under the agreement, Citibank will provide the funds to the Corporation, which the Corporation will then use to advance to the project. This is also referred to as "Back to Back". This debt obligation is subject to private activity bond volume cap. At October 31, 2017, the aggregate principal amount outstanding under the Debt Obligations program was $307,796,000.

Changes in Debt Obligations Payable:
(in thousands)

Debt Obligations Payable outstanding at October 31, 2016	$ 154,687
Debt Obligations Issued	160,784
Debt Obligations Retired	(7,675)
Debt Obligations Payable outstanding at October 31, 2017	$ 307,796

Details of changes in HDC debt obligations for the year ended October 31, 2017 were as follows:

Description of Debt Obligations as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
(variable rates cover fiscal year 2017)				
MFHR Debt Obligations (Harlem Dowling Residential) – 2.49% to 5.21% Fixed Rate due 2047	$ 12,612	$ 238	$ (7,675)	$ 5,175
MFMR Debt Obligations (535 Carlton Avenue) –2.55% to 2.94% Variable Rate due 2058	53,908	9,256	—	63,164
MFMR Debt Obligations (Draper Hall) –3.91% Fixed Rate due 2047	22,703	15,614	—	38,317
MFMR Debt Obligations (Stanley Commons) – 3.60% Fixed Rate due 2048	18,145	19,383	—	37,528
MFMR Debt Obligations (38 Sixth Avenue) –2.77% to 2.94% Variable Rate due 2059	27,220	40,138	—	67,358

Description of Debt Obligations as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
(variable rates cover fiscal year 2017)				
MFMR Debt Obligations (La Casa del Mundo) – 4.62% Fixed Rate due 2048	4,949	9,425	—	14,374
MFMR Debt Obligations (MHANY Portfolio) – 5.21% Fixed Rate due 2049	11,867	14,826	—	26,693
MFMR Debt Obligations (MHANY Portfolio – Federally Taxable) – 5.21% Fixed Rate due 2049	450	—	—	450
MFMR Debt Obligations (Prospect Plaza Phase III) – 4.48% Fixed Rate due 2049	2,833	9,119	—	11,952
MFMR Debt Obligations (One Flushing) – 4.14% Fixed Rate due 2055	—	42,785	—	42,785
Total Debt Obligations Payable	$ 154,687	$ 160,784	$ (7,675)	$ 307,796

On December 29, 2016, the Corporation entered into a Funding Loan Agreement with Citibank (the "Multi-Family Housing Revenue Debt Obligations – One Flushing"). The proceeds in the amount of $55,470,000 were committed to finance the acquisition and construction, and to pay certain other related costs, of a multi-family rental housing development located in the borough of Queens, New York. The total obligation outstanding as of October 31, 2017 was $42,785,000.

Federal Financing Bank Loan Participation Certificate Payable

In fiscal year 2014, the Corporation entered into a new financing agreement with the FFB for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured with FHA/HFA Risk Sharing mortgage insurance. The Corporation was selected to be the first housing finance agency to participate in this new federal initiative to reduce costs of capital for affordable housing, whereby, the Corporation will sell beneficial ownership interest in its mortgages to FFB. Beneficial ownership interest in mortgage loans that the Corporation sells to the FFB will be evidenced by certificates of participation from the Corporation. The participation proceeds were recorded as payable to the FFB. The monthly mortgage payments from the borrower will be used to repay the interest to the FFB and principal payments will reflect the scheduled mortgage principal payments. The aggregate FFB Loan Participation Certificate Payable balance as of October 31, 2017 was $201,964,000. (See Note 4: "Mortgage Loans".)

Changes in FFB Loan Participation Certificate Payable:

The summary of changes in FFB Loan Participation Certificates payable was as follows:
(in thousands)

FFB Loan Participation Certificate Payable outstanding at October 31, 2016	$100,163
FFB Loan Participation Proceeds	103,030
Repayment to FFB	(1,229)
FFB Loan Participation Certificate Payable outstanding at October 31, 2017	$201,964

Details of changes in FFB loan participation certificate payable for the year ended October 31, 2017 were as follows:

Description of FFB Loan Participation as Issued	Balance at Oct. 31, 2016	Issued	Retired	Balance at Oct. 31, 2017
(in thousands)				
(variable rates cover fiscal year 2017)				
FFB Loan – Arverne View Apt – 3.32% Fixed Rate Certificate Pass-Through due 2049	$ 70,791	$ —	$ (699)	$ 70,092
FFB Loan – 2629 Sedgwick Avenue – 3.28% Fixed Rate Certificate Pass-Through due 2051	2,892	—	(38)	2,854
FFB Loan – Marseilles Apt – 2.85% Fixed Rate Certificate Pass-Through due 2051	18,203	—	(252)	17,951
FFB Loan – Sons of Italy Apt – 2.76% Fixed Rate Certificate Pass-Through due 2051	8,277	—	(111)	8,166
FFB Loan– Stevenson Commons – 2.96% Fixed Rate Certificate Pass-Through due 2057	—	103,030	(129)	102,901
FFB Loan Participation Certificate payable	$ 100,163	$ 103,030	$ (1,229)	$201,964

On July 20, 2017, the Corporation sold a beneficial ownership interest in a mortgage for the development named Stevenson Commons in the amount of $103,030,000. The FFB Loan Participation Certificate Payable as of October 31, 2017 was $102,902,000.

The Corporation regularly defeases or retires bonds through in-substance defeasances whereby assets are placed in an irrevocable trust that is used exclusively to service the future debt requirement. During fiscal year 2015, the Corporation retired the 2007 Series B Multi-Family Rental Housing Revenue Bonds (West 61st Street Apartments) through in-substance defeasance. The table below lists the series as well as the amount outstanding as of October 31, 2017. These bonds are held with an escrow agent.

Detail of Defeased Bonds outstanding as of October 31, 2017:

Bond Issue	Date Defeased	Amount Defeased	Bonds Outstanding 10/31/17
2007 Series B (West 61st Street Apartments) (Federally Taxable)	February 17, 2015	$6,785,000	$3,310,000
Total		$6,785,000	$3,310,000

Future Debt Service:

Required debt payments for bonds payable by the Corporation for the next five years and thereafter are as follows:

Year Ending October 31,	Principal	Interest	Total
(in thousands)			
2018………………….	$296,575	$274,465	$571,040
2019………………….	677,894	268,774	946,668
2020………………….	405,779	257,121	662,900
2021………………….	642,710	248,938	891,648
2022………………….	192,789	235,767	428,556
2023 – 2027…………..	978,302	1,076,610	2,054,912
2028 – 2032…………..	1,237,019	900,938	2,137,957
2033 – 2037…………..	1,972,195	697,225	2,669,420
2038 – 2042…………..	1,497,895	483,900	1,981,795
2043 – 2047…………..	1,295,652	288,361	1,584,013
2048 – 2052…………..	1,057,870	47,914	1,105,784
2053 – 2057…………..	87,001	5,050	92,051
2058 – 2062…………..	475	9	484
Total	$10,342,156	$4,785,072	$15,127,228

Changes in Long Term Liabilities:

Long term liability activities for the year ended October 31, 2017, are as follows:

Descriptions	Balance at Oct. 31, 2016	Additions	Deductions	Balance at Oct. 31, 2017	Due Within 1 Year
(in thousands)					
Bonds Payable, (net)	$9,857,136	$1,475,379	$(960,818)	$10,371,697	$296,575
Debt Obligations	154,687	160,784	(7,675)	307,796	66
Payable to FFB – Loan Participation	100,163	103,030	(1,229)	201,964	1,954
Payable to The City of New York	1,065,011	893,770	(201,982)	1,756,799	—
Payable to Mortgagors & Restricted Earnings on Investments	612,267	686,111	(527,948)	770,430	180,732
Others	370,652	443,665	(569,296)	245,021	128,317
Total Long Term Liabilities	$12,159,916	$3,762,739	$(2,268,948)	$13,653,707	$607,644

Note 11: Consultants' Fees

The fees paid by the Corporation for legal, accounting and consulting services in fiscal year 2017 for HDC include $22,937 to The City of New York Law Department; $22,000 to Abdul Hassan Law Group PLLC; $19,670 to Hawkins, Delafield & Wood; $13,305 to Seyfarth Shaw LLP; $3,157 to Epstein, Becker & Green, P.C.; $450 to L.T. Service Corp and $381 to Stewart Title Insurance Company. Auditing fees of $226,000 were paid to Ernst & Young LLP.

The Corporation paid consulting fees in the amount of $327,998 to R Square, Inc.; $90,029 to COMSYS Services LLC; $63,719 to KFORCE, Inc.; $57,000 to Mei Kit Chan; $42,539 to GCOM Software Inc.; $35,303 to Bharat Shah; $34,250 to Cristo Rey New York High School; $28,227 to Conduent; $22,500 to BDO USA, LLP; $18,533 to Bartley & Dick Advertising/Design; $12,728 to Carlton Architecture PC; $2,400 to Insurance Advisors, LLC; and $1,350 to Lincoln Tyler Mgmt Services, LLC.

In addition, the Corporation paid legal, accounting and consulting fees for services provided in connection with bond financings which have been reimbursed either from bond proceeds or from project developers. Fees of $1,107,084 to Hawkins, Delafield & Wood; $94,435 to Bay Area Economics; $50,000 to Mohanty Gargiulo, LLC; $20,000 to Caine Mitter & Associates, Inc.; $8,000 to Hinckley Allen; and $2,500 to Buchanan Ingersoll & Rooney P.C.

Note 12: Payable to The City of New York

(A) New York City Housing Development Corporation

The Corporation has entered into various agreements with the City whereby HDC sold bonds and used the bond proceeds to purchase from the City interests in various mortgage loans and pools of mortgage loans. Additionally, starting from fiscal year 2005 and 2006 and onward, HDC originated second mortgage loans in which it sold a residual interest to the City. Cash flow derived from these loan interests is pledged to the repayment of the related HDC bonds. At such time as these HDC bonds are retired, ownership of the associated loan interests transfers to the City. The excess of such interest over the amount of the related bonds totaled $595,743,000 as of October 31, 2017 was reported in the Corporation's statement of net position as "Loan participation receivable - The City of NY" in the Noncurrent Assets section and "Payable to The City of New York: Loan participation agreements" in the Noncurrent Liabilities section. The related details are described in the next three paragraphs.

In May 2014 the 2006 Series A bonds were fully redeemed. Simultaneously, the Corporation issued the Multi-Family Housing Revenue Bonds, 2014 Series B-1 and 2014 Series B-2 collectively, the ("2014 Series B Bonds") to re-securitize the remaining underlying loan portfolio in the 2006 Series A (See Note 6: "Loan Participation Receivable for The City of New York"). As of October 31, 2017, the Corporation's payable to the City relating to the 2014 Series B Bonds was $94,174,000.

The Corporation has completed numerous transactions as part of its MLRP, an affordable housing preservation program. Under this program the Corporation has funded various new first and second mortgage loans as well as the acquisition of participation interests in City-owned second mortgages and associated cash flows. As long as any Mitchell-Lama Restructuring Bonds are outstanding, all cash flows from the purchased interests must be applied to debt service on such bonds. Once all such bonds are retired, HDC's participation interests revert to the City. HDC also has sold to the City a residual interest in the second mortgage loans the Corporation originated. These loans also transfer to the City when the Mitchell-Lama Restructuring Bonds are retired. As of October 31, 2017, the Corporation's payable to the City under the MLRP was $501,569,000.

Since Fiscal Year 2013, the Corporation entered into several loan participation agreements with the City through HPD. In each case the Corporation made available to the mortgagors new mortgage loans, the proceeds of which were used for the acquisition or rehabilitation of existing properties, with the HDC mortgage holding the first position lien on the properties. The existing HPD loans were assigned to the Corporation, via a Purchase and Sale agreement, where the Corporation purchased the existing loans from the City and the City purchased a residual interest in the HDC Loans. As of October 31, 2017, the participation mortgage loans underlying the Participation Interest had an aggregate outstanding principal balance of $322,656,000.

In 2009, HPD and HDC entered into a Memorandum of Understanding ("MOU"), which provides for the granting of funds by HPD to HDC pursuant to Section 661 of the Act, to make subordinate loans for affordable housing. At October 31, 2017, the total payable to the City relating to this MOU was $803,119,000.

The Corporation also administers construction loans on behalf of HPD, using funds provided by HPD. All such funds are the property of HPD and thus are reported as due to the City in the Corporation's financial statements. At October 31, 2017, the total related payable to the City was $87,333,000.

On December 18, 2015, at the request of The City of New York, the Corporation funded a $143,236,000 subordinate loan to the purchasers of Stuyvesant Town-Peter Cooper Village to assist the preservation of the affordability of this project. During fiscal year 2017, the City reimbursed the Corporation by funding various subordinate loans originated by HDC totaling $79,769,000. As of October 31, 2017, the remaining balance of the receivable from The City of New York was $52,050,000.

(B) Housing Assistance Corporation

Funding for HAC was received through the City in 1985. All of HAC's assets, after repayment of HDC advances to HAC and if unused for HAC purposes, will revert back to the City. At October 31, 2017, total resources payable to the City amounted to $150,703,000, of which $136,074,000 was related to the funding of Stuyvesant Town-Peter Cooper Village. The remaining $14,629,000 payable to the City was held to fund RY Subsidy Program which is expected to cover the subsidy until 2022. See Note 4: "Mortgage Loans" for a detailed explanation.

Note 13: Retirement Programs

(A) NYCERS

The Corporation is a participating employer in NYCERS, a cost sharing multi-employer plan, of which 97 current employees of the Corporation are members. NYCERS provides defined benefit pension benefits to 186,000 active municipal employees and 145,000 pensioners through $61.3 billion in assets. City employees who receive permanent appointment to a competitive position and have completed six months of service are required to participate in NYCERS, and all other employees such as HDC employees are eligible, but not required, to participate in NYCERS. NYCERS provides three main types of retirement benefits: service retirements, ordinary disability retirements (non-job related disabilities) and accident disability retirements (job-related disabilities) to members who are in different "tiers." The members' tier is determined by the date of membership. Subject to certain conditions, members generally become fully vested as to benefits upon completion of five years of service. Employees may be required to contribute a percentage of their salary to the pension plan based on their tier. Annual pension benefit is calculated as a percentage of final average salary times the number of years of membership service.

Contribution requirements of the active employees and the participating New York City agencies are established and may be amended by the NYCERS Board. Employees' contributions are determined by their tier and number of years of service. They may range between 0.00% and 7.46% of their annual pay. Statutorily required contributions to NYCERS, determined by the New York City Office of the Actuary in accordance with State statutes and City laws, are funded by the employer within the appropriate fiscal year.

Copies of NYCERS' financial statements can be obtained by writing to NYCERS at 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751 or its website (www.nycers.org).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of NYCERS and additions to/deductions from NYCERS' fiduciary net position have been determined on the same basis as they are reported by NYCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

As of October 31, 2017 and 2016, the Corporation reported a liability of $10,991,000 and $12,877,000, respectively, for its proportionate share of NYCERS' net pension liability. The net pension liability was measured as of June 30, 2017 and June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's long-term share of contributions to the pension plan relative to the projected contributions of all participating employees, actuarially determined. At June 30, 2017 and 2016, the Corporation's proportion was 0.053%.

At October 31, 2017, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$450,000
Differences between expected and actual experience	-	293,000
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	(25,000)	-
Changes in assumptions	542,000	-
Corporation contributions subsequent to the measurement date	1,724,000	-
Total	$2,241,000	$743,000

Of the deferred outflows of resources related to pensions, $1,724,000 was a contribution that the Corporation made subsequent to the measurement date and it will be recognized as a reduction of the net pension liability in fiscal year ending October 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	$ (63,804)
2019	(63,804)
2020	(63,804)
2021	(63,805)
2022	29,217
Total	(226,000)

At October 31, 2016, the Corporation reported $1,266,000 as deferred inflow of resources from the accumulated net difference between projected and actual earnings on NYCERS investments.

Deferred outflows of resources amounted to $3,608,000 at October 31, 2016. $2,818,000 is related to the net difference between projected and actual earnings on pension plan investments, and the change in proportionate share and changes in assumptions. $790,000 related to pensions resulting from the Corporation's contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability in the year end October 31, 2017.

The Corporation recorded pension expense for fiscal years ending October 31, 2017 and 2016 in the amounts of $1,306,000 and $1,477,000 respectively.

Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7% per annum, net of investment expenses
Salary Increases	In general, merit and promotion increases plus assumed general wage increases of 3.0% per annum.
Cost-of-Living Adjustments	1.5% and 2.5% for certain tiers

Mortality tables for service and disability pensioners were developed from an experience study of NYCERS. The mortality tables for beneficiaries were developed from an experience review. For more detail see the reports entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on or After July 1, 2011," also known as "Silver Books." Electronic versions of the Silver Books are available on the New York City Office of the Actuary website (www.nyc.gov/actuary) under Pension Information.

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis
U.S. Public Market Equity	29.00%	5.70%
International Public Market Equities	13.00%	6.10%
Emerging Public Market Equities	7.00%	7.60%
Private Market Equities	7.00%	8.10%
U.S. Fixed Income	33.00%	3.00%
Alternatives	11.00%	4.70%

Management has determined its expected rate of return on investments to be 7%. This is based upon an expected real rate of return from investments of 5.05% and a long-term Consumer Price Inflation assumption of 2.5% per year, which is offset by investment related expenses.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2017, was 7.00% per annum. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYCERS fiduciary net position is projected to be available to make all projected future benefit payments of current active and non-active NYCERS members. Therefore, the long-term expected rate of return on NYCERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one percentage-point higher (8%) than the current rate.

	1% decrease (6%)	Discount rate (7%)	1% increase (8%)
HDC's proportionate share of the net pension liability	$15,885	$10,991	$6,692

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NYCER's report (www.nycers.org).

(B) Tax Sheltered Annuity Plan

The Corporation also offers its employees the option of participating in a Tax Sheltered Annuity Plan managed by Wells Fargo Bank, N.A. as an alternate or supplemental retirement plan under Section 403(b) of the Internal Revenue Code. The Internal Revenue Service has approved the Corporation as an entity which can provide this type of plan to its employees. The majority of the Corporation's employees participate in this plan.

Note 14: Postemployment Benefits Other Than Pensions

Plan description. The Corporation sponsors a single employer postemployment defined benefit health care plan for eligible retirees and their spouses. Eligible retirees generally are classified into two groups as either NYCERS members or Non-NYCERS members. NYCERS members are those who have services ranged from 5 to 15 years at the time of their retirement. Non-NYCERS members are those who have services ranged from 10 to 15 years and retired at age 59 1/2. For NYCERS members, the Corporation provides retiree health care coverage and prescription drug coverage through the New York City Health Benefit Program ("NYCHBP"). For Non-NYCERS members the Corporation provides retiree health care coverage and prescription drug coverage through the Empire Plan offered by the New York State Health Insurance Program ("NYSHIP").

Benefits provided. The Corporation provides comprehensive health care and prescription drug coverage for it eligible retirees and their spouses. No other benefits are provided. Benefit provisions for the plan are established and amended by actions taken by the Corporation's Members and there is no statutory requirement for HDC to continue this plan for future HDC employees. The plan is currently a non-contributory plan with all payments for plan benefits being funded by HDC on a pay-as-you-go-basis. The Corporation does not issue a publicly available financial report for the plan.

As of November 1, 2016, HDC adopted GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" This statement establishes guidelines for reporting costs associated with "other postemployment benefits" ("OPEB") similar to accounting for pension under GASB 68, "Accounting and Financial Reporting for Pensions" and this statement replaces GASB Statement No. 45. HDC's annual OPEB cost for the plan is calculated based on the Entry Age Normal level percentage cost method, an amount actuarially determined in accordance with the parameters of GASB Statement 75.

The covered-employee payroll (annual payroll of active employees covered by the plan) was $16,165,000 and the ratio of the net OPEB liability to the covered-employee payroll was 78.39%.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between HDC and the plan members to that point.

Employees covered by benefit terms. At October 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Membership Status as of October 31, 2016	Count
Inactive employees or beneficiaries currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	12
Active plan employees	163
Total	199

Net OPEB Liability

HDC's net OPEB liability was measured as of October 31, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The total OPEB liability was $21,053,000 and the net OPEB liability was $12,671,000. The actual benefit payments made during fiscal year 2017 amounted to $107,000.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Net OPEB liability at beginning of the year	$ 18,112,000	$ 8,364,000	$ 9,748,000
Changes for the year:			
Service cost	1,346,000	—	1,346,000
Interest	683,000	—	683,000
Difference between expected and actual experience	—	—	—
Changes of assumptions	1,007,000	—	1,007,000
Contributions - HDC	—	—	—
Net investment income	—	113,000	(113,000)
Benefit payments	(95,000)	(95,000)	—
Administrative expense	—	—	—
Net changes	2,941,000	18,000	2,923,000
Net OPEB liability at end of the year	$ 21,053,000	$ 8,382,000	$ 12,671,000

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability and what it would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate and healthcare cost trend rate.

Sensitivity of the net OPEB liability to changes in the discount rate	1% Decrease (2.23%)	Discount Rate (3.23%)	1% Increase (4.23%)
Net OPEB liability	$ 16,583,000	$ 12,671,000	$ 9,510,000

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate	1% Decrease Net OPEB Liability (7% decreasing to 4%)	Healthcare Cost Trend Rate (8% decreasing to 5%)	1% Increase Net OPEB Liability (9% decreasing to 6%)
Net OPEB liability	$ 7,974,000	$ 12,671,000	$ 19,859,000

OPEB plan fiduciary net position. Since establishing an irrevocable OPEB trust in fiscal year 2012, the Corporation has funded a total of $8,000,000 to date. All OPEB plan assets are held in a separate trust account for the exclusive purpose of paying OPEB obligations. The Corporation's investment policy is set by the HDC Act and the guidelines are established and adopted by HDC's board members on an annual basis.

All investment transactions are recorded on the trade date. As of October 31, 2017, the outstanding OPEB trust investments were as follows:

Investment Type *(in thousands)*	2017	Investment Maturities at October 31, 2017 (in Years) Less than 1	1-5	6-10	More than 10
FNMA Bonds	4,184	—	4,184	—	—
NYC Transitional Finance Authority Bonds	4,164	—	4,164	—	—
Total	$8,348	—	8,348	—	—

As of October 31, 2017, the book value and fair market value were $8,470,000 and $8,348,000, respectively.

Under Statement No. 72, *Fair Value Measurement and Application,* HDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of October 31, 2017:

- NYC Transitional Finance Authority securities of $4,164,000 are valued using quoted market prices. (Level 1 inputs)
- FNMA securities of $4,184,000 are valued based on models using observable inputs. (Level 2 inputs)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's Investment Guidelines charge the Investment Committee with "...determining appropriate investment instruments...based on...length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in long term securities that carry a higher yield, with the intent to hold the investments to maturity.

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished by making decisions based on a review of ratings, collateral, and diversification requirements that vary according to the type of investment.

As of October 31, 2017, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae") was rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae is referred to as "Agency"). The ratings were AA+ and A-1+ by Standard & Poor's, and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. Investment in Fannie Mae is implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government.

Ratings for the NYC Transitional Finance Authority Bond ranged from AAA to Aa1 by Standard & Poor's and Moody's, respectively.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Corporation. The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

Concentration of Credit Risk: The Corporation follows its annually adopted investment guidelines in accordance with concentration limits and reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation's Audit Committee.

The following table shows issuers that represent 5% or more of total investments at October 31, 2017 ($ in thousands):

Issuer	Dollar Amount	Percentage
FNMA	$4,184,000	50.0%
NYC Transitional Finance Authority Bonds	4,164,000	50.0

For the year ended October 31, 2017, HDC recognized an OPEB expense of $1,861,000. At October 31, 2017, HDC reported OPEB related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows/Inflows as of November 1, 2016	$ —	$ —
Changes for the year		
Changes in benefit terms	—	—
Difference between expected and actual experience	—	—
Change in assumptions	1,007,000	—
Difference between projected and actual investment earnings	220,000	—
Recognition of deferred outflows/inflows in FY 2017	(165,000)	—
Net changes	1,062,000	—
Deferred Outflows/Inflows as of October 31, 2017	$ 1,062,000	$ —

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

	FY 16 Changes in Assumptions	FY 16 Difference in Investment Earnings	Total
FY 2017	$121,000	$44,000	$165,000
FY 2018	121,000	44,000	165,000
FY 2019	121,000	44,000	165,000
FY 2020	121,000	44,000	165,000
FY 2021	121,000	44,000	165,000
Thereafter	$402,000	$ —	$402,000

Actuarial assumptions. The total OPEB liability at October 31, 2016 used the entry age normal level percent cost method and the actuarial valuation was determined using the following actuarial assumptions.

Inflation	2.5%
Salary increases	3.0%, average, including inflation
Investment rate of return	4.0%
Healthcare cost trend rates	8.0% grading down to an ultimate rate of 5%

Mortality. The post-retirement mortality rates were based on the actual experience of the NYCERS population and the application of the Mortality Improvement Scale (MP-2017). The mortality improvement scale was updated to MP-2017 based on the latest data released by the Society of Actuaries. The actuarial assumptions used in the October 31, 2016 valuation were based on the results of an actuarial experience study from 2006 to 2016.

Long-Term Expected Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis
U.S. Fixed Income	50.00%	3.00%
Municipal Bonds	50.00%	2.60%

Discount Rate. The discount rate is 4.00% per year, net of investment expenses, based on the long-term expected rate of return on plan assets. The weighted average discount rate is 3.23% in 2017, down from 3.53% in 2016. The projection of cash flows used to determine the discount rate assumed that the Corporation will continue to make payments for future benefits payments based on currently available assets and investment returns and will not make any additional contributions to the Trust. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees until 2032. Therefore, the long-term expected rate of return on OPEB plan investments was applied until 2032 and the 20-year S&P bond index rate was applied for all years after 2032.

Note 15: Due to the United States Government – Non Current Liabilities

In order to maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the Corporation established a separate fund, the Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Code are deposited. In general, the Code requires the payment to the Treasury of the excess of the amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue. Project or construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within the required time period after the date of issue and debt service funds with annual gross earnings of less than $100,000 are exempt from this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. As of October 31, 2017, HDC had set aside funds in the amount of $550,000 to make future rebate payments when due.

Note 16: Commitments

(A) New York City Housing Development Corporation

(i) The Corporation is committed under one operating lease for office space for minimum annual rentals for the next five years and thereafter as follows:

Year Ending October 31, 2017	
2018	$2,137,000
2019	2,139,000
2020	2,143,000
2021	2,153,000
2022	2,156,000
2023-2024	180,000
Total	$10,908,000

For fiscal year 2017, the Corporation's rental expense including escalation, taxes and operating costs amounted to $1,977,000 and utility expense amounted to $81,000.

(ii) The Corporation's practice is to close loans only when all the funds committed to be advanced have been made available through bond proceeds or a reservation of corporate funds. Funds are invested prior to being advanced, as described in Note 3: "Investments and Deposits", and are reported as restricted assets.

(iii) The portion of closed construction loans that had not yet been advanced as of October 31, 2017 is as follows: *(in thousands)*

Programs:	
Multi-Family Bond Programs	
Housing Revenue	$1,318,419
New Housing Opportunity Program (New HOP)	9,949
Corporate Services Fund Loans	301,816
421-A Housing Trust Fund	1,316
HPD Grant Funds	532,760
Department of Justice ("DOJ") Settlement Funds	10,415
Unadvanced Construction Loans (closed loans)	$2,174,675

The Corporation occasionally will have executed commitment letters for loans that had not yet closed at year end. There was no executed commitment for loans that have not yet closed at October 31, 2017.

(iv) The Corporation has made a programmatic funding commitment in support of the City's housing initiatives. HDC has reserved funds to fulfill these commitments, but the timing and amount of remaining loan closing cannot be determined. The programmatic commitment is as follows:

- On June 6, 2016, the Corporation entered into a Memorandum of Understanding ("MOU") with HPD, which was subsequently amended on December 15, 2016, that outlines the Corporation's obligations to use corporate reserves to fund construction loans for projects eligible under the Green Housing Preservation Program ("GHPP"). Under the GHPP, HPD extends construction and permanent loans to projects specifically to finance energy efficiency and water conservation improvements, as well as moderate rehabilitation to improve building conditions, reduce greenhouse gas emissions, and preserve affordability. HDC has set aside $13,361,000 of its reserves for this purpose. The total amount advanced as of October 31, 2017 was $1,220,000.

(B) New York City Residential Mortgage Insurance Corporation

As of October 31, 2017, REMIC insured loans with coverage amounts totaling $262,828,000 and had outstanding commitments to insure loans with a maximum insurance coverage amount of $93,133,000.

Note 17: Financial Guaranties

(A) NYCHA Tax Credit Guaranty

On April 2, 2012, the Corporation entered into a Guaranty Agreement with Citibank to guaranty the yield on Citibank's investment in the Low Income Housing Tax Credit ("LIHTC") created pursuant to the NYCHA Tax Credit Transaction. In return, the Corporation received $16.0 million as a guaranty fee from Citibank, less fees and expenses of $929,000 incurred under this agreement.

On July 15, 2013, Citibank transferred 100% of its rights under the guaranty agreement to Wells Fargo Holdings ("Wells Fargo"). As of that date the Guaranty agreement between Citibank and HDC was terminated and a new agreement was signed between HDC and Wells Fargo. As a condition of Citibank selling its rights under the guaranty agreement, the Corporation received an additional $8.0 million of Guaranty fee from Wells Fargo, less fees and expenses of $320,000 incurred under this agreement.

Under the Guaranty Agreement between HDC and Wells Fargo the Corporation agreed to guaranty a minimum rate of return on Wells Fargo's tax credit investment in the NYCHA I Housing Development Fund Corporation through a 15 year compliance period. The minimum rate of return is equal to an annual effective rate of 4.50% on an after tax basis return on its tax credit investment over the 15 year compliance period. During the compliance period, from time to time NYCHA LLC-I will determine if the total benefits allocated or paid to Wells Fargo through such date, together with the tax benefits projected to be received by Wells Fargo thereafter through the coverage period termination date, are sufficient to keep Wells Fargo on track to achieve the minimum return. If it is determined that Wells Fargo is not on track to achieve the minimum return through the coverage period termination date, the Corporation shall have the option, but not the obligation, subject to a cap amount of $96,000,000, to make a payment to Wells Fargo under the guaranty agreement in an amount equal to the optional minimum return deficiency amount.

The NYCHA Tax Credit transaction required the establishment and funding of several project reserves and guaranties in order to ensure timely completion of rehabilitation, which has in fact proceeded on time and within budget. As of October 31, 2017, the unamortized guarantee fee was $15,756,000 and the Corporation has designated this amount for the financial guaranty reserve. (See Note 18: "Contingencies".) The likelihood that HDC has to pay out under this guaranty decreases with the passage of time. HDC will recognize the guaranty fee on a straight-line basis over the covered period which is 15 years.

(B) Co-op City Guaranty

On November 28, 2012, the Corporation entered into a Credit Support Agreement with Wells Fargo Bank National Association ("Wells Fargo Bank"), HUD and SONYMA. Wells Fargo Bank agreed to make a mortgage in the amount of $621,500,000 to a Mitchell Lama cooperative housing development named Co-op City in the Bronx, New York. As a precondition of endorsing the loan for insurance, HUD acting through FHA required SONYMA and HDC each to provide a portion of top–loss guaranty on the loan. Pursuant to the agreement between HDC and HUD, HDC agreed to provide $15,000,000 as a guaranteed amount to Wells Fargo Bank in the event of a default by the cooperative. The Corporation agreed to fund the full amount of the top-loss guaranty in a segregated designated account for the duration of the HDC top-loss guaranty. As of October 31, 2017, the Corporation has designated $15,000,000 as a financial guaranty reserve. (See Note 18: "Contingencies".)

(C) Community Preservation Corporation Guaranty

On November 18, 2013, the Corporation's Members authorized the purchase of a subordinate participation in the two or more of Citibank Revolving Credit Facilities (each a "Revolving Credit Facility" and collectively "the Revolver") to Special Purpose Entities (each an "SPE") to be created by the Community Preservation Corporation ("CPC") in an amount not to exceed $20 million. HDC's exposure will be limited to 10% of each mortgage loan, and $20 million overall. The purpose of this agreement is to provide financing for the CPC SPEs to facilitate the origination, or acquisition of, or participation in mortgage loans for the construction, rehabilitation, and refinancing of multi-family rental properties located in the City's low and moderate income communities. In addition, this subordinate participation replaced the Limited Guaranty to CPC Funding SPE 1, LLC and the Corporation will not participate in a separate Citibank arranged working capital facility for CPC which was approved by the Corporation's Members on April 9, 2012. On May 17, 2016, HDC's loan participation agreement was amended and the Corporation's commitment increased, from $20 million to $25 million. As of October 31, 2017, the Corporation had funded $20,339,000 of the $25 million participation. (See Note 18: "Contingencies".) The Corporation has designated $2,500,000 as a loan participation reserve.

(D) Preserving City Neighborhoods Guaranty

On September 18, 2013, the Corporation's Members authorized to provide a limited guaranty to the New York City Acquisition Fund LLC ("NYAF") on behalf of qualified nonprofit organizations partnering with Preserving City Neighborhoods ("PCN"). The HDC guaranty will be equal to a 25% loss on acquisition loans up to maximum exposure of $5 million. HPD will work together with PCN to develop a pipeline with a particular focus on smaller buildings of fewer than 30 residential units that have historically not generated interest in the open market. (See Note 18: "Contingencies".) As of October 31, 2017, the Corporation has designated $2,250,000 as a financial guaranty reserve.

(E) Federal Housing Administration Risk Sharing Program

In November 2011, the Corporation entered into an amended risk sharing agreement with HUD. HDC participates in the Risk Sharing Program to obtain 100% insurance on certain loans made by HDC for affordable multifamily housing. The risk sharing allocation between HDC and HUD will be on a project by project basis and take effect when the loan converts to permanent financing.

In fiscal year 2014, the Corporation entered into a second risk-sharing agreement with HUD, which largely mirrors the terms of the existing amended Risk-Sharing Agreement.

HDC has established a guaranty reserve for risk sharing obligations to FHA if there is a loss on a mortgage loan.

As of October 31, 2017, HDC has designated a total of $8,135,000 as a financial guaranty reserve under the FHA risk-sharing mortgage insurance program for twelve participating projects and future participating projects.

Note 18: Contingencies

In the normal conduct of business, the Corporation is involved in litigation matters. In the opinion of management and the Corporation's legal counsel, the ultimate disposition of such litigations should not have a material adverse effect on the financial position of the Corporation.

As discussed in Note 17 above, the Corporation entered into several guaranty agreements with various entities in order to finance certain projects. These guaranties required the establishment and funding of reserves which put the Corporation in a better financial position to meet its' obligations in the event that payments are required.

The reserves are summarized in the chart below:

Financial Guaranties	At October 31, 2017 Reserve Amounts
NYCHA Tax Credit Guaranty	$15,756,000
Co-op City Guaranty	15,000,000
Community Preservation Corporation Guaranty	2,500,000
Preserving City Neighborhoods Guaranty	2,250,000
FHA Risk Sharing	8,135,000
Total	$43,641,000

Note 19: Net Position

The Corporation's Net Position represents the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources and consists largely of mortgage loans and investments. HDC's net position is categorized as follows:

- Restricted Net Position is net position that has been restricted in use in accordance with the terms of an award, agreement or by State law. This includes net position restricted by bond resolutions, contractual obligations with HPD and HUD, and REMIC reserves that are required by statute, among other items (see chart below).

- Unrestricted Net Position is the remaining net position, which can be further categorized as Designated or Undesignated. Designated Net Position is not governed by statute or contract but is committed for specific purposes pursuant to HDC policy and/or Member directives. Designated Net Position includes funds and assets committed to various housing initiatives, reserves to maintain HDC's credit ratings, and working capital.

Changes in Net Position

The changes in Net Position are as follows:
(in thousands)

	Restricted	Unrestricted	Total
Net position at October 31, 2015	$1,271,641	969,939	2,241,580
Income	88,493	45,917	134,410
Transfers	104,153	(104,153)	—
Net position at October 31, 2016 (as restated)	$1,464,287	911,703	2,375,990
Income	146,132	62,044	208,176
Transfers	(1,620)	1,620	—
Net position at October 31, 2017	$1,608,799	975,367	2,584,166

Summary of Restricted Net Position
(in thousands)

	2017	2016 (as restated)
Multi-Family Bond Programs	$1,258,576	1,160,539
421-A Housing Trust Fund	272,904	228,372
Corporate Debt Service Reserve 2014 Series B1 and B2 Bonds	5,996	6,719
Claim Payment Fund for 223(f) Program	131	363
REMIC Insurance Reserve	71,192	68,294
Total Restricted Net Position	$1,608,799	1,464,287

Of the total Unrestricted Net Position listed below, $477,626,000 is for existing mortgages and other loans. An additional $285,532,000 has been designated by senior management of the Corporation for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has $2,338,000 in capital assets.

Summary of Unrestricted Net Position
(in thousands)

	2017	2016
Designated Position:		
Existing Mortgages	$477,626	$361,099
Housing Programs and Commitments	285,532	341,300
Working Capital	22,625	22,111
Rating Agency Reserve Requirement	92,500	90,200
Financial Guaranty Reserves (Note 17)	43,641	45,241
REMIC Insurance Reserves	51,105	49,279
Total Designated Net Position	973,029	909,230
Net Investment in Capital Assets:		
Capital Assets, net	2,338	2,473
Total Net Investment in Capital Assets	$2,338	$2,473

In fiscal year 2017, net position transferred from restricted to unrestricted was a net amount of $1,620,000. The amount represents excess in the Open Resolution, transfer of mortgage loans originated with corporate reserves into the Open Resolution as a result of securitizations, as well as transfer of amounts exceeding REMIC reserve requirement. In fiscal year 2016, $104,153,000 was transferred from unrestricted to restricted as noted above.

Note 20: Subsequent Events

Subsequent to October 31, 2017, bonds and debts obligations, also commonly referred to as "Back to Back", issued in the course of the Corporation's normal business activities were $394,369,000 and $91,477,000, respectively. In addition, the Corporation sold $29,115,000 of loan participation interest to FFB as well.

New York City Housing Development Corporation
Required Supplementary Information
October 31, 2017

Schedule 1a:

Schedule of Changes in the Net OPEB Liability and Related Ratios
($ in thousands)

		2017
Total OPEB liability		
Service Cost	$	1,346
Interest		683
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions		1,007
Benefit payments		(95)
Net change in total OPEB liability		2,941
Total OPEB liability - beginning		18,112
Total OPEB liability - ending (a)	$	21,053
Plan fiduciary net position		
Contribution - employer		-
Net Investment Income		113
Benefit payment		(95)
Administrative expense		-
Net change in plan fiduciary net position		18
Plan fiduciary net position - beginning		8,364
Plan fiduciary net position - ending (b)	$	8,382
Net OPEB liability - ending (a) - (b)	$	12,671
Plan fiduciary net position as a percentage of the total OPEB liability		39.81%
Covered-employee payroll		16,165
Net OPEB liability as a percentage of covered employee payroll		78.39%

Notes to Schedule:

Changes of assumptions. In fiscal year 2017, the termination rates were adjusted to more closely reflect actual experience.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule 1b:

Schedule of the Corporation's OPEB Contributions ($ in thousands)

	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 1,617	$ 2,132	$ 1,723	$ 1,657	$ 1,747
Contributions in relation to the actuarially determined contribution	1,617	2,132	1,723	1,657	1,747
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
HDC employee covered payroll	$ 15,517	$ 16,165	$ 14,967	$ 14,595	$ 14,122
Contributions as a percentage of employee covered payroll	10%	13%	12%	11%	12%

	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 2,033	$ 2,033	$ 1,643	$ 1,591	$ 1,676
Contributions in relation to the actuarially determined contribution	2,033	2,033	1,643	1,591	1,676
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
HDC employee covered payroll	$ 13,259	$ 12,863	$ 12,244	$ 11,260	$ 10,381
Contributions as a percentage of employee covered payroll	15%	16%	13%	14%	16%

Notes to Schedule

Changes in benefit terms: None

Changes in assumptions: Yes — 50% of deferred vested participants under age 65 are assumed to return to HDC and elect coverage.

Valuation date:

Actuarially determined contributions rates are calculated as of October 31, one year prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll closed
Amortization period	30 years
Asset valuation method	5-year amortization market
Inflation	2.5 percent
Healthcare cost trend rates	Current rate of 8% decreasing to an ultimate rate of 5.0 percent
Salary increases	3.0 percent, average, including inflation
Investment rate of return	4.0 percent, net of OPEB plan investment expense
Retirement age	In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	In the 2016 actuarial valuation, assumed life expectancies were adjusted were based on the actual experience of the NYCERS population and the application of the MP-2017 mortality improvement scale. In prior years, those assumptions were based on the application of the MP-2015 mortality improvement scale.

This schedule is intended to show information for 10 years.

New York City Housing Development Corporation
Required Supplementary Information
October 31, 2017

Schedule 2:
The following schedules 2a & 2b are being presented to provide information on the Corporation's proportionate share of the Net Pension Liability and the Corporation's contributions.

(2a) Schedule of the Corporation's Proportionate Share of the Net Pension Liability

	2017	2016	2015	2014	2013
HDC's proportion of the net pension liability	0.053%	0.053%	0.053%	0.054%	0.054%
HDC's proportionate share of the net pension liability	$ 10,991,263	$ 12,877,315	$ 10,907,802	$ 9,730,403	$ 12,459,533
HDC's covered-payroll	10,244,624	10,045,598	10,158,437	9,938,413	10,919,865
HDC's proportionate share of the net pension liability as a percentage of its employee covered-payroll	107%	128%	107%	98%	114%
Plan fiduciary net position as a percentage of the total pension liability	74.84%	69.67%	73.16%	75.32%	67.22%

(2b) Schedule of the Corporation's Contributions ($ in thousands)

	2017	2016	2015	2014	2013
Contractually required contribution	$ 1,779	$ 1,784	$ 1,675	$ 1,682	$ 1,645
Contributions in relation to the contractually required contribution	1,779	1,784	1,675	1,682	1,645
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
HDC covered-payroll	$ 10,245	$ 10,046	$ 10,158	$ 9,938	$ 10,920
Contributions as a percentage of employee covered-payroll	17%	18%	16%	17%	15%

Notes to Schedule
Changes in benefit terms: None
Changes in assumptions: None
This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

New York City Housing Development Corporation
Supplementary Information

Schedule 3:
The following schedule is being presented to provide detail information on a program basis for the owners of the Housing Revenue Bond program's obligations

Housing Revenue Bond Program
Schedule of Net Position
October 31, 2017 and 2016 ($ in thousands)

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents (note 3)	$ 322,716	$ 467,794
Investments (note 3)	5,170	5,145
Receivables:		
Mortgage loans (note 4)	105,344	84,293
Accrued interest	15,616	18,063
Other (note 7)	82	-
Total Receivables	121,042	102,356
Total Current Assets	**448,928**	**575,295**
Noncurrent Assets:		
Restricted cash and cash equivalents (note 3)	621,307	422,374
Restricted investments (note 3)	1,060,825	857,714
Purpose investment (note 2C)	29,783	30,452
Restricted receivables:		
Mortgage loans (note 4)	5,612,745	5,190,067
Loan participation receivable - The City of NY (note 6)	595,743	604,529
Accrued interest	4,468	1,081
Other (note 7)	-	26
Total restricted receivables	6,212,956	5,795,703
Primary government/component unit receivable (payable)	(11,879)	(13,457)
Interest rate swaps (note 9)	4,288	-
Other assets (note 8)	4,968	5,570
Total Noncurrent Assets	**7,922,248**	**7,098,356**
Total Assets	**$ 8,371,176**	**$ 7,673,651**
Deferred Outflows of Resources		
Interest rate caps (note 9)	1,018	1,066
Total Deferred Outflows of Resources	**$ 1,018**	**$ 1,066**

New York City Housing Development Corporation
Supplementary Information

Schedule 3 (cont'd):

Housing Revenue Bond Program
Schedule of Net Position
October 31, 2017 and 2016 ($ in thousands)

	2017	2016
Liabilities		
Current Liabilities:		
Bonds payable (net) (note 10)	$ 247,485	$ 274,340
Accrued interest payable	83,394	75,577
Payable to mortgagors	1,373	1,366
Restricted earnings on investments	41	75
Accounts and other payables	48	48
Total Current Liabilities	**332,341**	**351,406**
Noncurrent Liabilities:		
Bonds payable (net) (note 10)	6,186,107	5,555,398
Payable to The City of New York:		
Loan participation due to The City of New York (note 12)	595,743	604,529
Others due to The City of New York (note 12)	173	165
Payable to mortgagors	9,063	23,487
Deferred fee and mortgage income and other liabilities	61,506	47,736
Due to the United States Government (note 15)	9	9
Total Noncurrent Liabilities	**6,852,601**	**6,231,324**
Total Liabilities	**7,184,942**	**6,582,730**
Deferred Inflows of Resources		
Interest rate swaps fair value	4,288	-
Total Deferred Inflows of Resources	**4,288**	**-**
Net Position		
Restricted for bond obligations (note 19)	1,182,964	1,091,987
Total Net Position	**$ 1,182,964**	**$ 1,091,987**

New York City Housing Development Corporation
Supplementary Information

Schedule 3 (cont'd):

Housing Revenue Bond Program
Schedule of Revenues, Expenses and Changes in Net Position
Fiscal Years ended October 31, 2017 and 2016 ($ in thousands)

	2017	2016
Operating Revenues		
Interest on loans (note 4)	$ 204,169	$ 202,357
Fees and charges (note 7)	36,134	28,250
Income on loan participation interests (note 6)	8,813	21,544
Other	471	15
Total Operating Revenues	**249,587**	**252,166**
Operating Expenses		
Interest and amortization of bond premium and discount (note 10)	172,719	153,624
Trustees' and other fees	168	5,855
Amortization of debt issuance costs	7,916	8,679
Total Operating Expenses	**180,803**	**168,158**
Operating Income	**68,784**	**84,008**
Non-operating Revenues (Expenses)		
Earnings on investments (note 3)	21,252	13,856
Unrealized gains (losses) on investments (note 3)	(4,551)	(1,172)
Other non-operating revenues (expenses), net (note 7)	(184)	(2,743)
Total Non-operating Revenues	**16,517**	**9,941**
Income	**85,301**	**93,949**
Operating transfers to Corporate Services Fund	(10,520)	(14,012)
Capital transfers	16,196	102,706
Change in Net Position	**90,977**	**182,643**
Total net position - beginning of year	1,091,987	909,344
Total Net Position - End of Year	**$ 1,182,964**	**$ 1,091,987**

New York City Housing Development Corporation
Supplementary Information

Schedule 4:
The following schedule is being presented to provide detail information on a program basis for the owners of the Multi-Family Secured Mortgage Revenue Bonds

Multi-Family Secured Mortgage Revenue Bonds
Schedule of Net Position
October 31, 2017 and 2016 ($ in thousands)

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents (note 3)	$ 7,314	$ 12,443
Receivables:		
Mortgage loans (note 4)	3,443	3,089
Accrued interest	602	496
Total Receivables	4,045	3,585
Other assets	-	-
Total Current Assets	**11,359**	**16,028**
Noncurrent Assets:		
Restricted cash and cash equivalents (note 3)	50,693	-
Restricted investments (note 3)	3,523	3,633
Restricted receivables:		
Mortgage loans (note 4)	119,553	120,003
Total restricted receivables	119,553	120,003
Primary government/component unit receivable (payable)	(4,038)	(1,779)
Total Noncurrent Assets	**169,731**	**121,857**
Total Assets	**$ 181,090**	**$ 137,885**
Deferred Outflows of Resources		
Interest rate cap (note 9)	244	-
Total Deferred Outflows of Resources	**$ 244**	**$ -**

New York City Housing Development Corporation
Supplementary Information

Schedule 4 (cont'd):

Multi-Family Secured Mortgage Revenue Bonds
Schedule of Net Position
October 31, 2017 and 2016 ($ in thousands)

	2017	2016
Liabilities		
Current Liabilities:		
Bonds payable (net) (note 10)	$ 7,095	$ 6,130
Accrued interest payable	862	880
Total Current Liabilities	**7,957**	**7,010**
Noncurrent Liabilities:		
Bonds payable (net) (note 10)	131,800	77,385
Total Noncurrent Liabilities	**131,800**	**77,385**
Total Liabilities	**139,757**	**84,395**
Net Position		
Restricted for bond obligations (note 19)	41,577	53,490
Total Net Position	**$ 41,577**	**$ 53,490**

Schedule 4 (cont'd):

Multi-Family Secured Mortgage Revenue Bonds
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Fiscal Years ended October 31, 2017 and 2016 ($ in thousands)

	2017	2016
Operating Revenues		
Interest on loans	$ 6,117	$ 6,404
Total Operating Revenues	**6,117**	**6,404**
Operating Expenses		
Interest and amortization of bond premium and discount	3,485	3,815
Bond issuance costs	283	204
Total Operating Expenses	**3,768**	**4,019**
Operating Income	**2,349**	**2,385**
Non-operating Revenues (Expenses)		
Earnings on investments	142	128
Total Non-operating Revenues	**142**	**128**
Income	**2,491**	**2,513**
Operating transfers to Corporate Services Fund	(14,404)	(514)
Change in Net Position	**(11,913)**	**1,999**
Total net position - beginning of year	53,490	51,491
Total Net Position - End of Year	**$ 41,577**	**$ 53,490**

Financial Statements, Supplementary Information on Expenditures of Federal Awards and Reports and Schedule Required by the Uniform Guidance

New York City Housing Development Corporation
Year Ended October 31, 2017
With Report of Independent Auditors

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Housing Development Corporation

Financial Statements, Supplementary Information on Expenditures of Federal Awards and Reports and Schedule Required by the Uniform Guidance

October 31, 2017

Contents

Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of and for the year ended October 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2017 and the changes in financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Corporation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of the Corporation's OPEB Contributions, the Schedule of the Corporation's Proportionate Share of the Net Pension Liability and the Schedule of the Corporation's Contributions to the New York City Employees' Retirement System, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal*

Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we also have issued our report dated _______, 2018 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

_______, 2018

Financial Section

FINANCIAL STATEMENTS TO BE INSERTED LATER

Required Supplementary Information

SCHEDULE TO BE INSERTED

Supplementary Information

New York City Housing Development Corporation

Schedule of Expenditures of Federal Awards

Year Ended October 31, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub-Recipients	Expenditures
U.S. Department of Housing and Urban Development				
Direct Program:				
Interest Reduction Payments – Rental and Cooperative Housing for Lower-Income Families (Federal Direct)	14.103		$ —	$ 30,235,665
Passed-Through New York City Department of Housing Preservation and Development:				
CDBG – Disaster Recovery Grants – Pub. L. No. 113-2 Cluster:				
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	N/A	50,824,390	51,266,611
Total expenditures of federal awards			$ 50,824,390	$ 81,502,276

See accompanying notes to the schedule of expenditures of federal awards.

New York City Housing Development Corporation

Notes to Schedule of Expenditures of Federal Awards

October 31, 2017

1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards ("SEFA") presents the financial activity of the federally assisted programs of the New York City Housing Development Corporation as of and for the year ended October 31, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Because the SEFA presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Corporation.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are presented using the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles of OMB Circular A-87, *Cost Principles for State, Local and Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Corporation has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Interest Reduction Payments Program

Disbursements reported under the Interest Reduction Payments program (CFDA #14.103) fall under one of two project categories: those insured under Section 223(f) of the General Housing Act and those that are uninsured under General Housing subsidiary projects.

4. Hurricane Sandy Community Development Block Grant Disaster Recovery Grants

The City of New York, through the New York City Department of Housing Preservation and Development ("HPD"), applied for and was awarded funds from the United States Department of Housing and Urban Development ("HUD") under the Hurricane Sandy Community Development Block Grant Disaster Recovery Grants ("CDBG-DR") program. On October 29, 2013, the Corporation executed a subrecipient agreement with HPD in which the Corporation is responsible for implementing and administering a portion of the Multi-Family Rehabilitation Loan Program (the "Program"). The Program is intended to lend CDBG-DR funds to eligible owners of eligible buildings for eligible work under CDBG-DR and Program regulations.

4. Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (continued)

The below table summarizes the loan commitments and loans receivable at October 31, 2017. Loan commitments are not included in the SEFA until funds are advanced to the borrower.

Property	Loans Receivable November 1, 2016	Loan Advances	Loans Receivable October 31, 2017	Remaining Loan Commitment	Total
Sam Burt	$ 1,121,876	$ 81,063	$ 1,202,939	$ 11,018,937	$ 12,221,876
334 Beach 54th Street	710,935	—	710,935	—	710,935
Metro East 99th Street	600,000	—	600,000	—	600,000
9501 Rockaway Blvd	734,037	—	734,037	—	734,037
Dayton Tower Co-op	5,540,343	12,668,284	18,208,627	10,107,280	28,315,907
Sons of Italy	322,141	41,255	363,396	—	363,396
Village East Towers	369,568	3,141,014	3,510,582	6,808,986	10,319,568
Riverbend	87,000	4,271,106	4,358,106	5,728,894	10,087,000
Arverne/Nordeck Apts	—	18,406,633	18,406,633	27,791,367	46,198,000
Brighton House	—	875,345	875,345	15,699,655	16,575,000
Arverne View (Ocean Village)	—	1,853,790	1,853,790	2,346,210	4,200,000
Total	$ 9,485,900	$ 41,338,490	$ 50,824,390	$ 79,501,329	$ 130,325,719

Pursuant to the Agreement with HPD, the Corporation may be reimbursed for general administrative costs incurred in conjunction with the program. This amount cannot exceed $4,854,940 over the life of the agreement. Expenditures on the SEFA include $442,221 of general administrative costs incurred by the Corporation during the year ended October 31, 2017. Cumulative general and administrative costs to date are $2,184,863.

Reports and Schedule Required by the Uniform Guidance

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management and the Members of the
New York City Housing Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New York City Housing Development Corporation (the Corporation), a component unit of the City of New York, which comprise the statement of net position as of October 31, 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated ________, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_______, 2018

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Management and the Members of the
New York City Housing Development Corporation

Report on Compliance for Each Major Federal Program

We have audited the New York City Housing Development Corporation's (the Corporation) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Corporation's major federal programs for the year ended October 31, 2017. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended October 31, 2017.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

_______, 2018

New York City Housing Development Corporation

Schedule of Findings and Questioned Costs

For the Year Ended October 31, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP (*unmodified, qualified, adverse or disclaimer*):	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ Yes √ No
Significant deficiency(ies) identified?	____ Yes √ None reported
Noncompliance material to financial statements noted?	____ Yes √ No

Federal Awards

Internal control over major federal program:	
Material weakness(es) identified?	____ Yes √ No
Significant deficiency(ies) identified?	____ Yes √ None reported
Type of auditor's report issued on compliance for major federal program (*unmodified, qualified, adverse or disclaimer*):	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes √ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.103	Interest Reduction Payments – Rental and Cooperative Housing for Lower-Income Families

Dollar threshold used to distinguish between Type A and Type B programs:	$2,445,068
Auditee qualified as low-risk auditee?	√ Yes ____ No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Awards Findings and Questioned Costs

No matters were reported.

Combined Schedule of Investments

New York City Housing Development Corporation
October 31, 2017
With Report of Independent Auditors

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Housing Development Corporation

Combined Schedule of Investments

October 31, 2017

Contents

Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Combined Schedule of Investments

We have audited the accompanying Combined Schedule of Investments for the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2017 and the related notes.

Management's Responsibility for the Financial Schedule

Management is responsible for the preparation and fair presentation of the Combined Schedule of Investments in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Combined Schedule of Investments that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Combined Schedule of Investments based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Schedule of Investments is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Schedule of Investments. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Combined Schedule of Investments, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Combined Schedule of Investments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Combined Schedule of Investments.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Combined Schedule of Investments referred to above presents fairly, in all material respects, the combined investments of the Corporation at October 31, 2017, in conformity with U.S. generally accepted accounting principles.

Report on the Financial Statements as of October 31, 2017

We have audited, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, the financial statements of the Corporation as of and for the year ended October 31, 2017, and our report thereon dated _______, 2018, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated _______, 2018 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters with respect to the Combined Schedule of Investments. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance with respect to the Combined Schedule of Investments.

_______, 2018

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Combined Schedule of Investments Performed in Accordance with *Government Auditing Standards*

Management and the Members of the
New York City Housing Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Combined Schedule of Investments of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2017, and the related notes to the Combined Schedule of Investments, and have issued our report thereon dated ________, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the Combined Schedule of Investments, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Combined Schedule of Investments, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Combined Schedule of Investments will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's Combined Schedule of Investments is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, investment policies established by the Corporation and the New York State Comptroller's investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of Combined Schedule of Investment amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

________, 2018

New York City Housing Development Corporation

Combined Schedule of Investments
(In Thousands of Dollars)

October 31, 2017

Purpose investments	$	29,783
Restricted investments		2,255,059
Unrestricted investments		116,134
Total investments	$	2,400,976

The accompanying notes are an integral part of this schedule.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Housing Development Corporation

Notes to Combined Schedule of Investments

October 31, 2017

1. Background and Organization

The accompanying Combined Schedule of Investments includes the investments of the New York City Housing Development Corporation (the "Corporation" or "HDC") and its component units, the New York City Housing Assistance Corporation ("HAC") and the New York City Residential Mortgage Insurance Corporation ("REMIC").

HDC is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Corporation is also a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code"). The Corporation was established in 1971, under the provisions of Article XII of the Private Housing Finance Law (the "Act") of the State and is to continue in existence for at least as long as bonds, notes or other obligations of the Corporation are outstanding.

The Corporation was created to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, the Corporation is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi- family residential housing. The Corporation finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of the Corporation are not debts of either the State or the City of New York (the "City").

Pursuant to Governmental Accounting Standards Board ("GASB") Codification 2100, *Defining the Financial Reporting Entity*, the Corporation's financial statements are included in the City's financial statements as a component unit for financial reporting purposes.

HAC is a public benefit corporation established pursuant to Section 654-b of the Act as a subsidiary of the Corporation.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate-income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development or assist the Corporation in financing such developments. As a subsidiary of HDC, HAC's functions are administered by the Corporation and its Board Members substantially overlap with HDC's Board Members, so it is reported as a blended component unit in HDC's financial statements.

1. Background and Organization (continued)

REMIC is a public benefit corporation established pursuant to Section 654-d of the Act as a subsidiary of HDC. REMIC is the successor entity to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC"), which was dissolved on January 27, 1993. REMIC has the authority to insure residential mortgage loans throughout the City in order to promote the preservation of neighborhoods which are blighted, are becoming blighted or may become blighted, to discourage divestment and encourage the investment of mortgage capital in such neighborhoods and to provide safe, sanitary and affordable housing accommodations to persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations.

2. Summary of Significant Accounting Policies for Investments

Investments

Short-term bank deposits and investments with stated maturities of 90 days or less are reported as Cash and Cash Equivalents and are not included in the Combined Schedule of Investments. All investments with maturities longer than 90 days are reported as investments in the Combined Schedule of Investments and are carried at fair value, except for certificates of deposit and investment agreements. The Corporation's investment agreements can take the form of open time deposits or fixed repurchase agreements and are reported in the Combined Schedule of Investments at an amount equal to principal and accrued interest.

Purpose Investments

As part of its financing activities, HDC has made three housing development loans that are secured by GNMA certificates rather than mortgages on the related properties. The GNMA certificates provide payments at such times and in such amounts as to fully repay the respective HDC loans, and are the only source of repayment for these loans. The GNMA certificates are treated under U.S. Treasury regulations as acquired program obligations. The GNMA certificates are classified in the Combined Schedule of Investments as purpose investments and identified separately from other investments and restricted investments in the schedule. However, interest earned on the GNMA certificates is included in investment income.

The Corporation's policy is to record GNMA certificates at amortized cost, which amounted to $29,783,000 at October 31, 2017. The fair value of these purpose investments amounted to $29,812,000 at October 31, 2017.

3. Investments

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set for the Corporation by the Members of the Corporation on an annual basis, through the annual adoption of written investment guidelines. Investments are reviewed on a periodic basis by the Corporation's Audit Committee. Day-to-day investment decisions are made by the Corporation's Investment Committee. The Corporation principally invests in securities of the United States and its agencies, open time deposits ("OTDs") in the form of investment agreements, demand accounts, and repurchase agreements. In fiscal year 2017, HDC continued investing in taxable municipal bonds of New York State and New York City, consistent with the Corporation's statute and Investment Guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2017. Management of the Corporation is not aware of any violations of any provisions of the foregoing policies.

All investment transactions are recorded on the trade date. Investments, other than purpose investments, at October 31, 2017, were as follows:

Investment Type	Fair Value 2017	Investment Maturities at October 31, 2017 (In Years) Less than 1	1–5	6–10	More than 10
(In Thousands)					
Money Market and NOW Accounts	$ 1,677,282	$ 1,677,282	$ –	$ –	$ –
FHLMC Bonds	1,123,108	497,847	571,952	25,070	28,239
U.S. Treasury (Bonds, Notes, Bills)	374,023	370,200	3,823	–	–
Certificates of Deposit	296,963	44,924	252,039	–	–
Fixed Repurchase Agreements	196,253	196,253	–	–	–
NYS/NYC Municipal Bonds*	131,961	25,451	54,463	–	52,047
FNMA Bonds	131,258	–	64,671	66,587	–
Term repurchase Agreements	112,891	–	112,891	–	–
FHLB Bonds	71,549	69,564	1,985	–	–
Open Time Deposits	46,137	–	–	–	46,137
Total	4,161,425	2,881,521	1,061,824	91,657	126,423
Less amounts classified as cash equivalents	(1,790,232)	(1,790,232)	–	–	–
Total investments	$ 2,371,193	$ 1,091,289	$ 1,061,824	$ 91,657	$ 126,423

* *Note: These are mostly Variable Rate Demand Obligation ("VRDO") instruments, which can be put weekly.*

3. Investments (continued)

Under Statement No. 72, *Fair Value Measurement and Application,* HDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of October 31, 2017:

- NYC/NYS Municipal securities of $131,961,000 are using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of $374,023,000 are valued based on models using observable inputs (Level 2 inputs)
- U.S. Agency securities of $1,325,915,000 are based on models using observable inputs (Level 2 inputs)

In addition to the investments identified above, as of October 31, 2017 and 2016, the Corporation held $13,982,000 and $5,878,000, respectively, uninvested as cash in various trust and escrow accounts.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's Investment Guidelines charge the Investment Committee with "...determining appropriate investment instruments based on length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in long term securities that carry a higher yield, with the intent to hold the investments to maturity.

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished by making decisions based on a review of ratings, collateral, and diversification requirements that vary according to the type of investment.

3. Investments (continued)

As of October 31, 2017, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") and Federal Home Loan Bank ("FHLB") were rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae, Freddie Mac and FHLB are collectively referred to as "Agency"). These ratings were AA+ and A-1+ by Standard & Poor's, and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. Investments in Fannie Mae, Freddie Mac and FHLB are implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings from AAA to F2. Money market accounts are either backed by collateral held by the provider or letters of credit provided by third parties.

Ratings for NYS/NYC municipal bonds are based on each issuer's rating for its general obligation debt. The issuers' ratings ranged from AAA to A by Standard & Poor's; ranged from Aaa to Aa2 by Moody's; and AAA to AA by Fitch Ratings Service. Money Market, Open Time Deposits and Repurchase Agreements in the form of OTDs are not rated; however, the providers are rated.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Corporation.

The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation, and accordingly, the Corporation was not exposed to custodial credit risk on its investment securities.

As of October 31, 2017, open time deposits in the amount of $30,093,000, repurchase agreements in the amount of $309,144,000, demand accounts in the amount of $1,472,538,000 and certificates of deposits in the amount of $296,963,000 were collateralized by high quality instruments such as U.S. Treasury Notes, U.S. Treasury Bills, and Agency investments and Letters of Credits held by the Corporation's agent in the name of the Corporation. A portion of collateral supporting the demand accounts was in the form of Federal Home Loan Bank ("FHLB") letters of credit. All such investments are not subject to custodial credit risk.

3. Investments (continued)

Concentration of Credit Risk: The Corporation follows its annually adopted investment guidelines in accordance with concentration limits. The Corporation reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation's Audit Committee.

The following table shows issuers that represent 5% or more of the total investments at October 31, 2017 *(dollars in thousands)*:

Issuer	Dollar Amount	Percentage
FHLMC	$ 1,123,108	26.80%
Signature Bank*	707,918	16.89
NY Community Bank*	628,540	15.00

* *Note: Covered by FHLB securities and/or FHLB letter of credit collateral held at FHLB as the Corporation's collateral agent.*

REPORT ON COMPLIANCE WITH SPECIFIED MINIMUM SERVICING STANDARDS

New York City Housing Development Corporation
October 31, 2017
With Report of Independent Auditors

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Housing Development Corporation

Report on Compliance With Specified Minimum Servicing Standards

October 31, 2017

Contents

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

Report of Independent Accountants

The Members of the
New York City Housing Development Corporation

We have examined management's assertion, included in the accompanying *Report of Management on Compliance,* that the New York City Housing Development Corporation (the Corporation) complied with the servicing standards identified in Exhibit A (the specified minimum servicing standards) to the *Report of Management on Compliance,* as set forth in the Mortgage Bankers Association of America's *Uniform Single Attestation Program for Mortgage Bankers* (USAP) for the year ended October 31, 2017. Management is responsible for the Corporation's compliance with the specified minimum servicing standards. Our responsibility is to express an opinion on management's assertion about the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified minimum servicing standards is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Corporation's compliance with the specified minimum servicing standards.

In our opinion, management's assertion that the Corporation complied with the servicing standards identified in Exhibit A (the specified minimum servicing standards) for the year ended October 31, 2017 is fairly stated, in all material respects.

This report is intended solely for the information and use of management, the Members of the Corporation, and the Office of the State Comptroller of the State of New York and is not intended to be and should not be used by anyone other than these specified parties.

________, 2018

Report of Management on Compliance

_______, 2018

We, as members of management of the New York City Housing Development Corporation (the Corporation), are responsible for complying with the servicing standards identified in the attached Exhibit A (the specified minimum servicing standards) as set forth in the Mortgage Bankers Association of America's *Uniform Single Attestation Program for Mortgage Bankers* (USAP). We also are responsible for establishing and maintaining effective internal control over compliance with the specified minimum servicing standards. We have performed an evaluation of the Corporation's compliance with the specified minimum servicing standards as of October 31, 2017 and for the year then ended. Based on this evaluation, we assert that as of October 31, 2017 and for the year then ended, the Corporation complied with the specified minimum servicing standards and had in effect fidelity bonds in the amount of $3 million and is self-insured for errors and omissions.

____

Cathleen Baumann
Senior Vice President & Treasurer

Exhibit A

Specified Minimum Servicing Standards

I. Custodial Bank Accounts

1. Reconciliations shall be prepared on a monthly basis for all custodial bank accounts and related bank clearing accounts. These reconciliations shall:

    a. Be mathematically accurate.

    b. Be prepared within forty-five (45) calendar days after the cutoff date.

    c. Be reviewed and approved by someone other than the person who prepared the reconciliation.

    d. Document explanations for reconciling items. These reconciling items shall be resolved within ninety (90) calendar days of their original identification.

2. Funds of the servicing entity shall be advanced in cases where there is an overdraft in an investor's or a mortgagor's account.

3. Each custodial account shall be maintained at a federally insured depository institution in trust for the applicable investor.

4. Escrow funds held in trust for a mortgagor shall be returned to the mortgagor within thirty (30) calendar days of payoff of the mortgage loan.

II. Mortgage Payments

1. Mortgage payments shall be deposited into the custodial bank accounts and related bank clearing accounts within two business days of receipt.

2. Mortgage payments made in accordance with the mortgagor's loan documents shall be posted to the applicable mortgagor records within two business days of receipt.

3. Mortgage payments shall be allocated to principal, interest, insurance, taxes or other escrow items in accordance with the mortgagor's loan documents.

4. Mortgage payments identified as loan payoffs shall be allocated in accordance with the mortgagor's loan documents.

III. Disbursements

1. Disbursements made via wire transfer on behalf of a mortgagor or investor shall be made only by authorized personnel.

2. Disbursements made on behalf of a mortgagor or investor shall be posted within two business days to the mortgagor's or investor's records maintained by the servicing entity.

3. Tax and insurance payments shall be made on or before the penalty or insurance policy expiration dates, as indicated on tax bills and insurance premium notices, respectively, provided that such support has been received by the servicing entity at least thirty (30) calendar days prior to these dates.

4. Any late payment penalties paid in conjunction with the payment of any tax bill or insurance premium notice shall be paid from the servicing entity's funds and not charged to the mortgagor, unless the late payment was due to the mortgagor's error or omission.

5. Amounts remitted to investors per the servicer's investor reports shall agree with cancelled checks, or other form of payment, or custodial bank statements.

6. Unissued checks shall be safeguarded so as to prevent unauthorized access.

IV. Investor Accounting and Reporting

1. The servicing entity's investor reports shall agree with, or reconcile to, investors' records on a monthly basis as to the total unpaid principal balance and number of loans serviced by the servicing entity.

V. Mortgagor Loan Accounting

1. The servicing entity's mortgage loan records shall agree with, or reconcile to, the records of mortgagors with respect to the unpaid principal balance on a monthly basis.

2. Adjustments on adjustable rate mortgage (ARM) loans shall be computed based on the related mortgage note and any ARM rider.

3. Escrow accounts shall be analyzed, in accordance with the mortgagor's loan documents, on at least an annual basis.

4. Interest on escrow accounts shall be paid, or credited, to mortgagors in accordance with the applicable state laws.

Specified Minimum Servicing Standards (continued)

VI. Delinquencies

1. Records documenting collection efforts shall be maintained during the period a loan is in default and shall be updated at least monthly. Such records shall describe the entity's activities in monitoring delinquent loans including, for example, phone calls, letters and mortgage payment rescheduling plans in cases where the delinquency is deemed temporary (i.e., illness or unemployment).

VII. Insurance Policies

1. A fidelity bond and errors and omissions policy shall be in effect on the servicing entity throughout the reporting period in the amount of coverage represented to investors in management's assertion.

New York City Housing Development Corporation

2017 audit results

January 26, 2018

EY

Building a better working world

EY
Building a better working world

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New York, New York,
10036-6530

Tel: +1 212 773 3000
ey.com

The Audit Committee of the Board of Directors
New York City Housing Development Corporation

January 19, 2018

Dear Members of the Audit Committee,

We are pleased to present the results of our audit of the financial statements of the New York City Housing Development Corporation (the "Corporation"). Open and candid dialogue with you, as a member of the Audit Committee, is a critical step in the audit process, and in the overall corporate governance process and we appreciate this opportunity to share the insights from our audit with you.

Our audit was designed to express an opinion on the 2017 financial statements as of October 31, 2017. We continue to receive the full support and assistance of the Corporation's personnel in conducting our audit.

At EY, we are committed to delivering the highest quality audit services, and we continually evaluate the quality of our professionals' work in order to meet or exceed your expectations. We encourage you to participate in our Assessment of Service Quality (ASQ) process to provide your input on our performance. The ASQ process is a critical tool that enables us to monitor and improve the quality of our audit services to the Corporation.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to meeting with you to discuss the contents of this report and answer any questions you may have about these or any other audit-related matters.

Very truly yours,

Ernst + Young LLP

Table of contents

Executive summary

Status

- The 2017 audit is progressing as planned. After completing our remaining procedures, we expect to issue an unmodified opinion on the financial statements.

Scope

- Our audit scope is consistent with the plan communicated in September 2017. We continually reassess the need for changes to our planned audit approach throughout the audit.

Results

- The Corporation's analysis for significant accounting matters is appropriate.
- Reasonable judgments and consistency have been used by management to account for significant accounting estimates.
- No corrected misstatements or material uncorrected misstatements were identified.
- Entity level controls and other internal controls over financial reporting are designed and operating effectively.
- Outstanding cooperation and communication occurred between the Corporation and EY.

Open items

- Obtaining the executed letter of representations from management
- Completion of review of the GASB 75 OPEB Valuation

2017 audit results (continued)

Areas of audit emphasis

Key issue/risk area	Summary of procedures and findings
Interest on loans	‣ We tested interest on loans, including performance of substantive analytical procedures. No exceptions were noted.
Interest and amortization of bond premium and discount	‣ We tested interest and amortization expense on a test basis, including performance of substantive analytical procedures. No exceptions were noted.
Operating expenses	‣ We tested the Corporation's internal controls over procurement and cash disbursements and tested significant non-routine transactions.

Summary of required communications

Provided below is a summary of required communications between the audit team and those charged with governance.

Services and deliverables	Communicate when event occurs	Communicate on a timely basis, at least annually
Overview of the planned scope and timing of the audit		Page 9
Auditor's responsibility under generally accepted auditing standards, including discussion of the type of auditor's report we are issuing		Page 9
Matters relevant to our evaluation of the entity's ability to continue as a going concern		Page 9
Our views about the qualitative aspects of the entity's significant accounting practices, including:		
‣ Accounting policies		Page 10
‣ Additional views		Page 11
Uncorrected misstatements, related to accounts and disclosures, considered by management to be immaterial		Page 12
Material corrected misstatements, related to accounts and disclosures		Page 12
Significant deficiencies and material weaknesses in internal control	Page 12	Page 12
Our responsibility, any procedures performed and the results relating to other information in documents containing audited financial statements		Page 13
Fraud and non-compliance with laws and regulations (illegal acts)	Page 13	
Independence matters		Page 13
Representations we are requesting from management		Page 14
Changes to the terms of the audit with no reasonable justification for the change	Page 14	
Significant findings and issues arising during the audit relating to related parties	Page 14	
Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management	Page 14	
Significant difficulties encountered during the audit	Page 15	
Disagreements with management	Page 15	
Management's consultations with other accountants	Page 15	
Findings regarding external confirmations	Page 15	
AICPA ethics ruling regarding third-party service providers		Page 16
Other findings or issues regarding the oversight of the financial reporting process	Page 16	

Required communications

Area	Comments
Our views about the qualitative aspects of the entity's significant accounting practices: accounting policies	
As part of our discussion about the qualitative aspects of the entity's significant accounting practices, we discuss our views about the entity's application of accounting policies including instances we believe a significant accounting policy, although acceptable under US GAAP, is not appropriate for the particular circumstances of the entity. Our discussion may also include the following: ▸ The initial selection of new, or changes in, significant accounting principles and policies, including the application of new accounting pronouncements. ▸ The effect of the timing and method of adopting a change in accounting policy on current and future earnings of the entity (or expected new accounting pronouncements). ▸ The appropriateness of the accounting policies to the particular circumstances of the entity. ▸ Where acceptable alternative accounting policies exist, the identification of financial statement items that are affected by the implemented significant policies as well as information on accounting policies used by similar entities. ▸ The effect of a significant accounting policy in a controversial or emerging area (or those unique to an industry), particularly when there is a lack of authoritative guidance or consensus.	During the year, the Corporation adopted the following standard: GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* The effect of adopting this standard did not materially affect the 2017 financial statements. Accordingly, we have not modified our opinion as to consistency. We are not aware of any significant accounting policies used by the Corporation in controversial or emerging areas or for which there is a lack of authoritative guidance. The significant policies of the Corporation are described in Note 2 to the financial statements. The Corporation's policies are consistent with generally accepted accounting principles.

Required communications

Area	Comments
Uncorrected misstatements, related to accounts and disclosures, considered by management to be immaterial	
We discuss with those charged with governance uncorrected misstatements, related to accounts and disclosures, and the effect that they may have on our opinion in the auditor's report. We also discuss the effect of uncorrected misstatements related to prior periods on the significant classes of transactions, account balances or disclosures, and the financial statements as a whole. In addition, we discuss with those charged with governance the implications of a failure to correct known and likely misstatements, if any, considering qualitative as well as quantitative considerations, including the possible implications in relation to future financial statements.	No uncorrected misstatements were identified in connection with our audit of the Corporation's financial statements as of and for the year ended October 31, 2017.
Material corrected misstatements, related to accounts and disclosures	
We discuss with those charged with governance material, corrected misstatements, related to accounts and disclosures, that were brought to the attention of management as a result of our audit procedures. In addition, we may discuss other corrected immaterial misstatements, such as frequently recurring immaterial misstatements that may indicate a particular bias in the preparation of the financial statements.	No corrected misstatements were identified in connection with our audit of the Corporation's financial statements as of and for the year ended October 31, 2017.
Significant deficiencies and material weaknesses in internal control	
We communicate all significant deficiencies and material weaknesses in internal control that were identified during the course of our audit, including those that have been remediated during the audit.	Refer to the Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*..

Required communications

Area	Comments
Representations we are requesting from management	
We discuss with those charged with governance representations we are requesting from management.	We will obtain from management a standard letter of representations related to the audit.
Changes to the terms of the audit with no reasonable justification for the change	
We discuss with those charged with governance any changes to the terms of the audit engagement where there is no reasonable justification for the change and we are not permitted by management to continue the original audit.	None
Significant findings and issues arising during the audit relating to related parties	
We discuss with those charged with governance any significant findings and issues arising during the audit relating to the entity's related parties. Such matters may include the following: ▸ Non-disclosure (whether intentional or not) by management of related parties or significant related party transactions ▸ The identification of significant related party transactions that have not been appropriately authorized and approved ▸ Disagreement with management regarding the accounting for, and disclosure of, significant related party transactions in accordance with US GAAP ▸ Non-compliance with applicable law or regulations prohibiting or restricting specific types of related party transactions ▸ Difficulties in identifying the party that ultimately controls the entity	None
Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management	
We discuss with those charged with governance any significant matters that were discussed with, or the subject of correspondence with, management, including: ▸ Business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatements. ▸ Discussions or correspondence in connection with our initial or recurring retention as the auditor, including, among other matters, any discussions regarding the application of accounting principles and auditing standards, the scope of the audit, financial statement disclosures and the wording of the auditor's report. We communicate those major professional issues we discussed with management, prior to our being hired as the auditors, during the entity's two most recently completed fiscal years and any subsequent interim period.	None

Required communications

Area	Comments
AICPA ethics ruling regarding third-party service providers	
AICPA Ethics Ruling No. 112 under Rule 102, *Integrity and Objectivity*, requires that we inform you whenever we use a third-party service provider in providing professional services to the entity. The Rule has broadly defined "third-party service provider" to include an individual who is not employed by our US firm. Accordingly, third-party service providers might include, but not be limited to, the following examples: non US personnel who work for EY affiliate firms (e.g., Ernst & Young United Kingdom), non US personnel working in the US on a foreign secondment and non US personnel working at EY shared service centers.	From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with the Corporation or its affiliates directly, although EY alone will remain responsible to you for the Audit Services, and (2) personnel (including non- certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services. Other than the utilization of Mitchell & Titus to honor our commitment to utilize an MBE firm for a portion of the audit, no services were subcontracted or completed by a third-party service provider.
Other findings or issues regarding the oversight of the financial reporting process	
We communicate other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.	There are no other findings or issues arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

New York City Housing Development Corporation

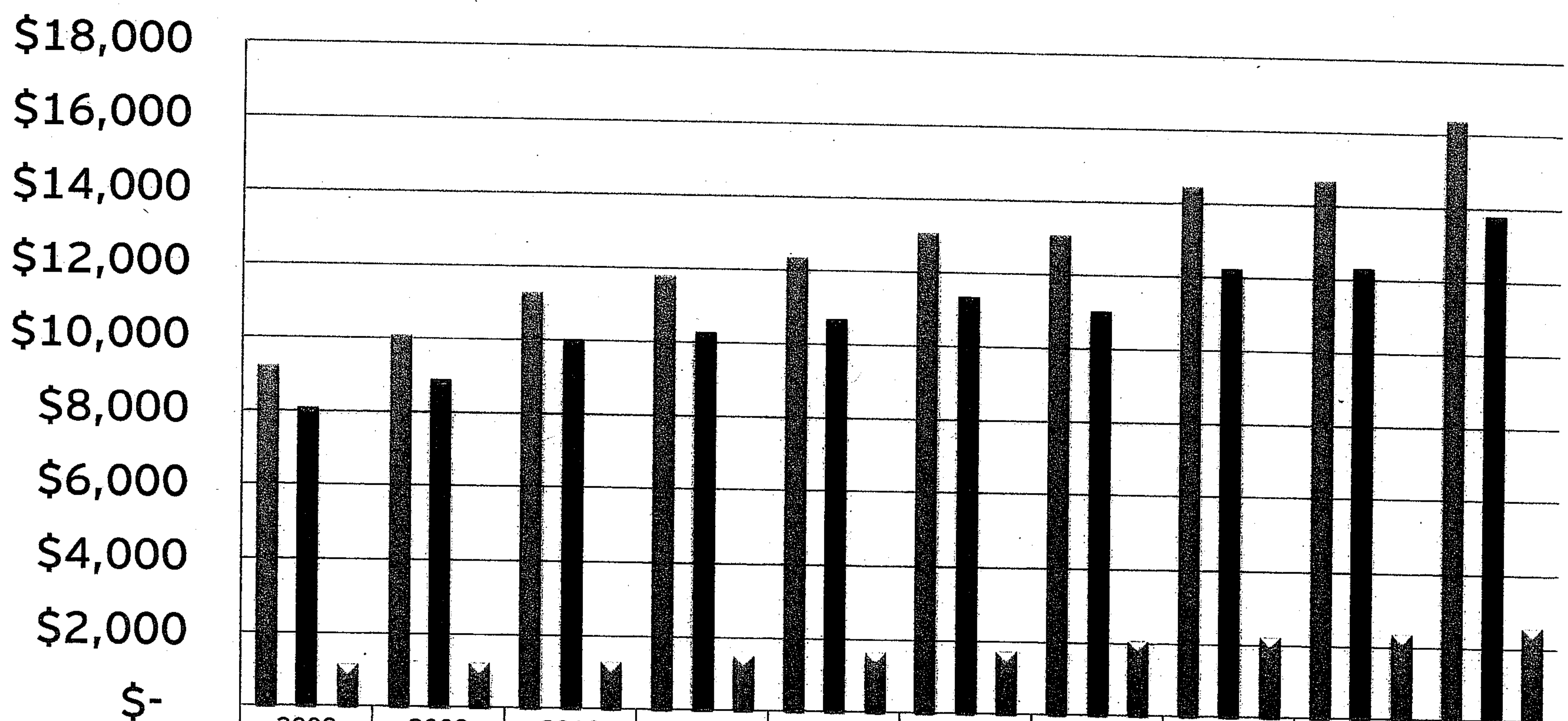
Financial Analysis

EY

Building a better working world

Balance Sheet Analysis (2008-2017)

HDC and Component units (Dollars in millions)

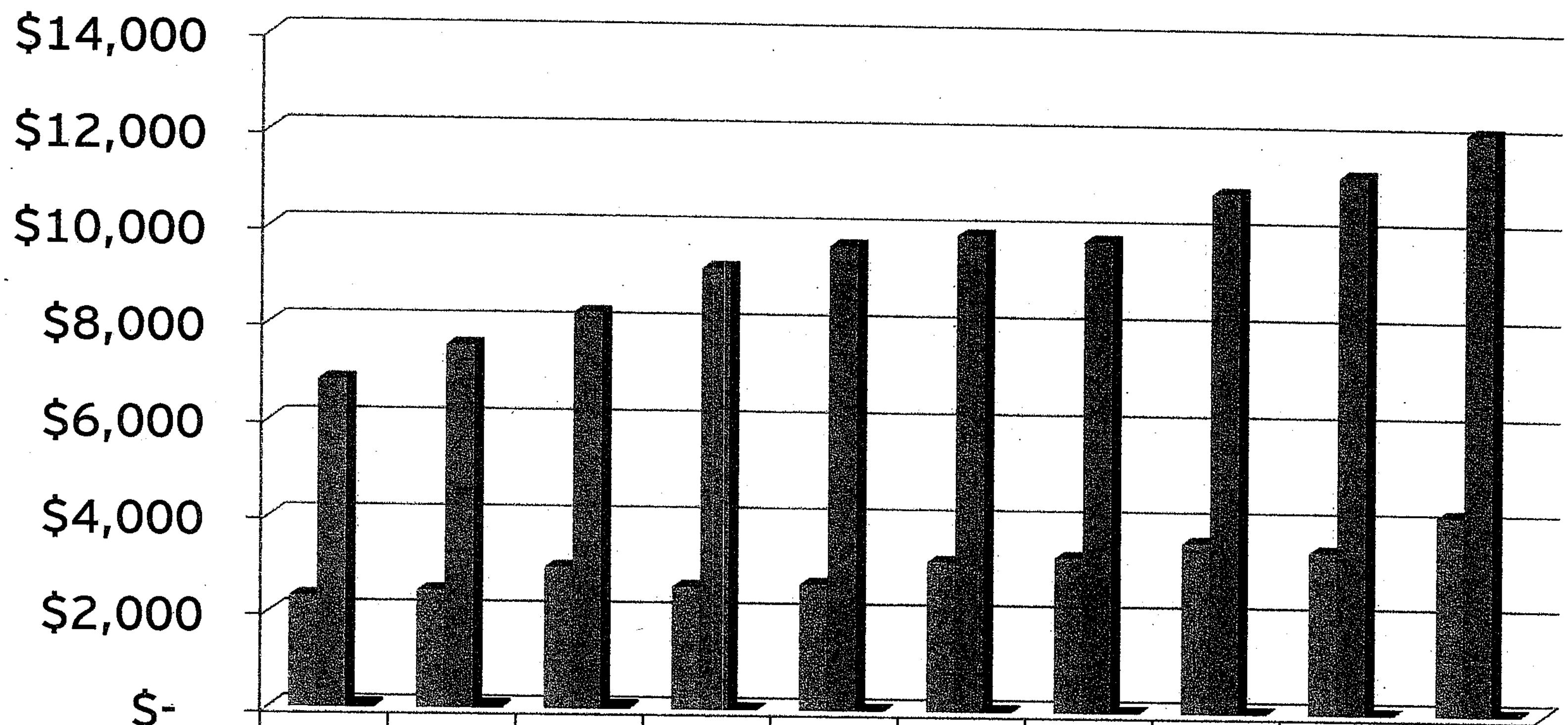


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assets	$9,243	$10,085	$11,301	$11,802	$12,364	$13,099	$13,108	$14,484	$14,694	$16,387
Deferred Outflow*	-	-	-	2	1	11	12	12	12	$11
Liabilities	8,081	8,857	10,008	10,276	10,701	11,369	11,034	12,253	12,329	13,805
Deferred Inflow*	-	-	-	-	-	1	3	2	1	9
Net Position	1,162	1,228	1,293	1,528	1,664	1,740	2,083	2,241	2,376	2,584

* Deferred outflows/inflows of resources only shown in FY12 through FY17, as applicable, due to the adoptions of GASB 65 in 2012, GASB 68 in 2014, and GASB 75 in 2017.

Component of Total Assets (2008-2017)

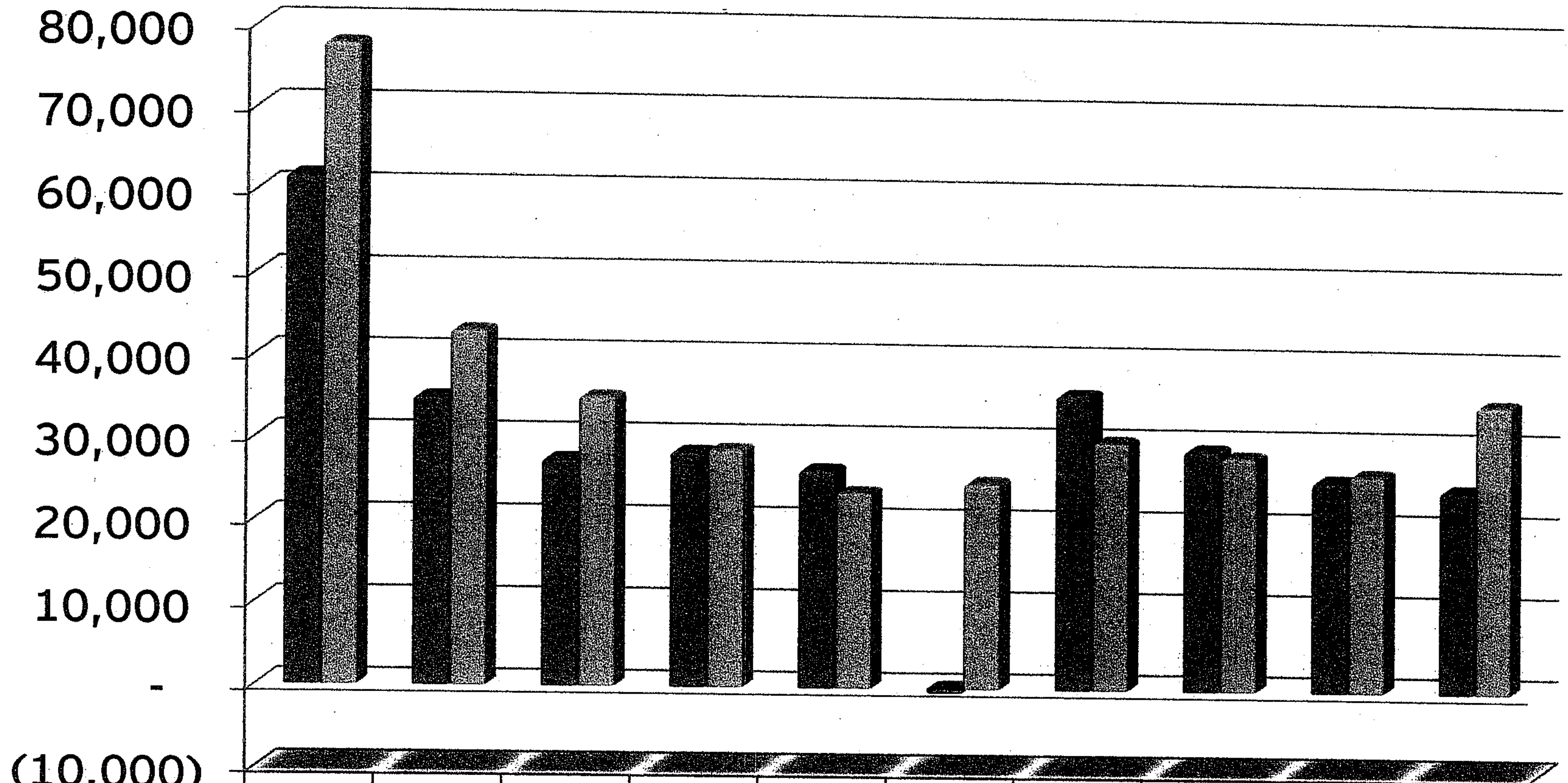
HDC and Component units (Dollars in millions)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash and Investments	$2,344	$2,474	$2,979	$2,591	$2,667	$3,160	$3,267	$3,610	$3,442	$4,205
Receivables	6,846	7,554	8,263	9,196	9,685	9,929	9,831	10,863	11,244	12,166
Other	52	56	56	14	12	11	10	11	8	16

Investment Earnings (Cash Basis) (2008-2017)

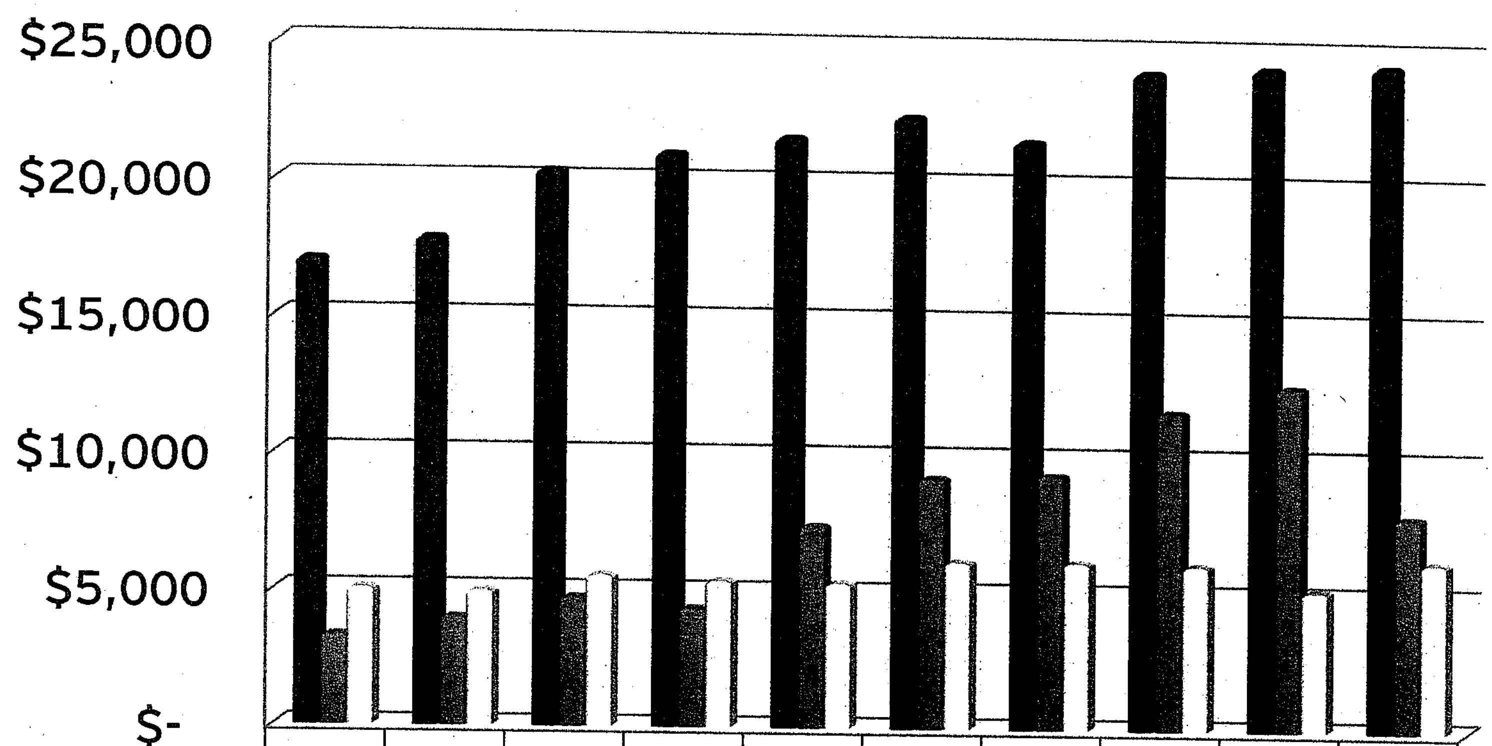
HDC Only (Dollars in thousands)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GASB 31	61,753	34,904	27,470	28,486	26,486	(671)	35,920	29,357	25,799	24,870
Cash Basis	77,822	43,100	35,136	28,831	23,881	25,153	30,245	28,565	26,572	35,276

Analysis of Selected Expenses (2008-2017)

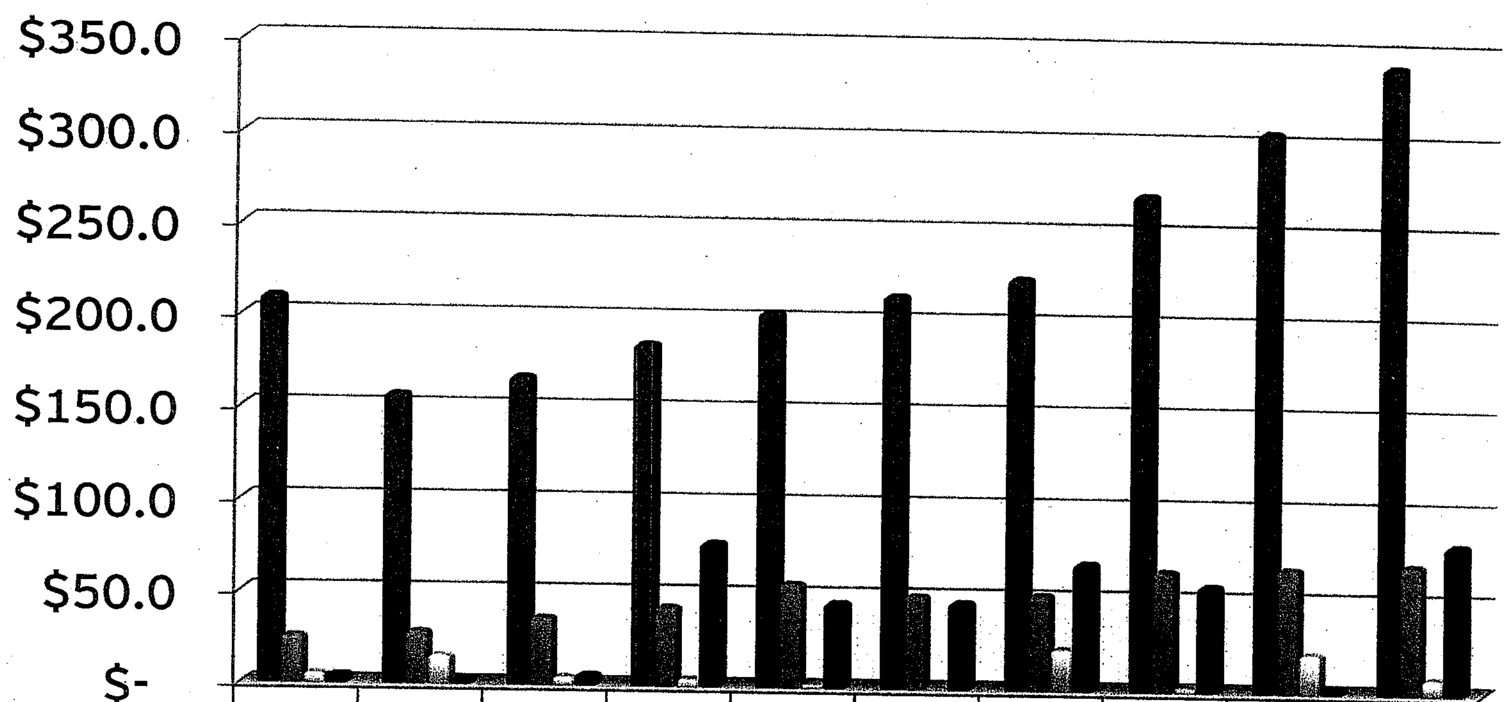
HDC & Component units (Dollars in thousands)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Salaries and related	$17,031	$17,834	$20,319	$20,987	$21,604	$22,408	$21,562	$24,142	$24,341	$24,448
Trustees and other fees	3,334	4,012	4,770	4,399	7,443	9,260	9,401	11,746	12,701	7,966
Corporate operating expenses	5,048	4,973	5,567	5,388	5,346	6,178	6,187	6,105	5,206	6,290

Analysis of Revenue (2008-2017)

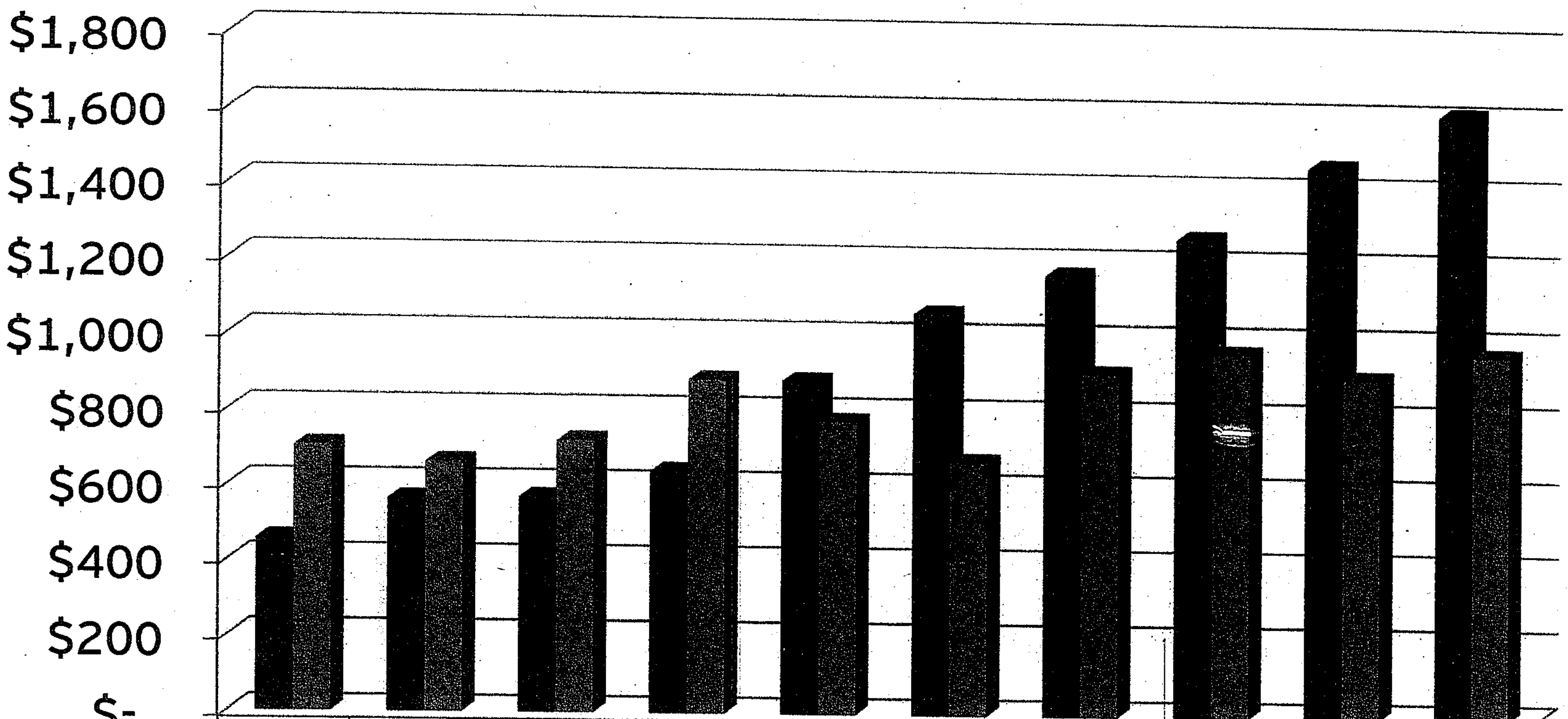
HDC & Component units (Dollars in millions)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Interest on Loans	$209.7	$157.2	$166.7	$185.3	$203.8	$213.9	$224.1	$270.5	$306.2	$342.6
Fees and Charges	25.9	28.6	37.0	43.3	56.7	50.9	52.1	66.1	68.2	70.7
Loan Participation Income	5.7	15.7	4.9	4.5	2.3	0.9	23.1	2.8	21.7	9.0
Other	5.0	2.3	6.2	78.4	46.6	47.6	69.6	57.8	2.7	81.8

Net Position Comparison (2008-2017)

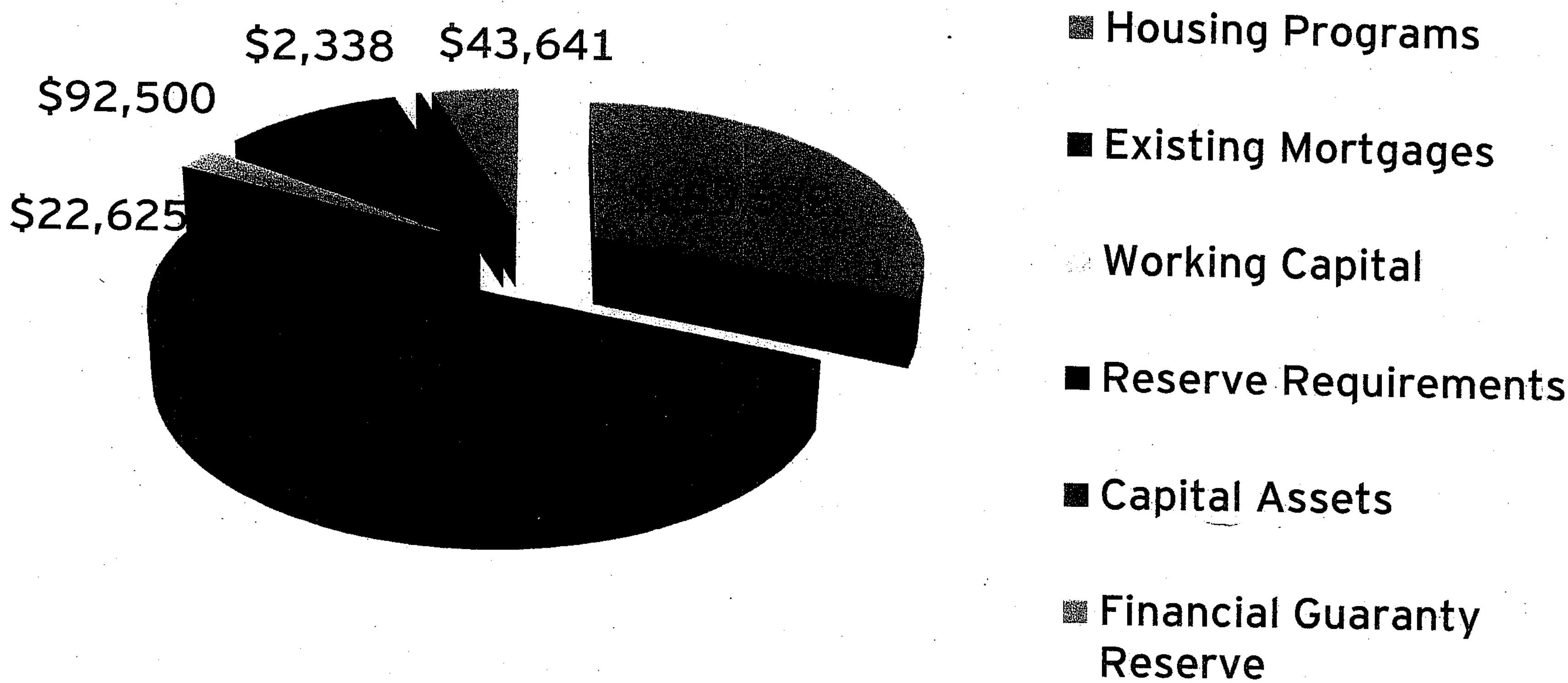
HDC & Component units (Dollars in millions)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Restricted	$456	$564	$570	$642	$885	$1,066	$1,170	$1,271	$1,467	$1,611
Unrestricted*	705	663	722	887	779	675	913	970	909	973

* Unrestricted net position for 2013 and 2016 was restated upon adoption of GASB 68 in 2014 and GASB 75 in 2017.

Unrestricted Net Position
HDC only (Dollars in thousands)



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

2017 Annual Investment Report

NYC HDC
NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Eric Enderlin
President

January 19, 2018

Honorable Bill de Blasio
Mayor
The City of New York
City Hall
New York, New York 10007

Dear Mayor de Blasio:

The New York City Housing Development Corporation (the "Corporation" or "HDC") is submitting its Annual Investment Report (the "Report") for the Corporation and its subsidiaries pursuant to Section 2925 of the Public Authorities Law ("PAL") of New York State. The Report presents the Corporation's investment record for fiscal year 2017. As required by statute, the report includes:

1. The investment record of the Corporation, which is discussed in this letter and detailed in the attached Quarterly Reports;
2. Quarterly Reports submitted to the Members of the Corporation which disclose the investment purchases and the types of securities bought.
3. The Investment Guidelines as approved by the Members on September 19, 2017; and
4. The results of the annual independent audit. (DRAFT)

This report also includes descriptive charts on HDC's investments and investing environment, and a Counterparty Credit Risk Exposure Summary.

The Corporation

The Corporation was established in 1971 under the provisions of the Private Housing Finance Law of the State of New York ("HDC Act"). It was created primarily to offer low-interest mortgage loans and thereby encourage the investment of private capital in providing safe and sanitary housing for those whose need for housing cannot be provided by unassisted private enterprise.

To accomplish its objectives, the Corporation finances new construction and rehabilitation of multi-family residential housing developments through the issuance of tax-exempt and taxable debt. The Corporation is not authorized to levy taxes and has never received operating assistance from the City nor State. HDC is authorized to provide construction and/or permanent financing with mortgage loans generally secured by first or second liens on the real estate financed. These loans may also be guaranteed or secured in a variety of ways such as with bank letters of credit, Fannie Mae or Freddie Mac guarantees and mortgage insurance provided by governmental agencies or private insurers.

To assist HDC in fulfilling its mandate, the State Legislature established four subsidiaries of HDC, two of which are currently active and have assets. The Housing Assistance Corporation ("HAC") was established in 1985, and the New York City Residential Mortgage Insurance Corporation ("REMIC") was established in 1993. The Housing New York Corporation ("HNYC") was founded in 1986 and the NYC HDC Real Estate Owned Corporation ("REO") was established in 2004 under 654-a of the Act. Both of these subsidiaries are currently inactive, however, the REO did acquire and immediately dispose of one property during FY 2011 as part of a preservation plan for a federally assisted development in the Bronx.

Investment Guidelines

As an integral part of the internal controls established by the Corporation to safeguard its assets, management has set forth Investment Guidelines (the "Guidelines") which are annually reviewed and approved by the Members of the Corporation. The Corporation's investment options are set by the PAL and the HDC Act, and the Guidelines establish permitted investments within this statutory framework. The current Guidelines were reviewed and adopted on September 19, 2017. A copy of which is attached for your review.

The Guidelines require the Corporation and its subsidiaries to seek to diversify their investment holdings and to establish an Investment Committee. The primary goal of the Committee is to safeguard the Corporation's assets and maximize investment yield without undue risk. The Committee generally meets bi-weekly and authorizes purchases and sales of investments in accordance with the HDC Act, the various bond resolutions which govern the programs administered by the Corporation, and contractual obligations with other governmental agencies.

In addition to the Guidelines, HDC's Cash Management Department operates according to written policies and procedures that govern the receipt and disbursement of funds. These policies and procedures work together with the Guidelines to provide a framework for safeguarding the Corporation's investment assets.

Description of Monies Available for Investment

HDC invests funds from a variety of sources. Each time the Corporation issues bonds, the proceeds are invested until needed for mortgage advances. Prior to 2008, bond proceeds were typically invested pursuant to written investment agreements or guaranteed investment contracts ("GICs"), structured to allow withdrawal of funds in accordance with anticipated mortgage advances. Over the past several years, as the overall level of interest rates have decreased, so have the rates on the GICs. In addition, the number of GIC providers eligible to bid on the Corporation's investments has diminished to two or three because of market turmoil, rating downgrades, and low profit margins. These changes have resulted in the Corporation looking to other eligible investments to minimize the negative arbitrage on the bond proceeds. While the

Corporation still invests in some GICs, alternative investments include demand deposits, certificates of deposit, repurchase agreements (all fully collateralized by U.S. Treasury or Agency securities), NYS/NYC municipal bonds, and direct purchases of U.S. Treasury and Agency obligations.

Most collections are pledged to the payment of bond principal and interest. These mortgage receipts are thus invested to the next debt service date. The applicable bond resolutions of the Corporation's housing programs and the Investment Guidelines determine the types of securities that may be purchased with these monies.

HDC maintains substantial reserve funds as required by each program. Many HDC programs require the ability to liquidate securities at the original reserve amount at any time, regardless of market conditions. HDC enters into investment agreements for these restricted reserves, deposits funds in collateralized demand deposit accounts, or purchases U.S. Treasury or Agency obligations with maturity dates that target a five to ten year average life to provide this liquidity feature.

The Corporation also administers several types of escrow funds that are accumulated to pay certain expenses of the housing developments in order to protect the Corporation's mortgage liens. They include escrows for hazard insurance, real estate taxes, mortgage insurance premiums, water and sewer charges and working capital. These funds are generally outside the lien of the bond resolutions and are either held by the applicable trustee or a depository. They are invested on a short-term basis to coincide with the dates when the applicable payments must be made and are invested in U.S. Treasury or Agency obligations, collateralized demand deposit accounts, or repurchase agreements collateralized by U.S. Treasury or Agency securities.

A portion of the Corporation's mortgage portfolio is insured by the Federal Housing Administration ("FHA"), which requires developers to maintain a Reserve-for-Replacement Fund. The FHA determines the types of securities these accounts may hold. The Corporation usually purchases U.S. Treasury Bills to provide liquidity for this portfolio. As part of the 223(f) Housing Bond program, HDC funded the Claim Payment Fund, which functions as a coinsurance reserve and is required by FHA as part of the City's Mitchell-Lama refinancing program. Income from this fund inures to the Corporation. The investment of these funds is governed by a written agreement between the Corporation and FHA which only allows investments in U.S. Treasury or Agency obligations.

The Corporation is committed to assisting the City in implementing its affordable housing and community development strategy. Since 2003, unrestricted corporate funds in excess of $2.38 billion have been allocated for this purpose, and are being used to provide 1% or low-interest loans. HDC also serves as a fee-based loan servicer for various City Department of Housing Preservation and Development ("HPD") housing loan programs. As such, the Corporation invests HPD loan funds that have not yet been advanced to the borrowers as well as project reserves. These funds are invested in short term repurchase agreements, collateralized demand deposits, or U.S. Treasury and Agency securities.

The Corporation has established the Corporate Services Fund as its operating fund. The cash and investments held in this fund are principally allocated to funding affordable housing programs and providing dedicated reserves to support the Corporation's "AA" rating. The HDC Act and the Guidelines determine the types of securities which may be purchased by this fund.

The Corporation administers the investments of its two active subsidiaries, HAC and REMIC. In July 2003 HAC approved the funding of a rental subsidy program for eligible tenants of the Ruppert/Yorkville development, which was leaving the Mitchell-Lama program. This subsidy has been funded by loans from HDC to HAC, by HAC revenues, and by a pre-payment from two of the HAC mortgages. In October 2017, in order to continue to fund the City Subsidy Program and repay HDC, the HAC Members authorized the sale of its remaining five loans with an aggregate outstanding balance of approximately $32 million to HDC. HDC securitized these loans raising $23.8 million for HAC. The loan sale proceeds were used to repay HDC its outstanding $9.05 million loan to HAC. The remaining sale proceeds, together with earnings on the proceeds, should be sufficient to continue the City Subsidy Program through 2022. These proceeds need to be liquid and are currently invested in collateralized money market accounts. HDC staff will work with the City of New York to determine other potential resources to support the City Subsidy Program in the intervening period.

REMIC insures mortgages and underwrites to a zero loss standard. Therefore, liquidity is not a major concern and REMIC funds are invested for maximum yield in securities expected to be held to maturity. The current portfolio consists of fully collateralized bank certificates of deposit with an average weighted maturity of 2.58 years. Some earnings may be invested short term for a few months to accumulate or to aggregate with expected investment rollovers.

See Note 3 "Investment and Deposits" of the DRAFT audited FY 2017 financial statements for further details.

Investment Results

Earnings on investments totaled $37.8 million in fiscal year 2017, an increase of $11.7 million from fiscal year 2016, which can be attributed to an increase in short term interest rates and an increase in investment proceeds during FY 2017. The potential rising interest rate environment across the shorter term maturities is a factor to consider in the Corporation's ongoing investment strategy.

Because of the Corporation's commitments, the majority of investments must be held for the short term, which provides sufficient liquidity for the Corporation. Chart A summarizes HDC's investment earnings since 2013. Charts B and C in this report illustrate how short-term investment rates, at historically low levels, increased over the past fiscal year. In response to the current interest rate environment, the Corporation continued to invest primarily in collateralized demand deposits, certificates of deposit, and direct purchases of U.S. Treasury and Agency obligations in order to optimize yield.

As required by GASB No. 31 the Corporation has recorded a fair value adjustment in its investment portfolio. The Corporation recorded a net depreciation of $10.8 million for fiscal year 2017. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in securities with the intent to hold the investment to maturity. As a result, any unrealized appreciation or depreciation is only reported as an accounting gain or loss at this time.

HDC funds under management increased about 22.2% from fiscal year-end 2016 to fiscal year-end 2017, from $3.44 billion to $4.21 billion. The Corporation had an 8.8% growth in net position over the last year.

While consolidated investment income was $37.8 million, it is important to note that interest income accrues to the benefit of the bond issue or corporate fund from which it is derived. In particular, earnings on bond proceeds are applied to pay interest expense on the related bonds. In fiscal year 2017, $26.1 million or 68.9% of the consolidated investment income was attributable to bond programs and HPD related investments, and therefore was not available to the Corporation. An additional $1.7 million was earned by and retained within REMIC and HAC. The remaining $10.0 million of earnings is pledged to ongoing affordable housing programs of the Corporation.

Fees and Charges Paid

HDC manages its funds internally through the Cash Management Division. HDC has not incurred nor paid any fees, commissions or other charges for investment services.

Internal Controls

Principal guidance of the Corporation's investments is provided by the Investment Guidelines and Investment Committee, as described above, and daily activities are carried out in accordance with written policies and procedures. In addition, there are multiple forms of oversight and review of the Corporation's investment practices:

- HDC's Credit Risk Unit reviews the Corporation's investment portfolio on a regular basis and includes investments in its monthly Corporate Counterparty Risk Report. This report is presented to HDC's executive staff on a monthly basis and to the Audit Committee of the HDC Board at each meeting. A summary chart is included in this report.

- An Investment Report is also presented at each Audit Committee meeting. This report details investments by type and pool and provides details on any significant developments.

- HDC's Internal Audit unit conducts a periodic audit of the Cash Management Division, including a review of its compliance with written policies and procedures. Findings are reported to the Audit Committee.

- HDC's external auditors, Ernst & Young LLP, conduct an annual examination of the Corporation's financial statements. The firm's annual audit included a review of the Corporation's investment practices, confirmation of outstanding investments, and determination of the market value of securities held by HDC. The Ernst & Young Report on Compliance with Investment Guidelines and Report on 2017 Financial Statements are both attached in DRAFT form.

Eric Enderlin
President

cc: Honorable Scott Stringer
Honorable Thomas P. DiNapoli

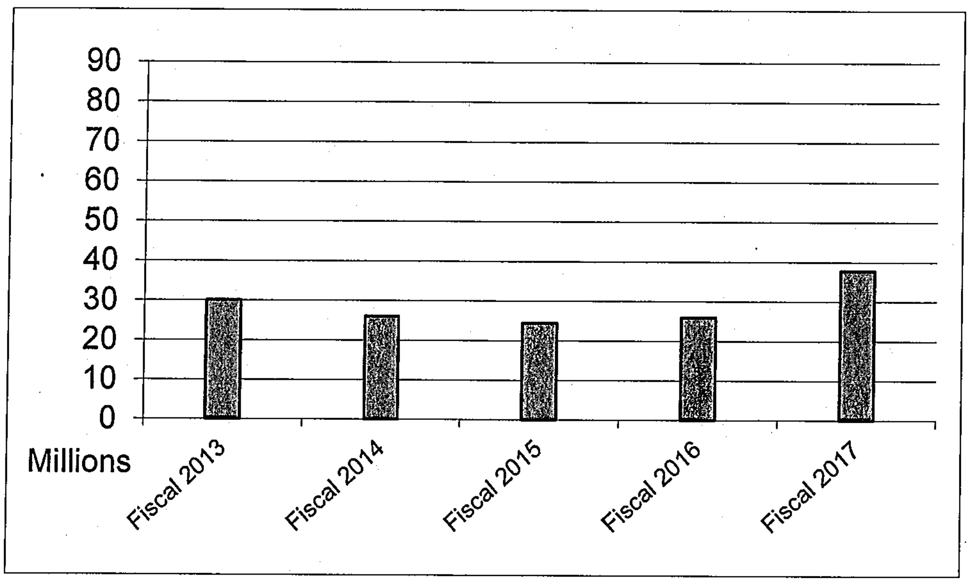
Chart A

New York City Housing Development Corporation And Subsidiaries

Summary of Investment Earnings

Fiscal Years 2013-2017

Fiscal Year	Amount in Millions
2013	30.1
2014	26.0
2015	24.4
2016	26.1
2017	37.8

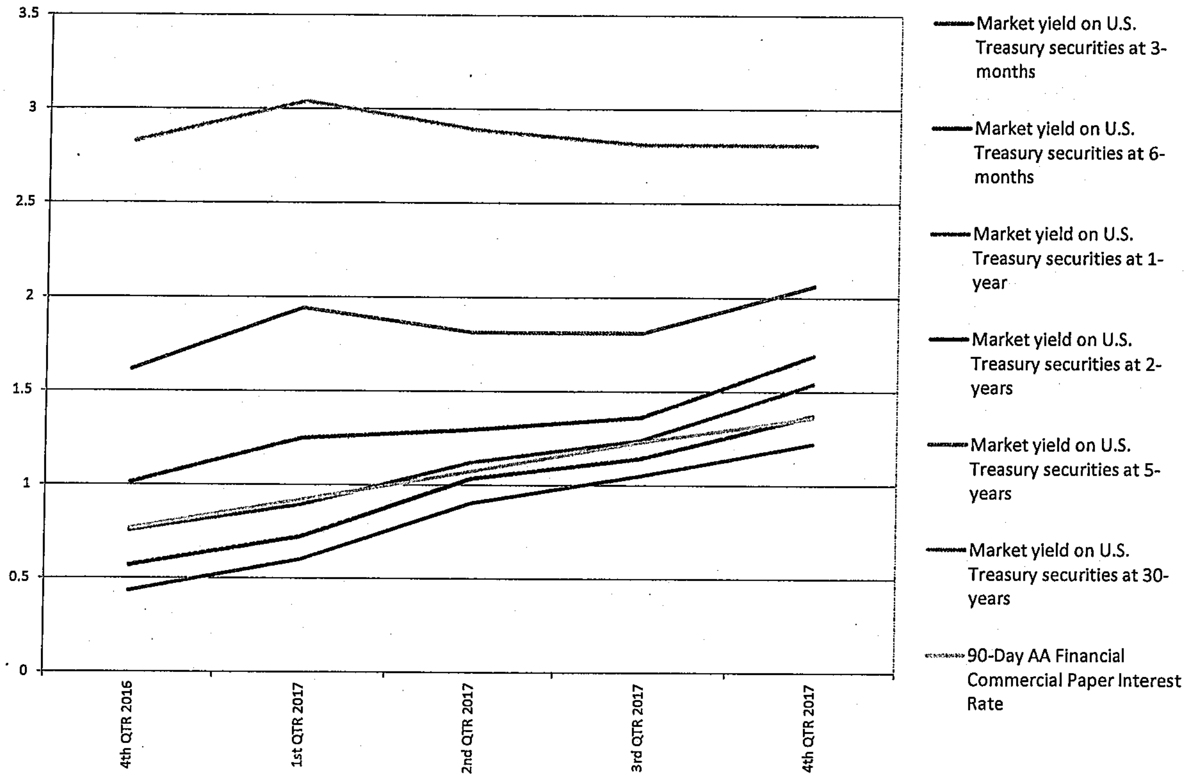


Note: Investment earnings do not include any Fair Market Value adjustment.

Sample Average Interest Rates for Fourth Quarter 2016 through Fourth Quarter 2017

Chart B

Descriptions:	4th QTR 2016	1st QTR 2017	2nd QTR 2017	3rd QTR 2017	4th QTR 2017
Market yield on U.S. Treasury securities at 3-months	0.43	0.60	0.90	1.05	1.22
Market yield on U.S. Treasury securities at 6-months	0.57	0.72	1.03	1.14	1.37
Market yield on U.S. Treasury securities at 1-year	0.76	0.89	1.12	1.24	1.54
Market yield on U.S. Treasury securities at 2-years	1.01	1.24	1.29	1.36	1.69
Market yield on U.S. Treasury securities at 5-years	1.61	1.94	1.81	1.81	2.06
Market yield on U.S. Treasury securities at 30-years	2.83	3.04	2.89	2.81	2.81
90-Day AA Financial Commercial Paper Interest Rate	0.77	0.92	1.07	1.23	1.36



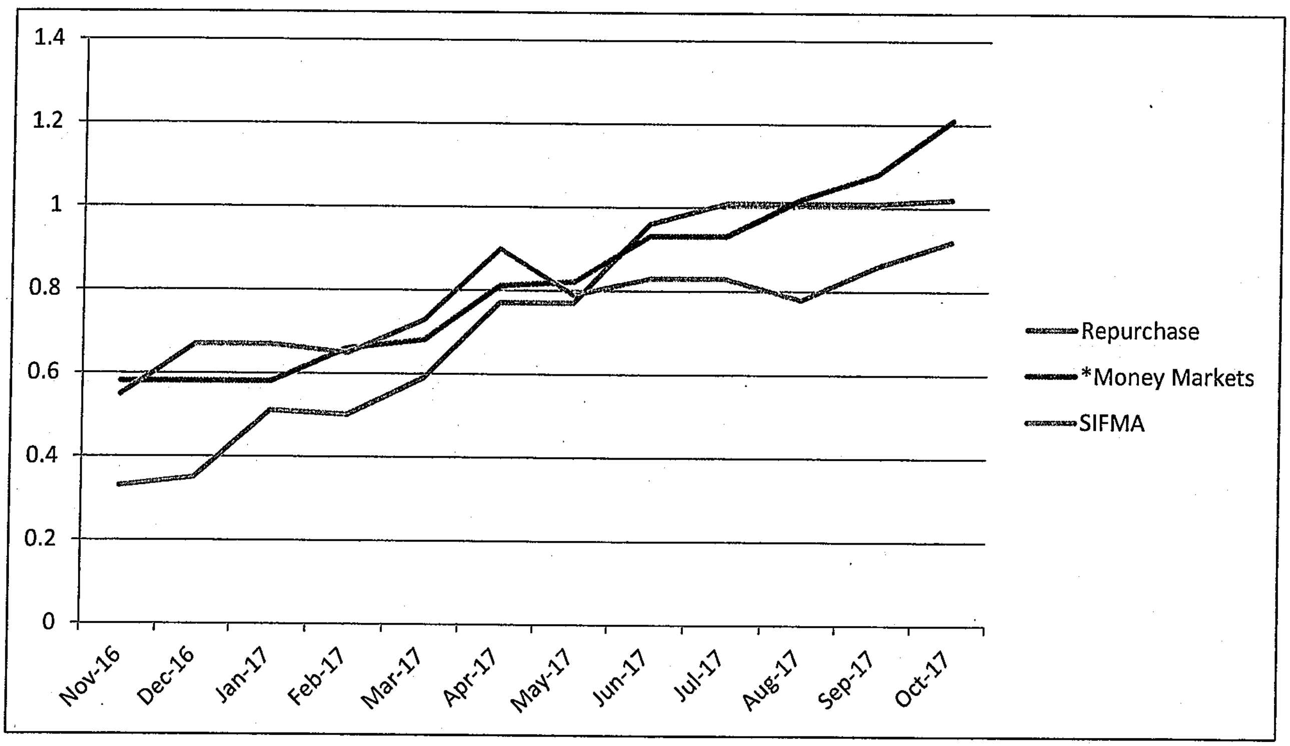
Market Data collected from Federal Reserve H-15

Chart C

NYCHDC Average Interest Rates from Fiscal First Quarter 2016 through Fiscal Fourth Quarter 2017

Month/Year	Repurchase	*Money Markets	SIFMA
Nov-16	0.33	0.58	0.55
Dec-16	0.35	0.58	0.67
Jan-17	0.51	0.58	0.67
Feb-17	0.50	0.66	0.65
Mar-17	0.59	0.68	0.73
Apr-17	0.77	0.81	0.90
May-17	0.77	0.82	0.79
Jun-17	0.96	0.93	0.83
Jul-17	1.01	0.93	0.83
Aug-17	1.01	1.02	0.78
Sep-17	1.01	1.08	0.86
Oct-17	1.02	1.21	0.92

* Weighted Average



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Investment Summary as of October 31, 2017

(UNAUDITED)

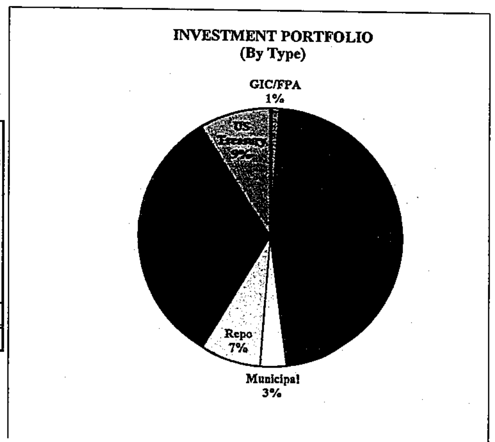
Investment Securities & Repo-By Rating:

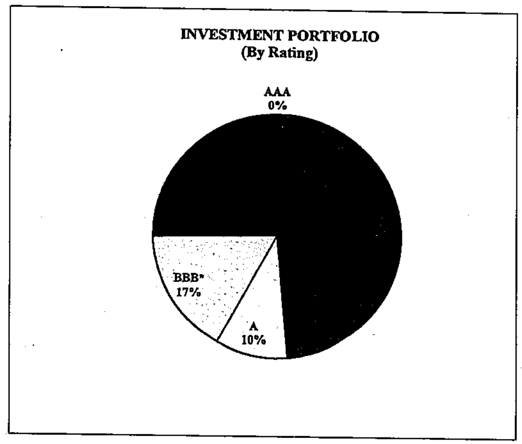
Counterparty	Type	Amount	NRSRO Rating-October 31, 2017: AAA	AA	A	BBB*	NR*
Amalgamated Bank	MM	$34,035,539					$34,035,539
Bayerische Landesbank (guaranteed)	GIC	$10,185,038	$10,185,038				
Bridgehampton National Bank	MM	$19,274,316					$19,274,316
Citibank NA	FPA	$29,824,394			$29,824,394		
Customers Bank	MM	$195,455,756					$195,455,756
Daiwa Securities	REPO	$134,253,000			$134,253,000		
Deutsche Bank	REPO	$112,801,861			$112,801,861		
Dormitory Authority of the State of NY	MUNI	$8,045,000		$8,045,000			
Empire National Bank	MM	$86,649,645					$86,649,645
Lakeland Bank	MM	$19,471,151					$19,471,151
Mizuho Securities	REPO	$61,931,000			$61,931,000		
NYC GO	MUNI	$19,800,000		$19,800,000			
NYC TFA	MUNI	$55,580,000		$55,580,000			
NY Community Bank	MM	$632,177,065				$632,177,065	
NYS HFA	MUNI	$52,000,000			$52,000,000		
Promontory	MM	$85,956,820		$85,956,820			
Rabobank	GIC	$4,749,811			$4,749,811		
Santander Bank NA	MM	$73,183,613				$73,183,613	
Signature Bank	MM	$707,230,803					$707,230,803
Societe Generale	GIC	$1,109,375			$1,109,375		
SONYMA	MUNI	$590,000	$590,000				
US Bank	MM	$118,852,487		$118,852,487			
US Agency	US Agency	$1,372,370,931		$1,372,370,931			
US Treasury	US Treasury	$374,067,000		$374,067,000			
		$4,209,594,605	$10,775,038	$2,034,672,238	$396,669,441	$705,360,678	$1,062,117,210
% of Total		*100.00%*	*0.26%*	*48.33%*	*9.42%*	*16.76%*	*25.23%*

***BBB and NR exposures are fully-collateralized**

Weighted Average Maturity (Years):	1.81

Investment Portfolio-By Type of Investment:	% Total	Amount
GIC/FPA	1.09%	$45,868,618
Money Market	46.85%	$1,972,287,195
Municipal	3.23%	$136,015,000
Repo	7.34%	$308,985,861
US Agency	32.60%	$1,372,370,931
US Treasury	8.89%	$374,067,000
Total	100.00%	$4,209,594,605





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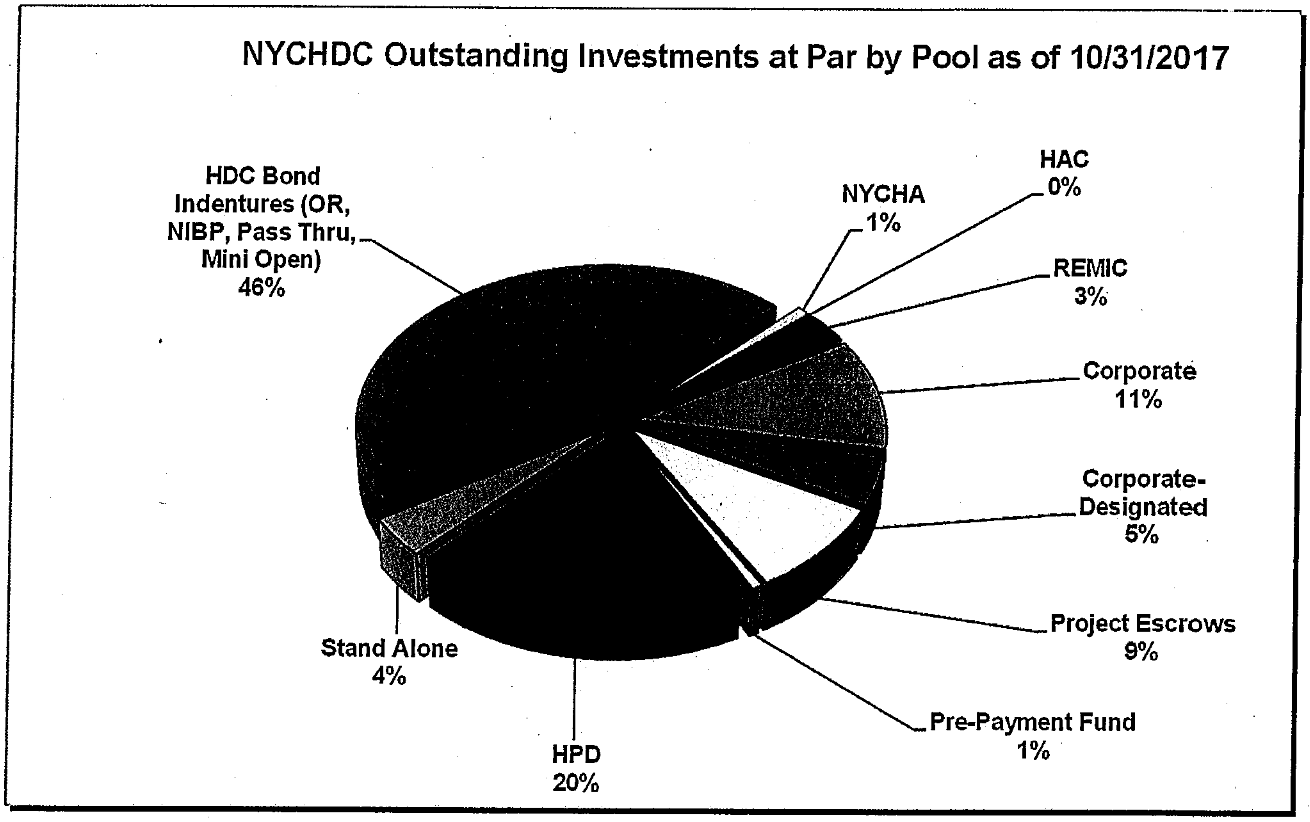
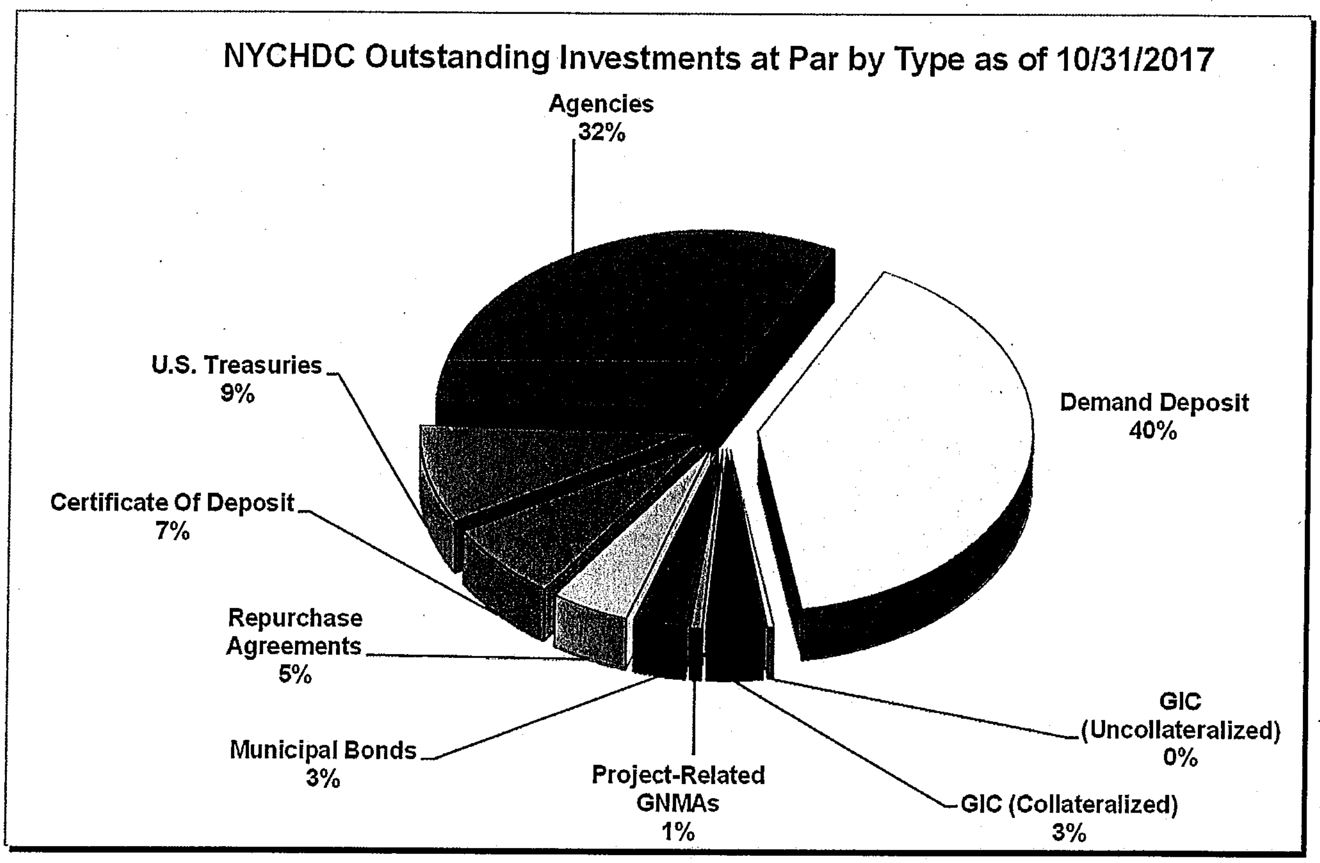
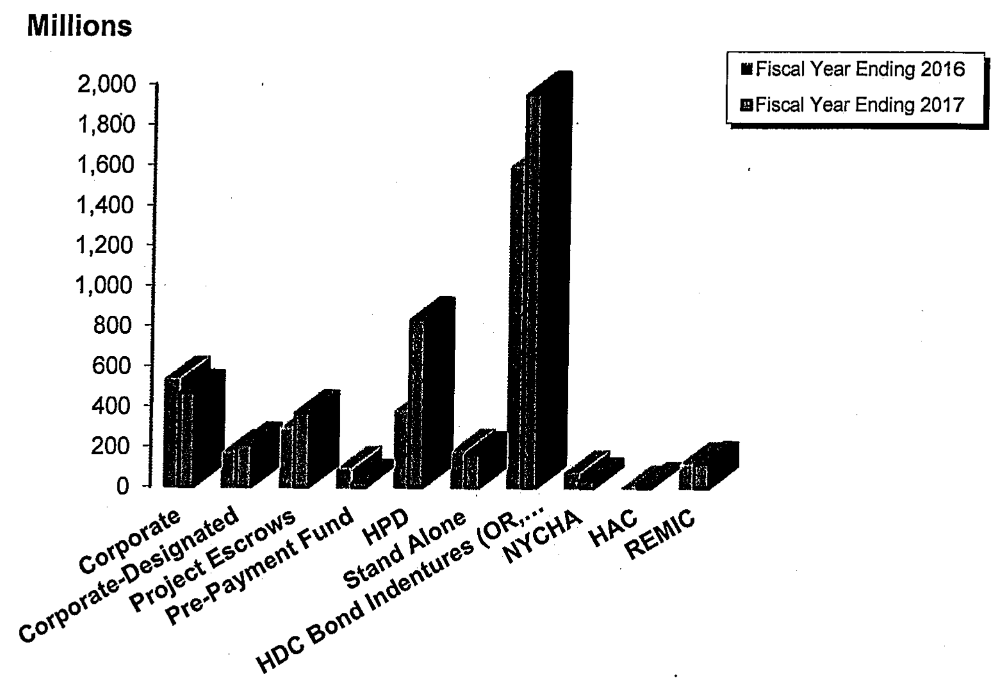
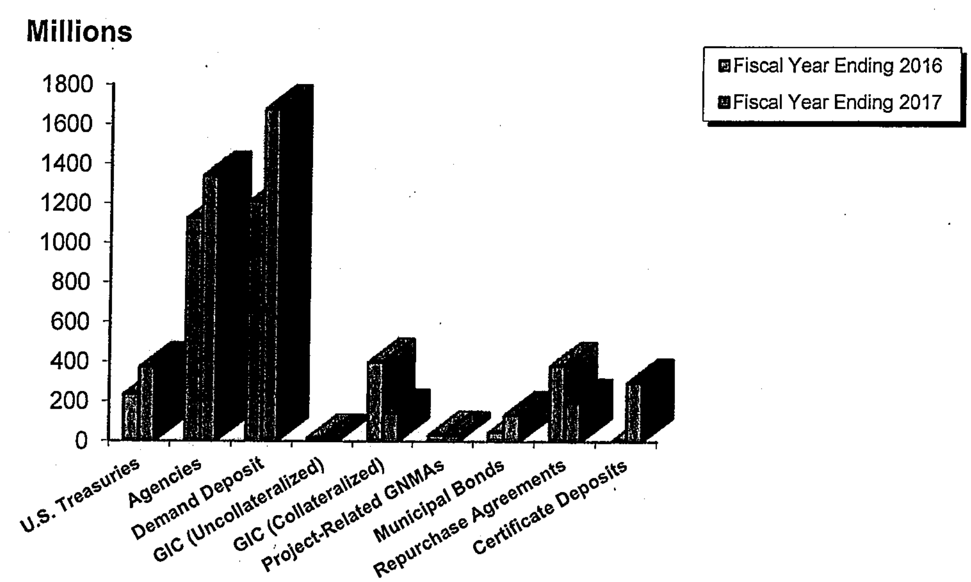

NYCHDC Outstanding Investments at Par by Pool as of 10/31/2017
HDC Bond Indentures (OR, NIBP, Pass Thru, Mini Open) 46%
NYCHA 1%
HAC 0%
REMIC 3%
Corporate 11%
Corporate-Designated 5%
Project Escrows 9%
Pre-Payment Fund 1%
HPD 20%
Stand Alone 4%


NYCHDC Outstanding Investments at Par by Type as of 10/31/2017
Agencies 32%
Demand Deposit 40%
U.S. Treasuries 9%
Certificate Of Deposit 7%
Repurchase Agreements 5%
Municipal Bonds 3%
Project-Related GNMAs 1%
GIC (Collateralized) 3%
GIC (Uncollateralized) 0%

NYCHDC Outstanding Investments at Par by Pool as of Year End 2017 with Comparison to Fiscal Year End 2016



NYCHDC Outstanding Investments at Par by Type as of Year End 2017 with Comparison to Fiscal Year End 2016



Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Combined Schedule of Investments

We have audited the accompanying Combined Schedule of Investments for the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2017 and the related notes.

Management's Responsibility for the Financial Schedule

Management is responsible for the preparation and fair presentation of the Combined Schedule of Investments in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Combined Schedule of Investments that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Combined Schedule of Investments based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Schedule of Investments is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Schedule of Investments. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Combined Schedule of Investments, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Combined Schedule of Investments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Combined Schedule of Investments.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Combined Schedule of Investments referred to above presents fairly, in all material respects, the combined investments of the Corporation at October 31, 2017, in conformity with U.S. generally accepted accounting principles.

Report on the Financial Statements as of October 31, 2017

We have audited, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, the financial statements of the Corporation as of and for the year ended October 31, 2017, and our report thereon dated _______, 2018, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated _______, 2018 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters with respect to the Combined Schedule of Investments. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance with respect to the Combined Schedule of Investments.

_______, 2018

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Combined Schedule of Investments Performed in Accordance with *Government Auditing Standards*

Management and the Members of the
New York City Housing Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Combined Schedule of Investments of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2017, and the related notes to the Combined Schedule of Investments, and have issued our report thereon dated ________, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the Combined Schedule of Investments, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Combined Schedule of Investments, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Combined Schedule of Investments will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's Combined Schedule of Investments is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, investment policies established by the Corporation and the New York State Comptroller's investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of Combined Schedule of Investment amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

________, 2018

New York City Housing Development Corporation

Combined Schedule of Investments
(In Thousands of Dollars)

October 31, 2017

Purpose investments	$ 29,783
Restricted investments	2,255,059
Unrestricted investments	116,134
Total investments	$ 2,400,976

The accompanying notes are an integral part of this schedule.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Housing Development Corporation

Notes to Combined Schedule of Investments

October 31, 2017

1. Background and Organization

The accompanying Combined Schedule of Investments includes the investments of the New York City Housing Development Corporation (the "Corporation" or "HDC") and its component units, the New York City Housing Assistance Corporation ("HAC") and the New York City Residential Mortgage Insurance Corporation ("REMIC").

HDC is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Corporation is also a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code"). The Corporation was established in 1971, under the provisions of Article XII of the Private Housing Finance Law (the "Act") of the State and is to continue in existence for at least as long as bonds, notes or other obligations of the Corporation are outstanding.

The Corporation was created to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, the Corporation is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi- family residential housing. The Corporation finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of the Corporation are not debts of either the State or the City of New York (the "City").

Pursuant to Governmental Accounting Standards Board ("GASB") Codification 2100, *Defining the Financial Reporting Entity*, the Corporation's financial statements are included in the City's financial statements as a component unit for financial reporting purposes.

HAC is a public benefit corporation established pursuant to Section 654-b of the Act as a subsidiary of the Corporation.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate-income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development or assist the Corporation in financing such developments. As a subsidiary of HDC, HAC's functions are administered by the Corporation and its Board Members substantially overlap with HDC's Board Members, so it is reported as a blended component unit in HDC's financial statements.

1. Background and Organization (continued)

REMIC is a public benefit corporation established pursuant to Section 654-d of the Act as a subsidiary of HDC. REMIC is the successor entity to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC"), which was dissolved on January 27, 1993. REMIC has the authority to insure residential mortgage loans throughout the City in order to promote the preservation of neighborhoods which are blighted, are becoming blighted or may become blighted, to discourage divestment and encourage the investment of mortgage capital in such neighborhoods and to provide safe, sanitary and affordable housing accommodations to persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations.

2. Summary of Significant Accounting Policies for Investments

Investments

Short-term bank deposits and investments with stated maturities of 90 days or less are reported as Cash and Cash Equivalents and are not included in the Combined Schedule of Investments. All investments with maturities longer than 90 days are reported as investments in the Combined Schedule of Investments and are carried at fair value, except for certificates of deposit and investment agreements. The Corporation's investment agreements can take the form of open time deposits or fixed repurchase agreements and are reported in the Combined Schedule of Investments at an amount equal to principal and accrued interest.

Purpose Investments

As part of its financing activities, HDC has made three housing development loans that are secured by GNMA certificates rather than mortgages on the related properties. The GNMA certificates provide payments at such times and in such amounts as to fully repay the respective HDC loans, and are the only source of repayment for these loans. The GNMA certificates are treated under U.S. Treasury regulations as acquired program obligations. The GNMA certificates are classified in the Combined Schedule of Investments as purpose investments and identified separately from other investments and restricted investments in the schedule. However, interest earned on the GNMA certificates is included in investment income.

The Corporation's policy is to record GNMA certificates at amortized cost, which amounted to $29,783,000 at October 31, 2017. The fair value of these purpose investments amounted to $29,812,000 at October 31, 2017.

3. Investments

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set for the Corporation by the Members of the Corporation on an annual basis, through the annual adoption of written investment guidelines. Investments are reviewed on a periodic basis by the Corporation's Audit Committee. Day-to-day investment decisions are made by the Corporation's Investment Committee. The Corporation principally invests in securities of the United States and its agencies, open time deposits ("OTDs") in the form of investment agreements, demand accounts, and repurchase agreements. In fiscal year 2017, HDC continued investing in taxable municipal bonds of New York State and New York City, consistent with the Corporation's statute and Investment Guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2017. Management of the Corporation is not aware of any violations of any provisions of the foregoing policies.

All investment transactions are recorded on the trade date. Investments, other than purpose investments, at October 31, 2017, were as follows:

Investment Type	Fair Value 2017	Investment Maturities at October 31, 2017 (In Years) Less than 1	1–5	6–10	More than 10
(In Thousands)					
Money Market and NOW Accounts	$ 1,677,282	$ 1,677,282	$ –	$ –	$ –
FHLMC Bonds	1,123,108	497,847	571,952	25,070	28,239
U.S. Treasury (Bonds, Notes, Bills)	374,023	370,200	3,823	–	–
Certificates of Deposit	296,963	44,924	252,039	–	–
Fixed Repurchase Agreements	196,253	196,253	–	–	–
NYS/NYC Municipal Bonds*	131,961	25,451	54,463	–	52,047
FNMA Bonds	131,258	–	64,671	66,587	–
Term repurchase Agreements	112,891	–	112,891	–	–
FHLB Bonds	71,549	69,564	1,985	–	–
Open Time Deposits	46,137	–	–	–	46,137
Total	4,161,425	2,881,521	1,061,824	91,657	126,423
Less amounts classified as cash equivalents	(1,790,232)	(1,790,232)	–	–	–
Total investments	$ 2,371,193	$ 1,091,289	$ 1,061,824	$ 91,657	$ 126,423

* *Note: These are mostly Variable Rate Demand Obligation ("VRDO") instruments, which can be put weekly.*

3. Investments (continued)

Under Statement No. 72, *Fair Value Measurement and Application,* HDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of October 31, 2017:

- NYC/NYS Municipal securities of $131,961,000 are using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of $374,023,000 are valued based on models using observable inputs (Level 2 inputs)
- U.S. Agency securities of $1,325,915,000 are based on models using observable inputs (Level 2 inputs)

In addition to the investments identified above, as of October 31, 2017 and 2016, the Corporation held $13,982,000 and $5,878,000, respectively, uninvested as cash in various trust and escrow accounts.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's Investment Guidelines charge the Investment Committee with "...determining appropriate investment instruments based on length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in long term securities that carry a higher yield, with the intent to hold the investments to maturity.

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished by making decisions based on a review of ratings, collateral, and diversification requirements that vary according to the type of investment.

3. Investments (continued)

As of October 31, 2017, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") and Federal Home Loan Bank ("FHLB") were rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae, Freddie Mac and FHLB are collectively referred to as "Agency"). These ratings were AA+ and A-1+ by Standard & Poor's, and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. Investments in Fannie Mae, Freddie Mac and FHLB are implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings from AAA to F2. Money market accounts are either backed by collateral held by the provider or letters of credit provided by third parties.

Ratings for NYS/NYC municipal bonds are based on each issuer's rating for its general obligation debt. The issuers' ratings ranged from AAA to A by Standard & Poor's; ranged from Aaa to Aa2 by Moody's; and AAA to AA by Fitch Ratings Service. Money Market, Open-Time Deposits and Repurchase Agreements in the form of OTDs are not rated; however, the providers are rated.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Corporation.

The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation, and accordingly, the Corporation was not exposed to custodial credit risk on its investment securities.

As of October 31, 2017, open time deposits in the amount of $30,093,000, repurchase agreements in the amount of $309,144,000, demand accounts in the amount of $1,472,538,000 and certificates of deposits in the amount of $296,963,000 were collateralized by high quality instruments such as U.S. Treasury Notes, U.S. Treasury Bills, and Agency investments and Letters of Credits held by the Corporation's agent in the name of the Corporation. A portion of collateral supporting the demand accounts was in the form of Federal Home Loan Bank ("FHLB") letters of credit. All such investments are not subject to custodial credit risk.

3. Investments (continued)

Concentration of Credit Risk: The Corporation follows its annually adopted investment guidelines in accordance with concentration limits. The Corporation reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation's Audit Committee.

The following table shows issuers that represent 5% or more of the total investments at October 31, 2017 *(dollars in thousands)*:

Issuer	Dollar Amount	Percentage
FHLMC	$ 1,123,108	26.80%
Signature Bank*	707,918	16.89
NY Community Bank*	628,540	15.00

** Note: Covered by FHLB securities and/or FHLB letter of credit collateral held at FHLB as the Corporation's collateral agent.*

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION INVESTMENT GUIDELINES

Originally Adopted August 14, 1984
Approved September 19, 2017

I. Purpose

These "Investment Guidelines" (also referred to as the "Guidelines") are adopted pursuant to Section 2925 of the Public Authorities Law and, after adoption by the Members, shall be annually reviewed and approved by the Corporation. These Investment Guidelines shall be effective with respect to all investments entered into by the Corporation after the date of their adoption.

II. Investment Committee

Investments of the Corporation shall be made and monitored by the Corporation's Investment Committee (the "Committee") under the chairmanship of the Executive Vice President. In the absence of the Executive Vice President, the Senior Vice President of Debt Issuance and Finance shall chair the Committee. The Committee's members shall also include the Treasurer, the Controller, the Vice President for Cash Management and the Assistant Vice President for Cash Management or Investment Analyst. No person shall serve on the Committee who has not completed college level or higher courses in finance or two or more years of professional experience in investment activities. The Vice President of Cash Management shall be responsible for daily supervision of investment activities.

The Committee shall meet on a regular basis to determine funds available for investment and the appropriate Investment Instruments (as hereinafter defined) for those funds based on market conditions, length of time the funds are available for investment purposes, investment restrictions imposed by related bond or note resolutions, and the diversification of the Corporation's investment portfolio. Any funds derived from the issuance of bonds will be invested pursuant to the related bond resolution, as approved by the Members. In addition, the Committee shall determine the Corporation's periodic need for funds, based on anticipated construction advances, dates of debt service payments on the Corporation's obligations, and other financial requirements.

III. Approved Investment Instruments

1. Any bonds, debentures, notes, participation certificates or other similar obligations under consideration for investment will be rated in one of the two highest rating categories of a nationally recognized rating service. Subject to the provisions of any bond or note resolution, the Committee may use only the following Investment Instruments to invest the funds of the Corporation or funds held by the Corporation:

A. direct obligations of or obligations guaranteed by the United States.

B. bonds, debentures, notes, participation certificates or other similar obligations issued by any one or combination of any of the following:

Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit System Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank of the United States.

C. bonds, debentures, notes, participation certificates or other similar obligations issued by any federal agency and backed by the full-faith and credit of the United States.

D. any other obligations of the United States or any federal agencies which may be purchased by New York State Savings Banks.

E. participation certificates of the Federal Home Loan Mortgage Corporation and mortgage-backed securities of the Federal National Mortgage Association rated in the highest rating category of a nationally recognized rating service.

F. short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety days which are issued by corporations that are deemed by a nationally recognized rating service to be in the highest short-term rating category of such rating service. **Concentration limits: not to exceed 60% of portfolio, or $50 million with any one issuer.**

G. deposits in interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements (i) secured by any of the obligations described in A through D above, or (ii) fully insured by the Federal Deposit Insurance Corporation, or (iii) made with banking institutions, or their parents which either (a) have unsecured debt rated in one of the two highest rating categories of a nationally recognized rating service or (b) are deemed by a nationally recognized rating service to be an institution rated in one of the two highest rating categories of such rating service. **Concentration limits: not to exceed 60% of portfolio**

H. obligations of the City and State of New York.

I. obligations of the New York City Municipal Water Finance Authority.

J. obligations, the principal and interest of which, are guaranteed by the City or State of New York.

K. obligations in which the Comptroller of the State of New York is authorized to invest in as specified in section ninety-eight of the State Finance Law.

2. Except for Investment Instruments in book-entry form, Investment Instruments above shall be physically delivered for retention by the Corporation or its agent. Any agent or custodian for the Corporation shall maintain such Investment Instruments in a segregated account and shall provide such confirmations of Investment Instruments and other information as may be required by the Corporation in order to supervise the Investment Instruments. In the case of book-entry Investment Instruments, the Corporation shall take such actions as may be necessary to obtain title or a perfected security interest in such Investment Instruments.

3. Repurchase Agreements

The Corporation may enter into repurchase agreements for the Investment Instruments described in Secs. III 1. A to D above, pursuant to the delivery requirements of Sec. III 2. The Investment Instruments shall be held by an agent of the Corporation, such agent shall not be an agent, with respect to the repurchase transaction, of the party with whom the Corporation has entered into the repurchase agreement and the agent shall not assert any claims against the Investment Instruments, based on claims it may have against said party.
Concentration limits: not to exceed 50% of portfolio.

A. Short Term Fixed Repurchase Agreements

All Short Term Fixed Repurchase Agreements (those repurchase agreements which do not exceed thirty-four days and require repurchase on a predetermined date) must be made with a financial institution meeting the qualifications of Sec. V.A. (iii) hereof. To the maximum extent possible, consistent with market practice, such Short Term Fixed Repurchase Agreements shall be pursuant to a written master agreement and, in the event no written agreement is feasible, shall be made, monitored and secured in a manner sufficient to protect the Corporation's interests.

The terms of such Short Term Fixed Repurchase Agreement must permit the Corporation to sell Investment Instruments if the other party to such agreement shall fail to promptly repurchase the Investment

Instrument on the day required by the repurchase agreement. To assure such repurchase, the agreement shall require that there be maintained on an ongoing basis in such account Investment Instruments having a market value at least equal to 101% of the moneys held under overnight repurchase agreements and 102% of the moneys held under longer term repurchase agreements, which will be marked to market daily by the Corporation. At the option of the Corporation, repurchase agreements with the same party may be combined for the purpose of valuating the Investment Instruments to market.

B. Long Term Repurchase Agreements

All funds invested for more than thirty-four days through flexible or fixed repurchase agreements ("Long Term Repurchase Agreements") shall be pursuant to written agreements incorporating the provisions required above except that the Investment Instruments held shall be marked to market according to the negotiated terms of each agreement but in no event less than monthly. In addition, any institution or its parent with whom the Corporation enters into a Long Term Repurchase Agreement and which (a) does not have unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) is not deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service, shall be required to provide Investment Instruments with a market value at least equal to 103% of the moneys held under the repurchase agreement, which Investment Instruments will be marked to market at least weekly. Additional Investment Instruments must be provided when the market value falls below 103% of money held under these Long Term Repurchase Agreements.

IV. <u>Diversification</u>

The Committee, in making its investment decisions based on these guidelines, shall seek to diversify both its investment holdings and the parties with whom it deals in making investment decisions.

Subject to the provisions of these Guidelines, the limitations set on the total percentage of the portfolio invested with any one party may be lower than the maximums permitted under the Guidelines and will be based on the financial review indicated in section V. C (below), with a maximum determined by the Committee under advisement from the Corporation's Credit Risk department.

The Corporation shall seek at least three bids, whenever feasible, in selecting offers for repurchase agreements, government securities or certificates of deposit. In awarding investment contracts, diversification of forms of Investment Instruments and trading partners shall be a major consideration.

V. Qualifications

A. Pursuant to the limitations established in the Investment Guidelines, the Corporation shall enter into investment transactions only with the following entities:

(i) Any member bank of the Federal Reserve System;

(ii) Any bank or trust company organized under the laws of any state or any national banking association;

(iii) any government bond dealer currently listed on the List of the Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York, or other substantial financial institution which itself or its parent either (a) has unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) is deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service;

(iv) with regard to the purchasing and/or sale of government and municipal securities, other than repurchase agreements, any dealer that provides for simultaneous security transactions and payments.

B. Any agent or custodian of Investment Instruments for the Corporation must be a bank or trust company organized under the laws of any state or a national banking association. Any custodian of Investment Instruments for the Corporation will be rated in an investment grade category of a nationally recognized rating service.

C. The Credit Risk Department of the Corporation shall review the financial statements, level of capitalization, ratio of repurchase transactions to capitalization (for parties to repurchase agreements), its rating, and financial situation of any new bank, broker, securities dealer, investment advisor or agent and shall review such party's financial status periodically thereafter.

VI. Reporting

The Committee shall prepare a quarterly report for the Members on the investment activities of the Corporation and in addition shall prepare an annual report which shall include these Investment Guidelines, any amendments, an explanation of the guidelines and amendments, the results of the annual independent audit, the investment income record of the Corporation and a list of fees paid for investment services. This annual report, which may incorporate parts of the Corporation's annual report, shall be submitted to the Mayor, the Comptroller of the City of New York and the New York State Department of Audit and Control, and shall be available to the public upon reasonable request.

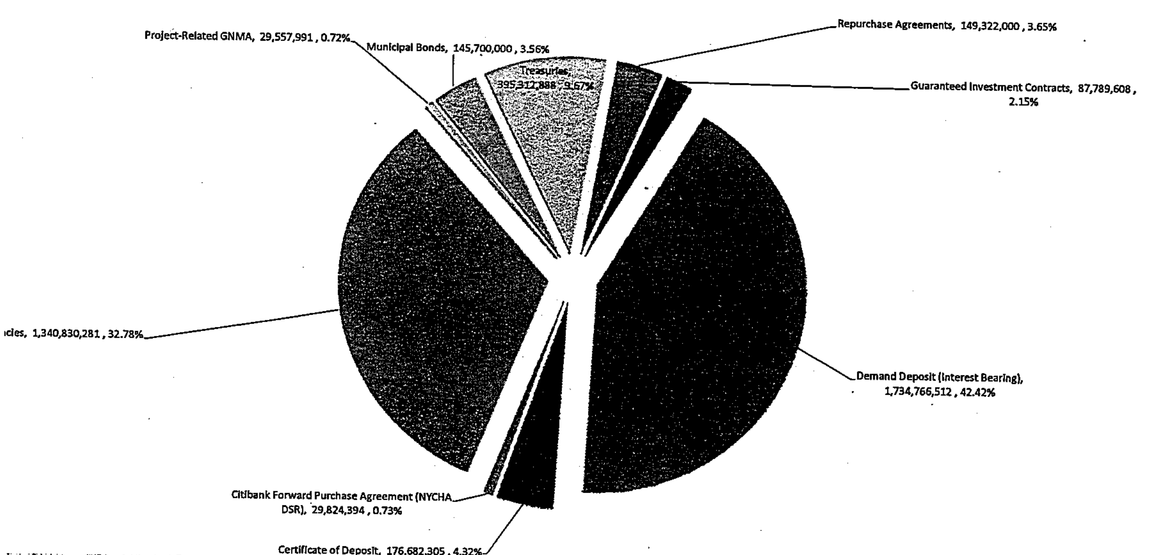
nday, December 31, 2017

NYCHDC

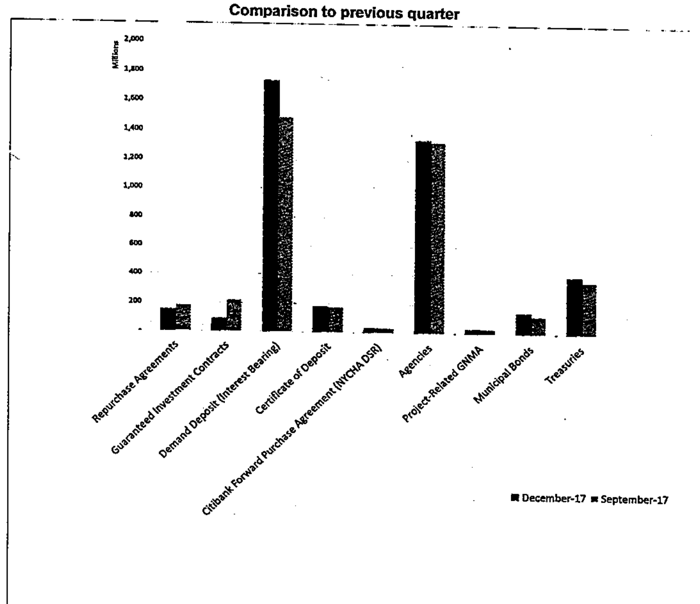
NYC HDC
NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
otal Investments	4,089,785,977		3,946,318,227	143,467,750
ivestments by Security:	**December-17**		**September-17**	
epurchase Agreements	149,322,000	3.65%	180,199,800	(30,877,800)
uaranteed Investment Contracts	87,789,608	2.15%	219,211,661	(131,422,054)
emand Deposit (Interest Bearing)	1,734,766,512	42.42%	1,490,690,253	244,076,259
ertificate of Deposit	176,682,305	4.32%	176,467,429	214,875
itibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.73%	29,824,394	-
gencies	1,340,830,281	32.78%	1,330,941,684	9,888,597
roject-Related GNMA	29,557,991	0.72%	29,729,005	(171,015)
unicipal Bonds	145,700,000	3.56%	124,015,000	21,685,000
reasuries	395,312,888	9.67%	365,239,000	30,073,888
otal	**4,089,785,977**	**100.00%**	**3,946,318,227**	**143,467,750**

Current Quarter



Comparison to previous quarter



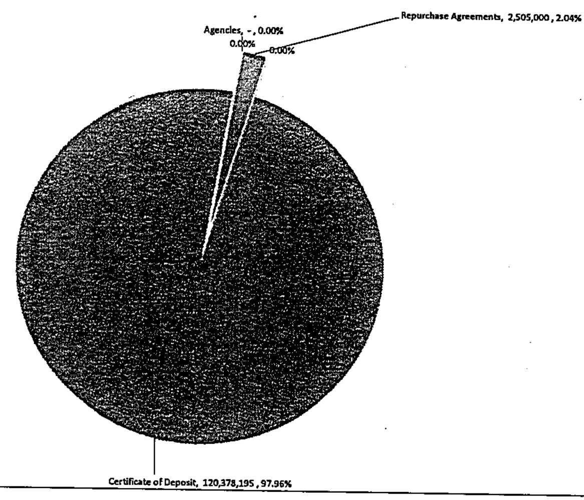
ease Note: Report format has been changed to better reflect the investment activity of NYCHDC.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

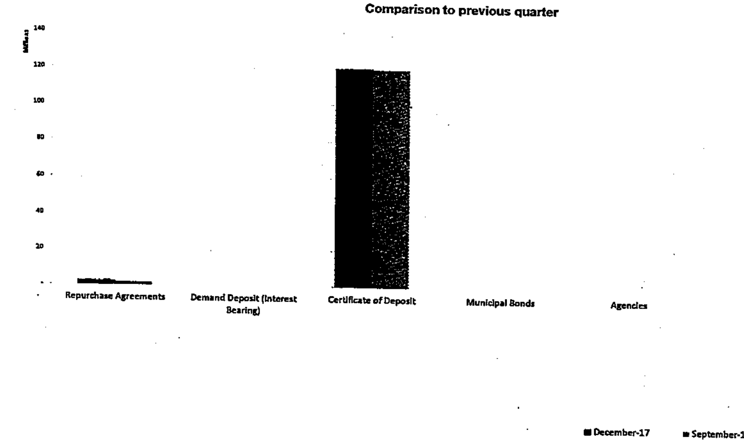
REMIC

	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
Total Investments	122,885,151		121,629,255	1,255,897
Investments by Security:	December-17		September-17	
Repurchase Agreements	2,505,000	2.0385%	1,764,200	740,800
Demand Deposit (Interest Bearing)	1,956	0.0016%	1,951	6
Certificate of Deposit	120,378,195	97.9599%	119,863,104	515,091
Municipal Bonds	-	0.0000%	-	-
Agencies	-	0.0000%	-	-
Total	122,885,151	100.00%	121,629,255	1,255,897

Current Quarter



Comparison to previous quarter



Please Note: Report format has been changed to better reflect the investment activity of REMIC.

EXECUTIVE SUMMARY
As of December 31, 2017
(UNAUDITED)

Insured	REMIC
# Projects	244
# Units	29,064
Insured Amount	263,067,666
Mortgage Amount	1,197,484,461

Committed	
# Projects	55
# Units	7,611
Insured Amount	91,967,622
Mortgage Amount	449,304,650

Pipeline	
# Projects	16
# Units	3,845
Insured Amount	39,853,707
Mortgage Amount	199,268,533

Average Loan Outstanding:	4,907,723
Average Insured Amount:	1,078,146
Average HDC Loan Outstanding:	6,211,426
Average HDC Insured Amount:	1,279,782

By Borough:

Boro	# Projects	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
Bronx	114	120,536,313	45.82%	566,467,884
Brooklyn	64	67,341,409	25.60%	299,379,383
Manhattan	53	52,277,893	19.87%	217,076,936
Queens	11	20,816,027	7.91%	104,080,133
Staten Island	2	2,096,025	0.80%	10,480,125
	244	**263,067,666**	**100.00%**	**1,197,484,461**

By Lender:

Lender	# Projects	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
CPC	55	21,188,815	8.05%	23,524,855
HDC	189	241,878,851	91.95%	1,173,959,606
	244	**263,067,666**	**100.00%**	**1,197,484,461**

Top 10 Exposures:

Project	# Units	Lender	Insured Amount	% Total REMIC Insured	Mortgage Outstanding
47th Ave Big Six (59-40,55 47th A 69-10 Qns Bl;60 -10 47	983	HDC	7,992,627	3.04%	39,963,135
11 Broadway	160	HDC	6,072,852	2.31%	30,364,258
NYCHA Public Housing Preservation II LLC	5674	HDC	5,231,815	1.99%	26,159,076
St. Ann's Terrace ABH	166	HDC	4,945,079	1.88%	24,725,397
Morris Court	201	HDC	4,303,849	1.64%	21,519,247
St. Ann's Terrace CDE	314	HDC	4,048,219	1.54%	20,241,094
Bradford	105	HDC	3,917,886	1.49%	19,589,430
LMLD Citywide	662	HDC	3,851,575	1.46%	19,257,874
The Ciena Hobbs Court (305-319 E 102 St/304-320 E 103	340	HDC	3,613,843	1.37%	18,069,216
Gateway Elton III	287	HDC	3,583,015	1.36%	17,915,077
	8,892		**47,560,761**	**18.08%**	**237,803,805**

Reserves:	
Total Reserves:	**123,224,510**
Restricted:	
Insured (20%)	52,613,533
Committed (20%)	18,393,524
Total Restricted	**71,007,058**
Pipeline (20%)	7,970,741
Total Restricted + Pipeline	**78,977,799**
Available Reserves	**44,246,711**
Potential Insured	**221,233,557**
Potential Mortgage Amount	**1,106,167,784**
Risk/Capital (Insured)	**2.1**
Risk/Capital (Insured + Committed)	**2.9**
Risk/Capital (Insured + Committed + Pipeline)	**3.2**
(Statutory Limit = 5.0x)	

Restricted Reserves:	
HDC	48,375,770
Committed (HDC)	17,866,851
Committed (CPC)	526,673
Other (CPC)	4,237,763
TOTAL	**71,007,058**

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 12/31/17

Assets:

Cash	**6,247.39**	
Investment (1)		
Repo Agreement	577,576.24	
MM SIGNATURE	13,963,847.59	
Unrealized Gains & Losses as of Dec 31, 2017 (1)	0.00	
Cash & Investments Balances		**14,547,671.22**
Mortgage Loans		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	9,570.13	
Stuyvesant Town-Peter Cooper Village (612140)	128,912,099.40	
Total Mortgage Loan Receivable Balances		**128,921,669.53**
Interest Receivable		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	21.14	
Mort Int Rec CPC 1	(145,226.93)	
Total Mortgage Interest Receivables		**(145,205.79)**
Due to/from Other Program		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	(195.38)	
Total Due to/from Other Program		**(195.38)**
Total Assets		**143,323,939.58**

Liabilities and Fund Balances:

Payable to New York City as of Sep 30, 2017 (2)	**160,847,350.48**	
Mortgage Interest/Investment Earned for This Qtr	45,710.42	
TAC Payments	(652,178.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)	(7,161,783.30)	
Pass Thru Loss on Sale of HAC M-Loan against Due to NYC	(9,943,024.81)	
Payable to New York City as of Dec 31, 2017		143,136,074.79
Payable to Mortgagor (Queenswood Apartments) as of Sep 30, 2017	180,575.42	
Investment Earned for this Qtr	506.30	
Payable to Mortgagor (Selfhelp KIV) as of Sep 30, 2017	6,117.37	
Investment Earned for this Qtr	0.00	
Payable to Mortgagor as of Dec 31, 2017 (3)		187,199.09
Mortgage Interest/Investment Earned Due to CSF		
Mortgage Interest Earned HAC City Capital Loan (002510)	42.23	
Investment Earned HAC City Capital Loan (002510)	623.47	
Mortgage Interest/Investment Earned Due to CSF as of Dec 31, 2017		665.70
Restricted Investment Earnings (Fair Market Value as of Dec 31, 2017)		0.00
Total Liabilities and Fund Balances		143,323,939.58

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 12/31/17

Income/Earning Analysis

Mortgage Interest Earned (for This Qtr)	2,385.51	
Investment Earned (for This Qtr)	43,324.91	
Total Earnings Distributed to Due to NYC		**45,710.42**
TAC Payments to Yorkville (for This Qtr)	(652,178.00)	
Total TAC Payment Distributed to Due to NYC		**(652,178.00)**
Net Changes Due to NYC		**(606,467.58)**
Investment Earned (Queenswood Apartments) (for This Qtr)	506.30	
Total Earnings Distributed to the Mortgagor		**506.30**
Net Changes Due to the Mortgagor		**506.30**
Mortgage Interest Earned HAC City Capital Loan (002510) (for This Qtr)	42.23	
Investment Earned HAC City Capital Loan (002510) (for This Qtr)	623.47	
Total Earnings Due to HDC		**665.70**

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.

(2) The resources held for the City are primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on the mortgages and all investments held to fund the TAC payments.

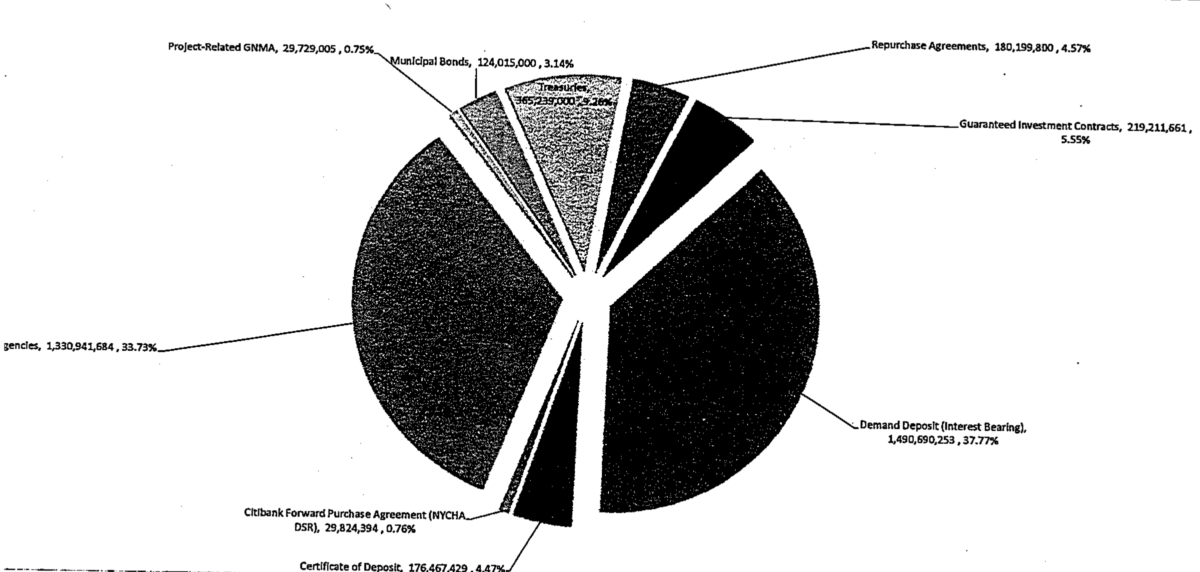
(3) This is an asset of the Borrowers (Queenswood Associates, L.P. and Selfhelp KIV) and only to be used if there are insufficient funds to cover note debt service.

Please note that this report has been revised to reflect HDC's financial statement format

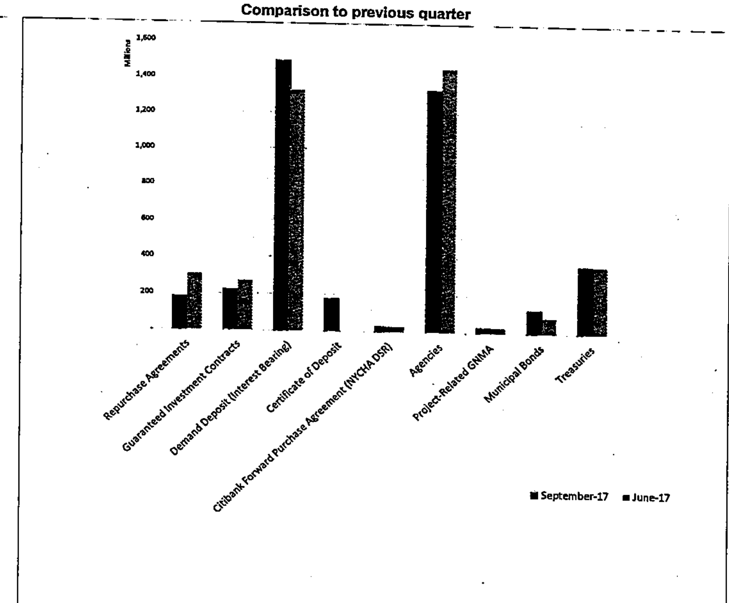
NYCHDC	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
Total Investments	**3,946,318,227**		**3,864,246,618**	**82,071,609**
Investments by Security:	**September-17**		**June-17**	
Repurchase Agreements	180,199,800	4.57%	303,492,800	(123,293,000)
Guaranteed Investment Contracts	219,211,661	5.55%	270,128,815	(50,917,154)
Demand Deposit (Interest Bearing)	1,490,690,253	37.77%	1,326,802,395	163,887,858
Certificate of Deposit	176,467,429	4.47%		176,467,429
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.76%	29,824,394	-
Agencies	1,330,941,684	33.73%	1,452,891,229	(121,949,545)
Project-Related GNMA	29,729,005	0.75%	29,897,964	(168,959)
Municipal Bonds	124,015,000	3.14%	85,405,000	38,610,000
Treasuries	365,239,000	9.26%	365,804,021	(565,021)
Total	**3,946,318,227**	**100.00%**	**3,864,246,618**	**82,071,609**

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Current Quarter



Comparison to previous quarter



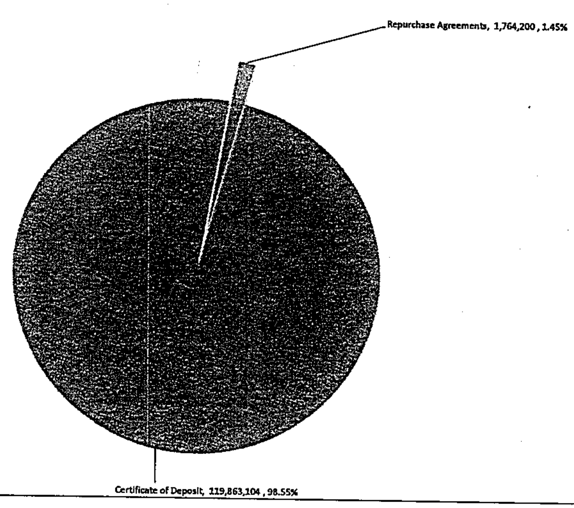
Please Note: Report format has been changed to better reflect the investment activity of NYCHDC.

REMIC

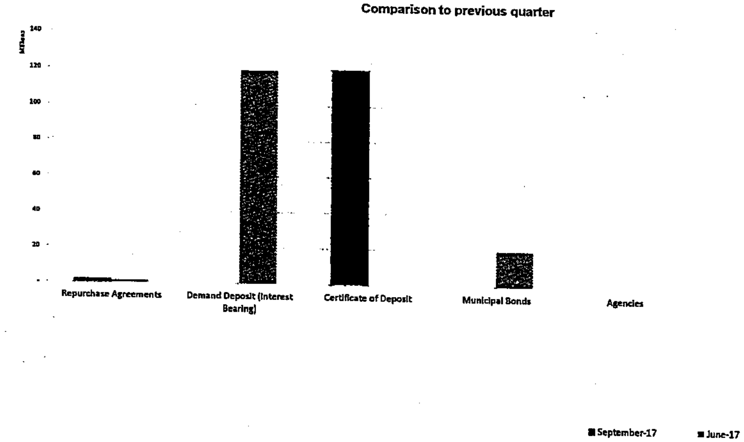
	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
tal Investments	121,629,255		140,321,925	(18,692,670)
estments by Security:	September-17		June-17	
purchase Agreements	1,764,200	1.45%	1,104,200	660,000
mand Deposit (Interest Bearing)	1,951	0.00%	119,417,725	(119,415,774)
rtificate of Deposit	119,863,104	98.55%		119,863,104
nicipal Bonds	-	0.00%	19,800,000	(19,800,000)
encies	-	0.00%		-
tal	121,629,255	100.00%	140,321,925	(18,692,670)

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Current Quarter



Comparison to previous quarter



ase Note: Report format has been changed to better reflect the investment activity of REMIC.

EXECUTIVE SUMMARY
As of September 30, 2017
(UNAUDITED)

Insured	REMIC
# Projects	237
# Units	22,790
Insured Amount	248,895,160
Mortgage Amount	1,125,348,252

Committed	
# Projects	58
# Units	13,051
Insured Amount	95,559,422
Mortgage Amount	467,263,652

Pipeline	
# Projects	18
# Units	4,284
Insured Amount	48,325,294
Mortgage Amount	241,626,469

Average Loan Outstanding:	4,748,305
Average Insured Amount:	1,050,191
Average HDC Loan Outstanding:	6,052,002
Average HDC Insured Amount:	1,249,558

By Borough:

Boro	# Projects	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
Bronx	109	112,368,753	45.15%	525,064,601
Brooklyn	62	60,911,825	24.47%	266,846,993
Manhattan	53	52,607,264	21.14%	218,400,072
Queens	11	20,902,191	8.40%	104,510,956
Staten Island	2	2,105,126	0.85%	10,525,630
	237	**248,895,160**	**100.00%**	**1,125,348,252**

By Lender:

Lender	# Projects	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
CPC	55	21,475,677	8.63%	23,883,888
HDC	182	227,419,482	91.37%	1,101,464,364
	237	**248,895,160**	**100.00%**	**1,125,348,252**

Top 10 Exposures:

Project	# Units	Lender	Insured Amount	% Total REMIC Insured	Mortgage Outstanding
47th Ave Big Six (59-40,55 47th A 69-10 Qns Bl;60 -10 47	983	HDC	8,012,138	3.22%	40,060,692
11 Broadway	160	HDC	6,091,321	2.45%	30,456,604
St. Ann's Terrace ABH	166	HDC	4,956,687	1.99%	24,783,436
Morris Court	201	HDC	4,319,645	1.74%	21,598,225
St. Ann's Terrace CDE	314	HDC	4,060,703	1.63%	20,303,513
Bradford	105	HDC	3,934,451	1.58%	19,672,253
LMLD Citywide	662	HDC	3,868,530	1.55%	19,342,652
The Ciena Hobbs Court (305-319 E 102 St/304-320 E 103	340	HDC	3,628,467	1.46%	18,142,337
Gateway Elton III	287	HDC	3,594,461	1.44%	17,972,303
Courtlandt Corners II (868 Courtlandt Ave)	224	HDC	3,343,485	1.34%	16,717,427
	3,442		**45,809,888**	**18.41%**	**229,049,442**

Reserves:	
Total Reserves:	**121,823,268**
Restricted:	
Insured (20%)	49,779,032
Committed (20%)	19,111,884
Total Restricted	68,890,916
Pipeline (20%)	9,665,059
Total Restricted + Pipeline	78,555,975
Available Reserves	**43,267,293**
Potential Insured	**216,336,464**
Potential Mortgage Amount	**1,081,682,319**
Risk/Capital (Insured)	**2.0**
Risk/Capital (Insured + Committed)	**2.8**
Risk/Capital (Insured + Committed + Pipeline)	**3.2**
(Statutory Limit = 5.0x)	

Restricted Reserves:	
HDC	45,483,896
Committed (HDC)	18,585,211
Committed (CPC)	526,673
Other (CPC)	4,295,135
TOTAL	**68,890,916**

FOR INTERNAL USE ONLY

NYC REMIC RESIDENTIAL MORTGAGE INSURANCE CORPORATION

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 09/30/17

Assets:

Cash		**6,596.27**	
Investment (1)			
Repo Agreement		355,328.77	
US Treasury Strips		0.00	
Unrealized Gains & Losses as of Sep 30, 2017 (1)		0.00	
	Cash & Investments Balances		**361,925.04**
Mortgage Loans			
BEC Continuum Resyndication (002510)		9,507.00	
405 East 94th St. (600055)		873,328.22	
Gates Ave. (300230)		4,225,000.00	
St. Edmonds CT (600318)		5,550,000.00	
Queenswood Apartments (300299)		17,929,100.00	
Stuyvesant Town-Peter Cooper Village (612140)		136,073,882.70	
	Total Mortgage Loan Receivable Balances		**164,660,817.92**
Interest Receivable			
BEC Continuum Resyndication (002510)		21.00	
405 East 94th St. (600055)		727.77	
Gates Ave. (300230)		689,611.69	
St. Edmonds CT (600318)		685,708.18	
Queenswood Apartments (300299)		11,952.73	
Mort Int Rec CPC 1		(145,226.93)	
	Total Mortgage Interest Receivables		**1,242,794.44**
Due to/from Other Program			
Astoria Apartments (Mortgage Loan transferred to HDC) (2)		3,816,813.60	
Funding from HDC for Ruppert/Yorkville TAC Contract		(9,048,286.73)	
Total Due to/from Other Program			**(5,231,473.13)**
	Total Assets		**161,034,064.27**

Liabilities and Fund Balances:

Payable to New York City as of Jun 30, 2017 (3)		**161,091,897.83**	
Mortgage Interest/Investment Earned for This Qtr		70,580.65	
TAC Payments		(650,107.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)		0.00	
Receipt HPD Grant		335,000.00	
	Payable to New York City as of Sep 30, 2017		**160,847,371.48**
Payable to Mortgagor (Queenswood Apartments) as of Jun 30, 2017		180,094.84	
Investment Earned for this Qtr		480.58	
Payable to Mortgagor (Selfhelp KIV) as of Jun 30, 2017		6,117.37	
Investment Earned for this Qtr		0.00	
	Payable to Mortgagor as of Sep 30, 2017 (4)		**186,692.79**
Restricted Investment Earnings (Fair Market Value as of Sep 30, 2017)			0.00
	Total Liabilities and Fund Balances		**161,034,064.27**

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 09/30/17

Income/Earning Analysis

Mortgage Interest Earned (for This Qtr)	69,673.59	
Mortgage Interest Earned HAC City Capital Loan (002510) (for This Qtr)	21.00	
Investment Earned (for This Qtr)	886.06	
Total Earnings Distributed to Due to NYC		**70,580.65**
TAC Payments to Yorkville (for This Qtr)	(650,107.00)	
TAC Payments to Others	0.00	
Total TAC Payment Distributed to Due to NYC		**(650,107.00)**
Net Changes Due to NYC		**(579,526.35)**
Investment Earned (Queenswood Apartments) (for This Qtr)	480.58	
Investment Earned (Selfhelp KIV)	0.00	
Total Earnings Distributed to the Mortgagor		**480.58**
Net Changes Due to the Mortgagor		**480.58**

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.
(2) Astoria Apartments mortgage started amortizing Jun 2016
(3) The resources held for the City are primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on the mortgages and all investments held to fund the TAC payments.
(4) This is an asset of the Borrowers (Queenswood Associates, L.P. and Selfhelp KIV) and only to be used if there are insufficient funds to cover note debt service.

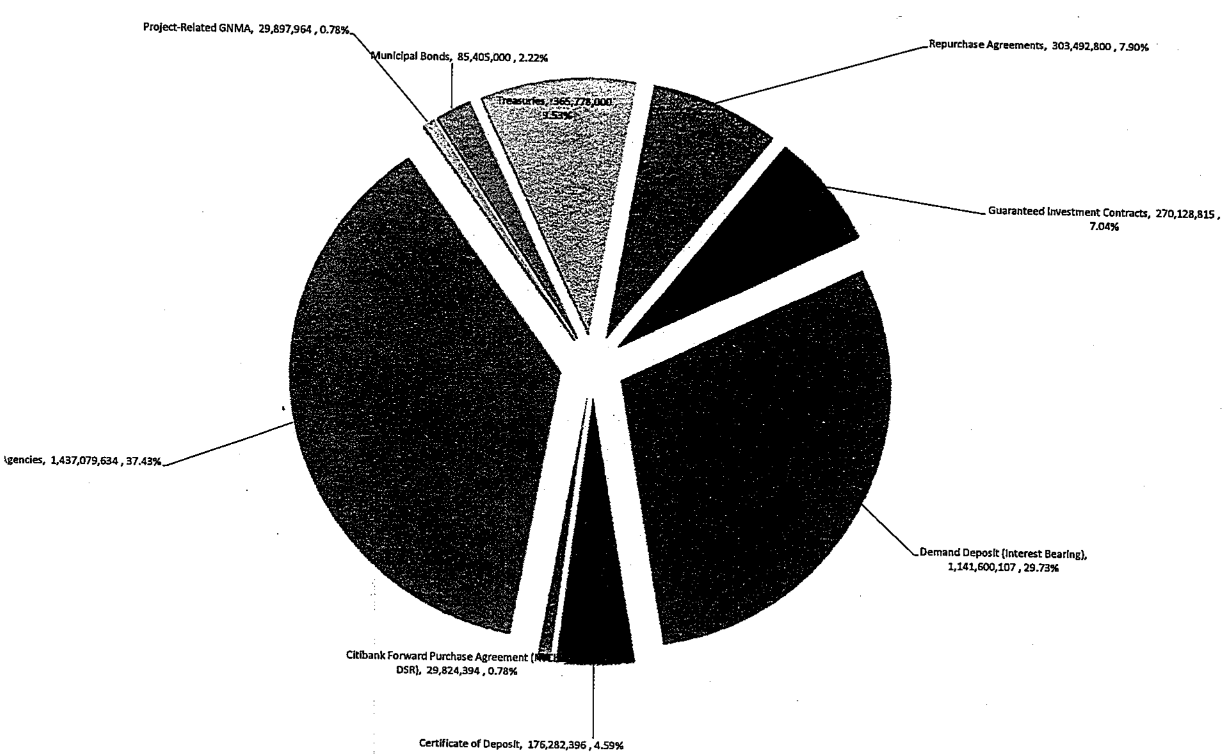
Please note that this report has been revised to reflect HDC's financial statement format

NYCHDC

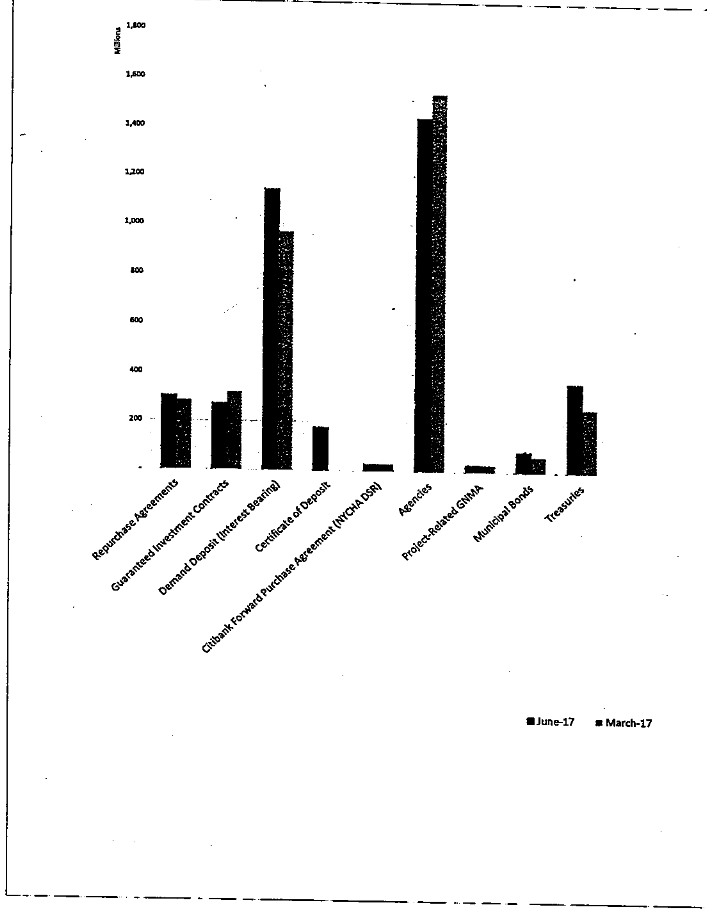
	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
Total Investments	3,839,489,109		3,495,472,871	344,016,238
Investments by Security:	June-17		March-17	
Repurchase Agreements	303,492,800	7.90%	283,870,800	19,622,000
Guaranteed Investment Contracts	270,128,815	7.04%	320,770,292	(50,641,477)
Demand Deposit (Interest Bearing)	1,141,600,107	29.73%	967,449,960	174,150,147
Certificate of Deposit	176,282,396	4.59%	-	176,282,396
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.78%	29,824,394	-
Agencies	1,437,079,634	37.43%	1,535,547,530	(98,467,896)
Project-Related GNMA	29,897,964	0.78%	30,064,894	(166,929)
Municipal Bonds	85,405,000	2.22%	66,255,000	19,150,000
Treasuries	365,778,000	9.53%	261,690,000	104,088,000
Total	3,839,489,109	100.00%	3,495,472,870	344,016,240

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Current Quarter



Comparison to previous quarter

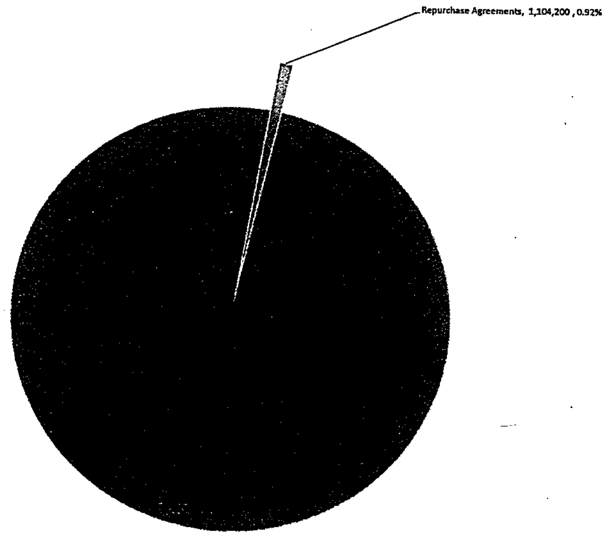


Please Note: Report format has been changed to better reflect the investment activity of NYCHDC.

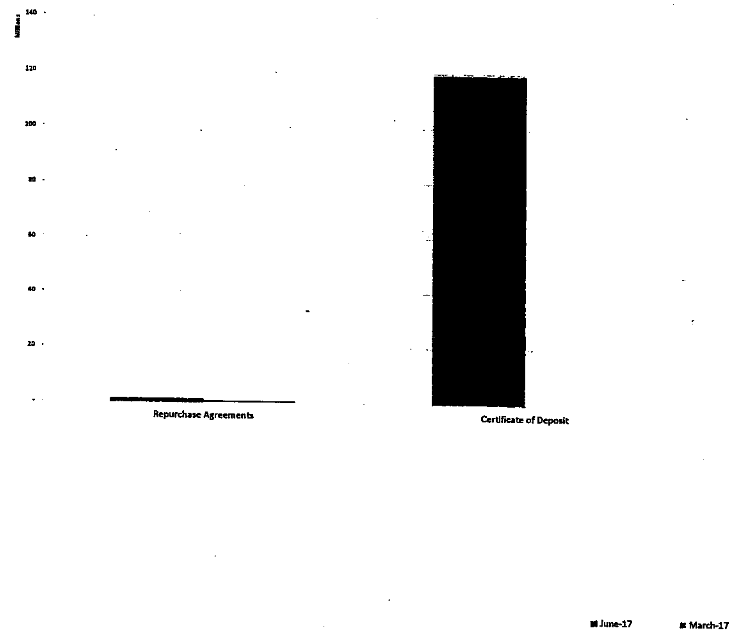
NYC HDC
NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

REMIC	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
otal Investments	120,521,925		119,553,536	968,389
vestments by Security:	June-17		March-17	
epurchase Agreements	1,104,200	0.92%	509,200	595,000
ertificate of Deposit	119,417,725	99.08%		
otal	120,521,925	100.00%	119,553,536	(118,449,336)

Current Quarter



Comparison to previous quarter



ease Note: Report format has been changed to better reflect the investment activity of REMIC.

EXECUTIVE SUMMARY
As of June 30, 2017
(UNAUDITED)

Insured

	REMIC
# Projects	231
# Units	21,707
Insured Amount	$238,864,849
Mortgage Amount	$1,073,171,223

Committed

# Projects	63
# Units	13,485
Insured Amount	$100,537,315
Mortgage Amount	$492,153,113

Average Loan Outstanding:	4,645,763
Average Insured Amount:	1,034,047
Average HDC Loan Outstanding:	5,992,808
Average HDC Insured Amount:	1,239,509

Pipeline

# Projects	16
# Units	3,145
Insured Amount	$39,363,221
Mortgage Amount	$196,816,105

By Borough:

Boro	# Projects	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
Bronx	103	$105,090,886	44.00%	$488,116,516
Brooklyn	62	$57,204,221	23.95%	$247,160,985
Manhattan	53	$53,481,306	22.39%	$222,451,542
Queens	11	$20,974,341	8.78%	$104,871,705
Staten Island	2	$2,114,095	0.89%	$10,570,474
	231	**$238,864,849**	**100.00%**	**$1,073,171,223**

By Lender:

Lender	# Projects	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
CPC	56	$21,950,788	9.19%	$24,429,878
HDC	175	$216,914,060	90.81%	$1,048,741,344
	231	**$238,864,849**	**100.00%**	**$1,073,171,223**

Top 10 Exposures:

Project	# Units	Lender	Insured Amount	% Total REMIC Insured	Mortgage Outstanding
47th Ave Big Six	983	HDC	$8,025,000	3.36%	$40,125,000
11 Broadway	160	HDC	$6,109,538	2.56%	$30,547,692
St. Ann's Terrace ABH	166	HDC	$4,968,117	2.08%	$24,840,584
Morris Court	201	HDC	$4,335,225	1.81%	$21,676,127
St. Ann's Terrace CDE	314	HDC	$4,073,001	1.71%	$20,365,005
Bradford	105	HDC	$3,950,789	1.65%	$19,753,947
LMLD Citywide	662	HDC	$3,885,265	1.63%	$19,426,326
The Ciena Hobbs Court	340	HDC	$3,642,874	1.53%	$18,214,372
Courtlandt Corners II	224	HDC	$3,358,228	1.41%	$16,791,141
Boricua Village Site A1	136	HDC	$3,188,292	1.33%	$15,941,462
	3,291		**$45,536,331**	**19.06%**	**$227,681,656**

Reserves:

Total Reserves	**$119,896,588**
Restricted:	
Insured (20%)	$47,772,970
Committed (20%)	$20,107,463
Total Restricted	**$67,880,433**
Pipeline (20%)	$7,872,644
Total Restricted + Pipeline	**$75,753,077**
Available Reserves	**$44,143,511**
Potential Insured	**$220,717,555**
Potential Mortgage Amount	**$1,103,587,776**
Risk/Capital (Insured)	**2.0**
Risk/Capital (Insured + Committed)	**2.8**
Risk/Capital (Insured + Committed + Pipeline)	**3.2**
(Statutory Limit = 5.0x)	

Restricted Reserves:

HDC	$43,382,812
Committed (HDC)	$19,580,790
Committed (CPC)	$526,673
Other (CPC)	$4,390,158
TOTAL	**$67,880,433**

NYC REMIC RESIDENTIAL MORTGAGE INSURANCE CORPORATION

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 06/30/17

Assets:

Cash	**6,582.82**	
Investment (1)		
Repo Agreement	540,559.22	
US Treasury Strips	0.00	
Unrealized Gains & Losses as of Jun 30, 2017 (1)	0.00	
Cash & Investments Balances		**547,142.04**
Mortgage Loans		
405 East 94th St. (600055)	880,909.26	
Gates Ave. (300230)	4,225,000.00	
St. Edmonds CT (600318)	5,550,000.00	
Queenswood Apartments (300299)	17,929,100.00	
Stuyvesant Town-Peter Cooper Village (612140)	136,073,882.70	
Total Mortgage Loan Receivable Balances		**164,658,891.96**
Interest Receivable		
405 East 94th St. (600055)	734.09	
Gates Ave. (300230)	694,199.20	
St. Edmonds CT (600318)	703,267.18	
Queenswood Apartments (300299)	11,952.73	
Mort Int Rec CPC 1	(145,226.93)	
Total Mortgage Interest Receivables		**1,264,926.27**
Due to/from Other Program		
Astoria Apartments (Mortgage Loan transferred to HDC) (2)	3,842,204.22	
Funding from HDC for Ruppert/Yorkville TAC Contract	(9,035,054.45)	
Total Due to/from Other Program		**(5,192,850.23)**
Total Assets		**161,278,110.04**

Liabilities and Fund Balances:

Payable to New York City as of Mar 31, 2017 (3)	**161,692,855.30**	
Mortgage Interest/Investment Earned for This Qtr	70,033.53	
TAC Payments	(670,991.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)	0.00	
Payable to New York City as of Jun 30, 2017		**161,091,897.83**
Payable to Mortgagor (Queenswood Apartments) as of Mar 31, 2017	179,719.56	
Investment Earned for this Qtr	375.28	
Payable to Mortgagor (Selfhelp KIV) as of Mar 31, 2017	6,117.37	
Investment Earned for this Qtr	0.00	
Payable to Mortgagor as of Jun 30, 2017 (4)		**186,212.21**
Restricted Investment Earnings (Fair Market Value as of Jun 30, 2017)		0.00
Total Liabilities and Fund Balances		**161,278,110.04**

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 06/30/17

Income/Earning Analysis

Mortgage Interest Earned (for This Qtr)		69,740.04	
Investment Earned (for This Qtr)		293.49	
	Total Earnings Distributed to Due to NYC		**70,033.53**
TAC Payments to Yorkville (for This Qtr)		(670,991.00)	
TAC Payments to Others		0.00	
	Total TAC Payment Distributed to Due to NYC		**(670,991.00)**
	Net Changes Due to NYC		**(600,957.47)**
Investment Earned (Queenswood Apartments) (for This Qtr)		375.28	
Investment Earned (Selfhelp KIV)		0.00	
	Total Earnings Distributed to the Mortgagor		**375.28**
	Net Changes Due to the Mortgagor		**375.28**

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.
(2) Astoria Apartments mortgage started amortizing Jun 2016
(3) The resources held for the City are primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on the mortgages and all investments held to fund the TAC payments.
(4) This is an asset of the Borrowers (Queenswood Associates, L.P. and Selfhelp KIV) and only to be used if there are insufficient funds to cover note debt service.

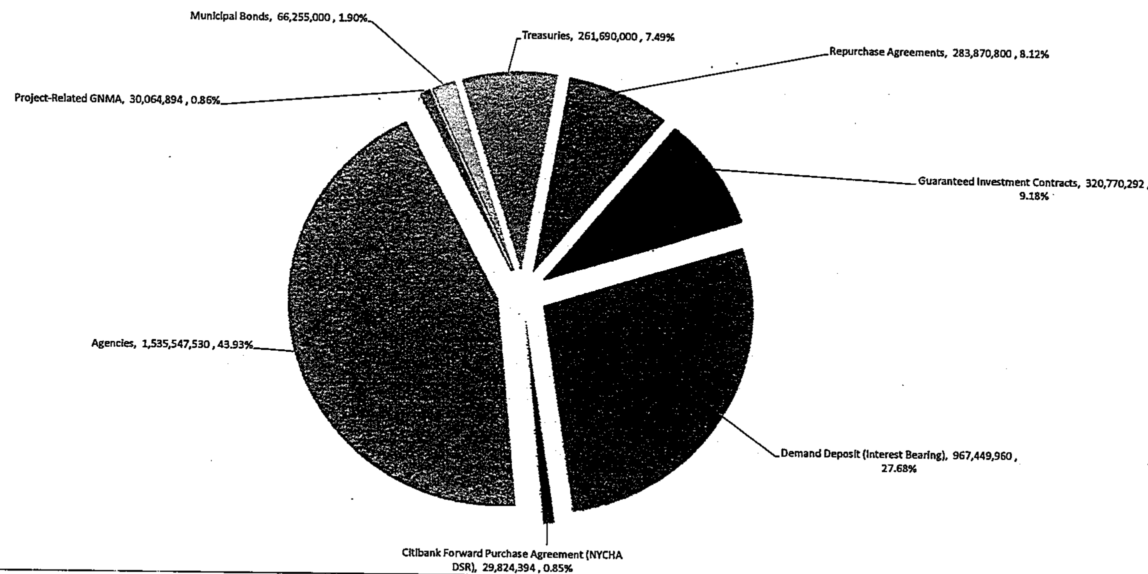
Please note that this report has been revised to reflect HDC's financial statement format

NYCHDC

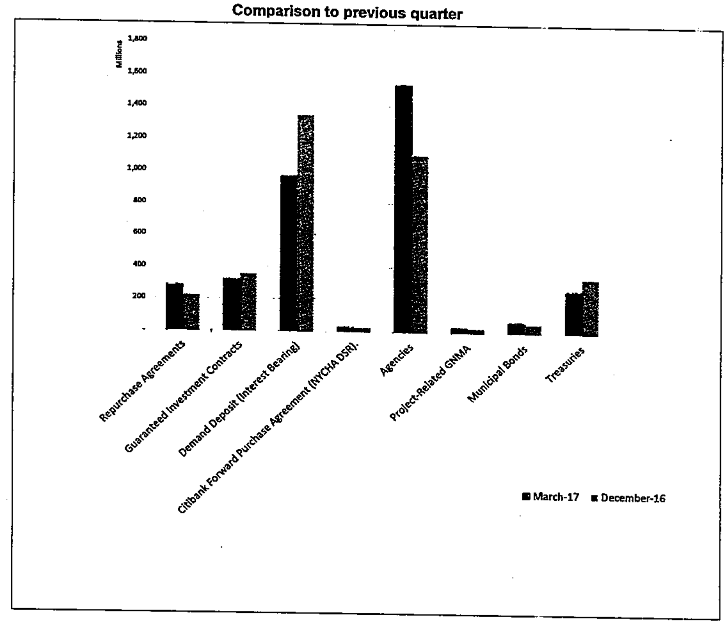
NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
'otal Investments	3,495,472,871		3,494,212,187	1,260,684
ıvestments by Security:	March-17		December-16	
ːepurchase Agreements	283,870,800	8.12%	223,311,800	60,559,000
;uaranteed Investment Contracts	320,770,292	9.18%	359,460,396	(38,690,104)
)emand Deposit (Interest Bearing)	967,449,960	27.68%	1,344,851,410	(377,401,449)
;itibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.85%	29,824,394	-
ˌgencies	1,535,547,530	43.93%	1,103,552,369	431,995,161
'roject-Related GNMA	30,064,894	0.86%	30,229,819	(164,925)
ˈunicipal Bonds	66,255,000	1.90%	58,025,000	8,230,000
'reasuries	261,690,000	7.49%	344,957,000	(83,267,000)
'otal	3,495,472,870	100.00%	3,494,212,187	1,260,683

Current Quarter



Comparison to previous quarter



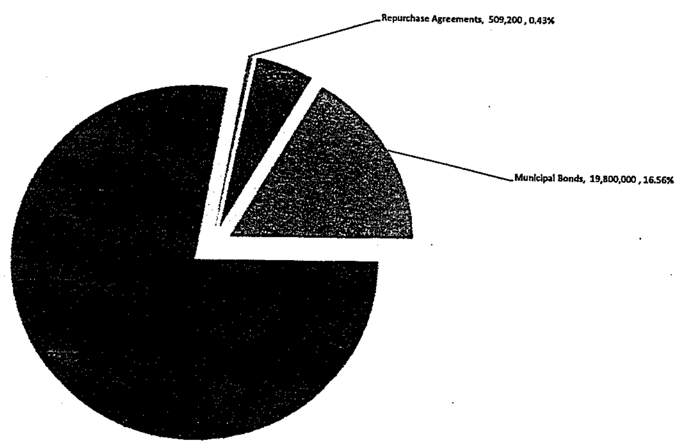
lease Note: Report format has been changed to better reflect the investment activity of NYCHDC.

REMIC

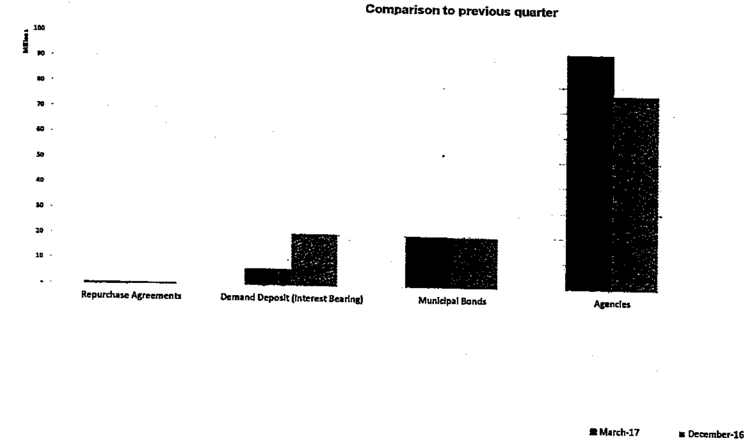
	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
Total Investments	119,553,536		118,016,797	1,536,739
Investments by Security:	March-17		December-16	
Repurchase Agreements	509,200	0.43%	608,200	(99,000)
Demand Deposit (Interest Bearing)	6,194,034	5.18%	20,426,495	(14,232,461)
Municipal Bonds	19,800,000	16.56%	19,800,000	-
Agencies	93,050,302	77.83%	77,182,102	15,868,200
Total	119,553,536	100.00%	118,016,797	1,536,739

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Current Quarter



Comparison to previous quarter



Please Note: Report format has been changed to better reflect the investment activity of REMIC.

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 03/31/17

Assets:

Cash	**6,314.96**	
Investment (1)		
Repo Agreement	218,367.07	
US Treasury Strips	0.00	
Unrealized Gains & Losses as of Jan 31, 2017 (1)	0.00	
Cash & Investments Balances		**224,682.03**
Mortgage Loans		
405 East 94th St. (600055)	888,471.39	
Gates Ave. (300230)	4,225,000.00	
St. Edmonds CT (600318)	5,550,000.00	
Queenswood Apartments (300299)	17,929,100.00	
Stuyvesant Town-Peter Cooper Village (612140)	136,073,882.70	
Total Mortgage Loan Receivable Balances		**164,666,454.09**
Interest Receivable		
405 East 94th St. (600055)	740.39	
Gates Ave. (300230)	698,786.71	
St. Edmonds CT (600318)	720,826.18	
Queenswood Apartments (300299)	11,952.73	
Mort Int Rec CPC 1	(145,226.93)	
Total Mortgage Interest Receivables		**1,287,079.08**
Due to/from Other Program		
Astoria Apartments (Mortgage Loan transferred to HDC) (2)	3,867,531.48	
Funding from HDC for Ruppert/Yorkville TAC Contract	(8,167,054.45)	
Total Due to/from Other Program		**(4,299,522.97)**
Total Assets		**161,878,692.23**

Liabilities and Fund Balances:

Payable to New York City as of Dec 31, 2016 (3)	**162,306,679.37**	
Mortgage Interest/Investment Earned for This Qtr	70,175.93	
TAC Payments	(684,000.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)	0.00	
Payable to New York City as of Mar 31, 2017		**161,692,855.30**
Payable to Mortgagor (Queenswood Apartments) as of Dec 31, 2016	179,480.41	
Investment Earned for this Qtr	239.15	
Payable to Mortgagor (Selfhelp KIV) as of Dec 31, 2016	6,117.37	
Investment Earned for this Qtr	0.00	
Payable to Mortgagor as of Mar 31, 2017 (4)		**185,836.93**
Restricted Investment Earnings (Fair Market Value as of Mar 31, 2017)		0.00
Total Liabilities and Fund Balances		**161,878,692.23**

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 03/31/17

Income/Earning Analysis

Mortgage Interest Earned		69,806.36	
Investment Earned		369.57	
	Total Earnings Distributed to Due to NYC		**70,175.93**
TAC Payments to Yorkville		(684,000.00)	
TAC Payments to Others		0.00	
	Total TAC Payment Distributed to Due to NYC		**(684,000.00)**
	Net Changes Due to NYC		**(613,824.07)**
Investment Earned (Queenswood Apartments)		239.15	
Investment Earned (Selfhelp KIV)		0.00	
	Total Earnings Distributed to the Mortgagor		**239.15**
	Net Changes Due to the Mortgagor		**239.15**

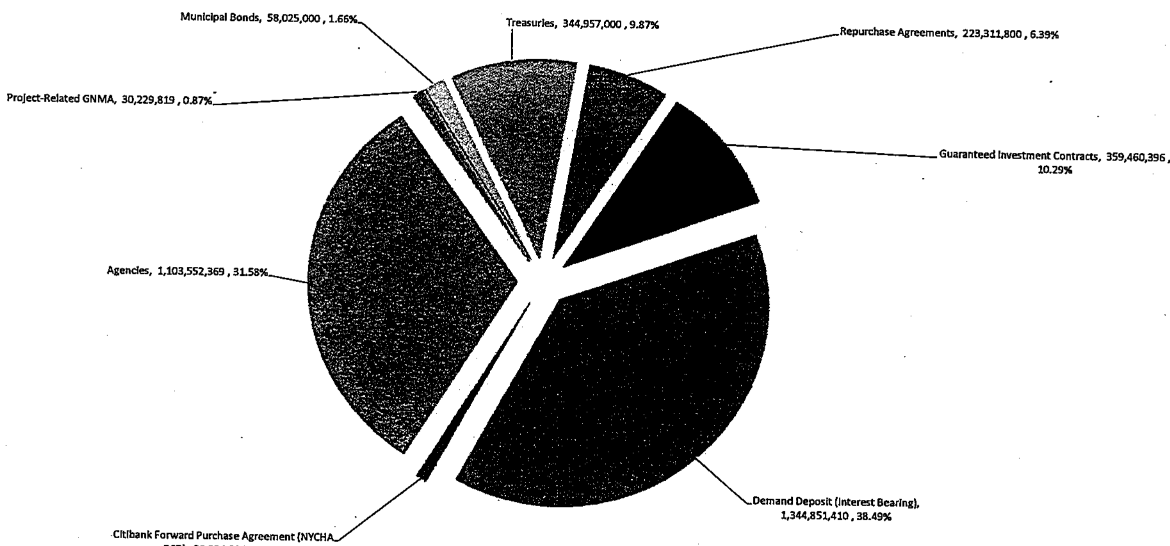
(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.
(2) Astoria Apartments mortgage started amortizing Jun 2016
(3) The resources held for the City are primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on the mortgages and all investments held to fund the TAC payments.
(4) This is an asset of the Borrowers (Queenswood Associates, L.P. and Selfhelp KIV) and only to be used if there are insufficient funds to cover note debt service.

Please note that this report has been revised to reflect HDC's financial statement format

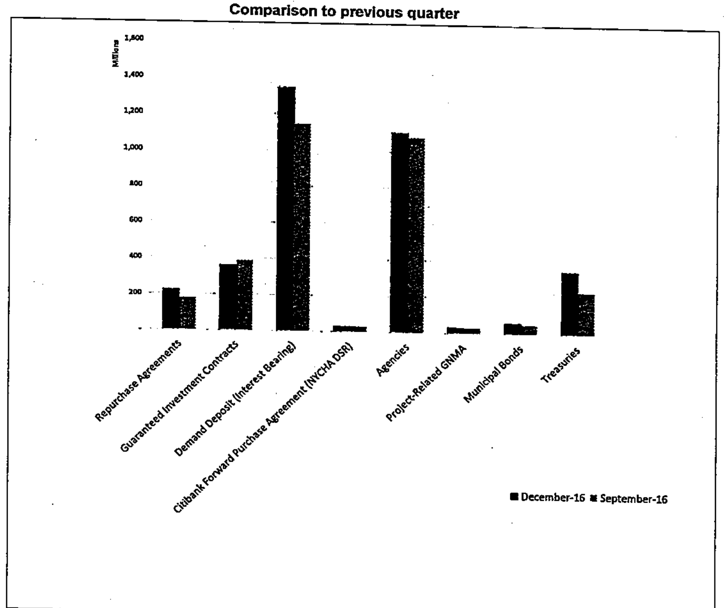
NYC HDC
NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

NYCHDC	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
Total Investments	3,494,212,187		3,133,067,304	361,144,883
Investments by Security:	December-16		September-16	
Repurchase Agreements	223,311,800	6.39%	177,403,900	45,907,900
Guaranteed Investment Contracts	359,460,396	10.29%	386,170,490	(26,710,093)
Demand Deposit (Interest Bearing)	1,344,851,410	38.49%	1,147,347,358	197,504,052
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.85%	29,824,394	-
Agencies	1,103,552,369	31.58%	1,079,928,898	23,623,471
Project-Related GNMA	30,229,819	0.87%	30,392,765	(162,947)
Municipal Bonds	58,025,000	1.66%	49,005,000	9,020,000
Treasuries	344,957,000	9.87%	232,994,500	111,962,500
Total	3,494,212,187	100.00%	3,133,067,304	361,144,883

Current Quarter



Comparison to previous quarter



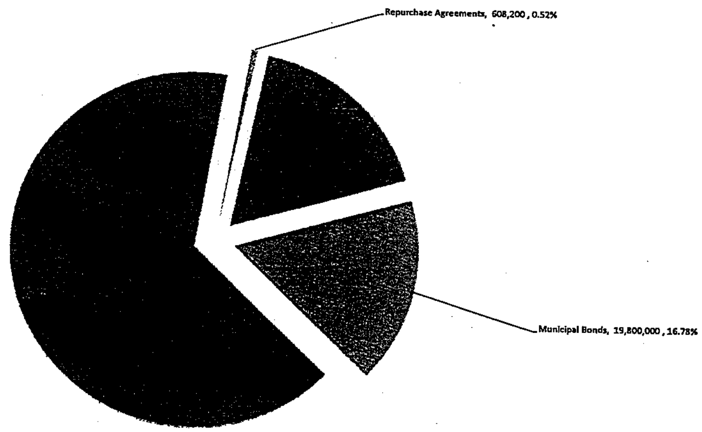
'lease Note: Report format has been changed to better reflect the investment activity of NYCHDC.

NYC HDC
NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

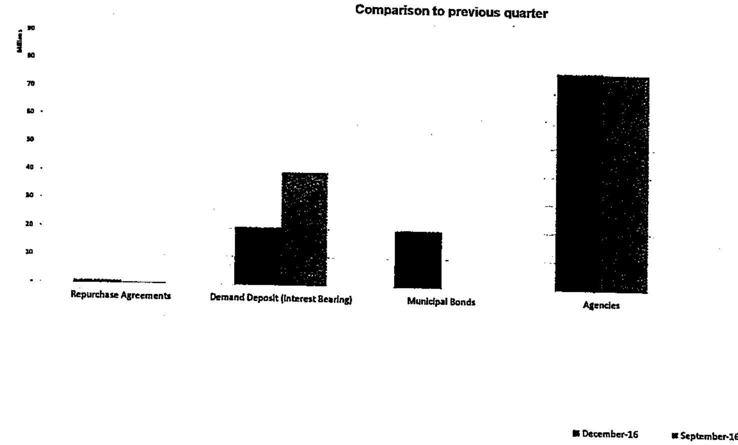
REMIC

	Current Quarter End	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	Quarterly Change
Total Investments	118,016,797		117,452,752	564,045
Investments by Security:	December-16		September-16	
Repurchase Agreements	608,200	0.52%	120,100	488,100
Demand Deposit (Interest Bearing)	20,426,495	17.31%	40,150,549	(19,724,055)
Municipal Bonds	19,800,000	16.78%	-	19,800,000
Agencies	77,182,102	65.40%	77,182,102	-
Total	118,016,797	100.00%	117,452,752	564,045

Current Quarter



Comparison to previous quarter



Please Note: Report format has been changed to better reflect the investment activity of REMIC.

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/16 TO 12/31/16

Assets:

Cash		**10,832.02**	
Investment (1)			
Repo Agreement		770,945.68	
US Treasury Strips		0.00	
Unrealized Gains & Losses as of Dec 31, 2016 (1)		966.04	
	Cash & Investments Balances		**782,743.74**
Mortgage Loans			
405 East 94th St.		896,014.63	
Gates Ave.		4,225,000.00	
St. Edmonds CT		5,550,000.00	
Queenswood Apartments		17,929,100.00	
Stuyvesant Town-Peter Cooper Village		136,073,882.70	
	Total Mortgage Loan Receivable Balances		**164,673,997.33**
Interest Receivable			
405 East 94th St.		746.68	
Gates Ave.		704,903.39	
St. Edmonds CT		738,385.18	
Queenswood Apartments		11,952.73	
Mort Int Rec CPC 1		(145,226.93)	
	Total Mortgage Interest Receivables		**1,310,761.05**
Due to/from Other Program			
Astoria Apartments (Mortgage Loan transferred to HDC) (2)		3,892,795.52	
Funding from HDC for Ruppert/Yorkville TAC Contract		(8,167,054.45)	
Total Due to/from Other Program			**(4,274,258.93)**
	Total Assets		**162,493,243.19**

Liabilities and Fund Balances:

Payable to New York City as of Sep 30, 2016 (3)		**169,859,304.39**	
Mortgage Interest/Investment Earned for This Qtr		83,502.28	
TAC Payments		(474,344.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)		(7,161,783.30)	
	Payable to New York City as of Dec 31, 2016		**162,306,679.37**
Payable to Mortgagor (Queenswood Apartments) as of Sep 30, 2016		179,315.79	
Investment Earned for this Qtr		164.62	
Payable to Mortgagor (Selfhelp KIV) as of Sep 30, 2016		6,115.65	
Investment Earned for this Qtr		1.72	
	Payable to Mortgagor as of Dec 31, 2016 (4)		**185,597.78**
Restricted Investment Earnings (Fair Market Value as of Dec 31, 2016)			966.04
	Total Liabilities and Fund Balances		**162,493,243.19**

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/16 TO 12/31/16

Income/Earning Analysis

Mortgage Interest Earned		79,719.86	
Investment Earned		3,782.42	
	Total Earnings Distributed to Due to NYC		**83,502.28**
TAC Payments to Yorkville		(474,344.00)	
TAC Payments to Others		0.00	
	Total TAC Payment Distributed to Due to NYC		**(474,344.00)**
	Net Changes Due to NYC		**(390,841.72)**
Investment Earned (Queenswood Apartments)		164.62	
Investment Earned (Selfhelp KIV)		1.72	
	Total Earnings Distributed to the Mortgagor		**166.34**
	Net Changes Due to the Mortgagor		**166.34**

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.
(2) Astoria Apartments mortgage loan started amortizing Jun 2016
(3) The resources held for the City are primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on the mortgages and all investments held to fund the TAC payments.
(4) This is an asset of the Borrowers (Queenswood Associates, L.P. and Selfhelp KIV) and only to be used if there are insufficient funds to cover note debt service.

Please note that this report has been revised to reflect HDC's financial statement format

Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of and for the year ended October 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2017 and the changes in financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Corporation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of the Corporation's OPEB Contributions, the Schedule of the Corporation's Proportionate Share of the Net Pension Liability and the Schedule of the Corporation's Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Net Position for the Housing Revenue Bond Program and Multi-Family Secured Mortgage Revenue

Bond Program as of October 31, 2017 and 2016 and the Schedule of Revenue, Expenses and Changes in Net Position for the years then ended, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

______, 2018

Financial Statements to Be Inserted When Approved

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO:	Members of the Audit Committee
FROM:	Ellen Duffy
SUBJECT:	Monthly Debt Report for December 31, 2017
DATE:	JANUARY 19, 2018

Attached please find the Corporation's Debt Report as of December 31, 2017.

The last debt report presented to the Audit Committee was as of September 30, 2017. During this time, the Corporation issued six series of Open Resolution bonds totaling $518.3 million, two series of Multi Family Secured Resolution bonds totaling $65.3 million, one series of Pass Through bonds in the amount of $59.9 million, and two series of debt obligations in the amount of $61.2 million.

There were bond redemptions in five series of the Open Resolution bonds totaling $121.0 million and four stand-alone series totaling $140.6 million.

The Corporation's debt outstanding as of December 31, 2017 is approximately $10.98 billion. The Corporation's statutory debt capacity stands at $12.5 billion.

110 William Street, New York, NY 10038 tel: 212.227.5500 fax: 212.227.6865
info@nychdc.com www.nychdc.com

IDC Debt -- Monthly Report of December 31 2017

otal HDC Debt

utstanding rincipal	Open Resolution Amount	Percent	New Issue Bond Program Amount	Percent	Stand-Alone Bonds Amount		Percent	MF Secured Resolution Amount	Percent	MF Pass-Thru Resolution Amount	Percent	Total HDC Bonds Amount	Percent
ixed Rate	4,806,570,000	75.33%	285,550,000	100%	1,757,853,446	(1)	43.27%	99,070,000	71%	64,274,597	100%	7,013,318,042.97	64.15%
ar-Term	316,100,000	4.95%	-	0%	-		0.00%	-	0%	-	0%	316,100,000.00	2.89%
ar-Index (2)	1,171,750,000	18.36%	-	0%	190,317,114	(3)	4.68%	39,825,000	29%	-	0%	1,401,892,114.49	12.82%
RDO	86,330,000	1.35%	-	0%	2,114,415,000		52.05%	-	0%	-	0%	2,200,745,000.00	20.13%
otal	6,380,750,000	100%	285,550,000	100%	4,062,585,560		100.00%	138,895,000	100%	64,274,597	100%	10,932,055,157.46	100.00%
raw Down Bond Allocations												0.00	
overnment Debt Obligation Allocation												47,162,787.75	
tatutory Limit												12,500,000,000.00	
emaining Capacity												1,520,782,054.79	12.17%

pen/Mini Variable Rate Exposure

eries	Bond Total	Mortgage Loan Balance		Bond Maturity	Rate Reset Period/ Index	Bond Tax Status	Average Bond Rate	Weighted Avg. Loan Rate	Weighted Avg. Spread (13)	Debt Service Coverage Ratio (13)
ar-Index										
)02 C	39,110,000	13,722,234		2034	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	1.46%	7.40%	5.9421%	35.9774% (8,9)
)08 E	87,405,000	43,884,866.98		2037	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	1.46%	3.28%	1.8165%	52.6594% (8,9)
)08 F	72,255,000	18,223,156	(4)	2041	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	1.46%	5.00%	3.5410%	87.9466% (9)
)08 J	33,430,000	53,124,627		2043	Quarterly/ 3 M LIBOR + 61 bps	Taxable	1.99%	5.29%	3.2993%	158.9130%
)08 K	85,690,000	60,133,555		2043	Quarterly/ 3 M LIBOR + 61 bps	Taxable	1.99%	1.42%	-0.5665%	70.1757%
)09 I-2	25,000,000	77,941,302	(5)	2039	Quarterly/ 3 M LIBOR + 48 bps	Taxable	1.86%	1.11%	-0.7446%	311.7652%
)10 H	53,360,000	73,432,704		2040	Quarterly/ 3 M LIBOR + 54 bps	Taxable	1.92%	3.01%	1.0963%	137.6175%
)11 F-2	56,460,000	64,520,904	(4)	2040	Quarterly/ 3 M LIBOR + 48 bps	Taxable	1.86%	5.02%	3.1622%	114.2772%
)11 F-3	12,540,000	30,325,595		2040	Quarterly/ 3 M LIBOR + 48 bps	Taxable	1.86%	3.40%	1.5450%	241.8309%
)13 D-2	55,000,000	195,633,773		2038	Quarterly/ 3 M LIBOR + 65 bps	Taxable	2.03%	1.94%	-0.0870%	355.6978%
)14 B-2	61,585,000	80,872,975	(6)	2033	Quarterly/ 3 M LIBOR + 49 bps	Taxable	1.87%	1.25%	-0.6168%	131.3193%
)14 D-2	38,000,000	51,061,104		2037	Quarterly/ 3 M LIBOR + 49 bps	Taxable	1.87%	3.28%	1.4178%	134.3713%
)14 H-2	50,000,000	57,719,820	(7)	2044	Quarterly/ 3 M LIBOR + 47 bps	Taxable	1.85%	4.41%	2.5628%	126.7113% (9)
)15 B-2	33,000,000	53,783,638.52		2044	Quarterly/ 3 M LIBOR + 40 bps	Taxable	1.78%	4.12%	2.3383%	162.9807%
)16 G-2	78,000,000	129,163,724.11		2045	Quarterly/ 3 M LIBOR + 51 bps	Taxable	1.89%	3.88%	1.9915%	178.0102% (9)
)17 B-2	61,500,000	71,082,714.71		2021	Quarterly/ 3 M LIBOR + 43 bps	Taxable	1.81%	5.06%	3.2528%	149.3703% (9)
)17 A-2-(Mini)	39,825,000	27,694,547.36		2041	Quarterly/ 3 M LIBOR + 41 bps	Taxable	1.72%	5.96%	4.2392%	72.4024% (9)
tal	882,160,000	1,102,321,240								
r-Index/VRDO Pass-Through										
06 J-1	100,000,000	100,000,000	(10)	2046	Monthly/(LIBOR + 110bps)75%	Tax-Exempt	1.73%	1.73%	0.0000%	
15 D-3	15,000,000	10,158,575	(10)	2020	VRDO (Citibank Liquidity)	Tax-Exempt	1.27%	1.27%	0.0000%	
15 D-4	13,500,000	13,499,800	(10)	2020	VRDO (Wells Fargo Liquidity)	Tax-Exempt	1.27%	1.27%	0.0000%	
16 J-1	161,500,000	42,298,168	(10)	2052	Quarterly/ 3 M LIBOR + 68 bps	Taxable	2.06%	2.06%	0.0000%	
16 J-2	29,500,000	7,726,291	(10)	2052	Quarterly/ 3 M LIBOR + 68 bps	Tax-Exempt	2.06%	2.06%	0.0000%	
17 A-3	50,000,000	18,678,296			Monthly/LIBOR*70% +54bps	Tax-Exempt	1.49%	2.20%	0.7075%	
17 C-4	57,830,000	6,749,702	(10)		VRDO (Wells Fargo Liquidity)	Tax-Exempt	1.27%	1.27%	0.0000%	
17 G-3	85,950,000	7,666,654.40		2057	VRDO (Wells Fargo Liquidity)	Tax-Exempt	1.50%	1.50%	0.0000%	
tal	513,280,000	206,777,486								

Rates of the Index Floating Bonds:

3 M FHLB Swap Rate	current (01/17/2018)	1.49
3 M LIBOR -	current (01/15/2018)	1.73
1 M LIBOR -	current (01/15/2018)	1.56
7 D SIFMA -	current (01/18/2018)	1.23

tstanding Interest Rate CAPs

tstanding Notional Amount With Goldman Sachs	(11)	166,130,000
ike Rate		7.35%
turity Date		11/1/2032
tstanding Notional Amount With PNC	(11)	50,000,000
ike Rate		4.50%-7.50%
turity Date		11/1/2033
tstanding Notional Amount With Barclays	(11)	150,000,000
ike Rate		3.50%
turity Date		11/1/2020
tstanding Notional Amount With US Bank	(11)	39,825,000
ke Rate		3.25%
turity Date		2/1/2023
C Short-Term Assets	(12)	211,617,730
dge Ratio: Short-Term Assets/Variable Debt		27.11%

Outstanding Interest Rate SWAPs

Outstanding Notional Amount With Wells Fargo	(11)	65,630,000
Swap Rate		2.240%
Forward Start Date		8/1/2019
Maturity Date		5/1/2047
Outstanding Notional Amount With PNC	(11)	85,000,000
Swap Rate		2.029%
Forward Start Date		5/1/2018
Maturity Date		11/1/2035
Outstanding Notional Amount With PNC	(11)	50,000,000
Swap Rate		1.203%
Forward Start Date		6/1/2017
Maturity Date		8/1/2020
Outstanding Notional Amount With Wells Fargo	(11)	54,126,321
Swap Rate		2.984%
Forward Start Date		2/1/2021
Maturity Date		5/1/2048

Debt Issuance / Key Events

Debt Issuance in Dec:	**477,080,419.63**
2017 G-1	197,140,000.00
2017 G-2	101,330,000.00
2017 G-3	85,950,000.00
2017 DO 1133 Manhattan Ave (TEXEMP)	45,600,000.00
2017 DO 1133 Manhattan Ave (Taxable)	15,600,000.00
Remarketing in Dec:	**0.00**
Draw Down Advances in Dec:	**31,460,419.63**
38 Sixth Ave #2	15,882,248.09
La Casa Del Mundo	413,089.81
MHANY	1,954,603.58
Prospect Plaza	2,948,930.97
Jamaica	7,697,506.34
Draper Hall	645,494.43
Stanley Commons	1,502,059.21
535 Carlton #2	416,487.20
Redemption in Dec:	**47,835,000.00**
2012 A 1133 Manhattan	45,600,000.00
2014 E	2,235,000.00

I7 Volume Cap

2016 Carryforward Allocation	70,000,000
Allocation - March	160,000,000
Allocation - May	124,984,999
Allocation - May	140,000,000
Allocation - November	273,000,001
ed up to 12/31	(767,985,000)
ance Available 12/31/17	0

Open Reso Bonds*

tes

Includes Debt Obligation issued pursuant to a Funding Loan Agreement. A) Harlem Dowling: $12.85mm VC Allocated; $12.85mm o/s B) Stanley Commons: $40.2mm VC Allocated; $39,064,546 o/s C) Draper Hall: $42.75mm VC Allocated; $39,708,229 o/s D) La Casa Del Mundo: $19.21mm VC Allocated; $15,198,492 o/s E-1) MHANY: $450K Taxable Allocated; $450K o/s E-2) MHANY: $32.55mm VC Allocated; $29,729,273 o/s F) Prospect Plaza 3: $33.19mm VC Allocated; $18,429,558 o/s G) One Flushing: $23.6mm VC Allocated; $10,910,000 o/s.

Includes 2006 J-1 in an amount of $100,000,000 which has been walled off from the Open Resolution.

Includes DD Bonds (A & D) & Debt Obligation (B & C). A) 250 Ashland: $33mm VC Allocated; $33mm o/s B-1) Pacific Park 535 Carlton #1: $150K VC Allocated; $150K o/s B-2) Pacific Park 535 Carlton #2: $23.85mm VC Allocated; $15,142,114 o/s C-1) 38 Sixth Avenue: $50K VC Allocated; $50K o/s C-2) 38 Sixth Avenue #2: $28.95mm VC Allocated; $28.95mm o/s D) 148th Street Jamaica: $22.13mm VC Allocated; $22.13mm o/s.

One loan (Franklin Plaza) is currently advancing.

The mortgages are collateral for both I-1 (50,000,000 outstanding)(fixed) and I-2 (variable).

Collateral from refunded 2006 Series A loan pool. These Mortgage balances will be updated on a semi-annual basis (1/31 and 7/31). The 2014 series B mortgage loans are securing both 2014 B-1 (82,375,000 outstanding, fixed) and B-2 (50,000,000 outstanding, variable).

Three loans (Crotona Terrace, 3160 Park Avenue 1B, Ryerson Towers) are currently advancing.

Prepayments in this series have been releveraged in other securitizations including 2013 D, 2014 D, 2015 B, 2016 G and 2017 B; Aggregate DSCR based on these 7 series is 150.83%.

DSCR is calculated using all cash based assets underlying the series.

The bond is structured as a pass-thru deal and the borrower is responsible for the bond interest, which is fully capitalized.

Interest rate hedges are not legally tied to the associated bond series, therefore provides a hedge to the full Open Resolution variable rate portfolio.

Includes only those assets for which HDC keeps the earnings.

Overcollateralized to offset lower weighted average spread.

This series was directly placed with Bank of America.

NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Ellen Duffy

SUBJECT: Weekly Investment Report for January 17, 2018

DATE: JANUARY 19, 2018

Attached please find HDC's investment report for January 17, 2018. Funds under management totaled approximately $4.19 billion. This report reflects routine investment activity.

Regarding the Rating Agency Reserve which was previously approved by the Audit Committee, after debt service on the Open Resolution was paid on November 1, 2017 and certain redemptions made in November, the amount of long term bonds outstanding in the Open Resolution is approximately $4.27 billion. Based on this balance a 2.25% reserve would amount to $96.1 million, a 2.5% reserve would be $106.8 million, and a 2.75% reserve would amount to $117.4 million. During FY 2017, the Reserve was funded in the amount of $92.5 million. Due to the higher amount of bonds outstanding, HDC Staff recommends that the Reserve should be increased to $96 million at this time.

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Tuesday, January 16, 2018

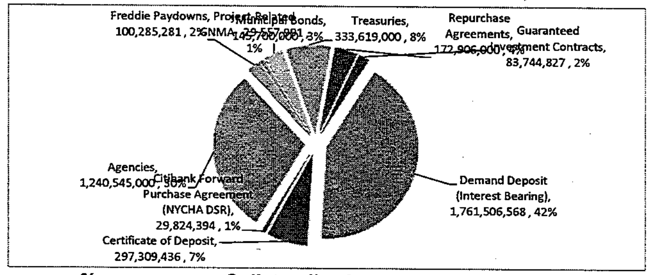
	1/16/2018	1/3/2018	Weekly Change	10/31/2016	Change 10/31/2016 to Current
Total Investments	**4,194,998,496**	**4,215,999,802**	**(21,001,305)**	**3,444,740,628**	**750,257,868**
Investments by Pool:					
Open Resolution Revenue	200,741,845	179,578,055	21,163,790	276,744,431	(76,002,586)
Project-Related GNMAs	29,557,991	29,557,991	-	30,338,668	(780,677)
Open Resolution DSR	130,687,080	130,687,080	-	114,471,579	16,215,501
Open Resolution Bond Proceeds	1,451,595,452	1,466,878,436	(15,282,984)	1,055,951,826	395,643,625
Open Resolution Redemption	-	26,548,636	(26,548,636)	112,244,900	(112,244,900)
Open Resolution Prepayment	16,821,444	16,821,444	-	90,892,478	(74,071,035)
Debt Paydown Reserve Fund	-	-	-	15,512,677	(15,512,677)
Non Bonded Proceeds	339,421	339,421	-	336,144	3,277
Mitchell-Lama Prepayment	105,542	105,542	-	1,916,967	(1,811,424)
NYCHA (Stand Alone, All Funds)	37,650,194	37,646,094	4,100	73,037,609	(35,387,415)
HDC Pass Through	2,953,856	2,431,644	522,211	1,472,388	1,481,468
HPD Participating Loan (Schermerhorn)	13,491,569	13,489,669	1,900	203,120	13,288,449
HPD Grant Funds (Harp Proceeds)	3,533,185	3,524,185	9,000	3,369,780	163,404
Bond Proceeds, Non-OR	43,368,491	29,139,154	14,229,337	57,100,275	(13,731,784)
Bond Revenue Funds, Non-OR	143,632,548	147,470,847	(3,838,300)	119,361,288	24,271,259
Subtotal, Bond-Related	**2,074,478,616**	**2,084,218,198**	**(9,739,582)**	**1,952,954,130**	**121,524,486**
HPD Funds	213,213,439	212,751,756	461,684	195,680,920	17,532,519
HPD Grant Funds (Section 661)	502,966,777	529,197,977	(26,231,200)	183,065,341	319,901,437
Escrows (HDC retains earnings)	49,865,111	43,366,225	6,498,886	42,916,288	6,948,823
Reserves for Replacement, Escrows	348,973,497	341,099,032	7,874,465	241,842,594	107,130,903
Subtotal, Loan Servicing	**1,115,018,824**	**1,126,414,990**	**(11,396,165)**	**663,505,143**	**131,612,245**
Housing Assistance Corp.	14,324,348	14,541,048	(216,700)	990,130	13,334,218
REMIC	123,178,529	123,061,729	116,800	117,828,947	5,349,582
Mitchell-Lama Claim Payment Fund	131,000	131,000	-	363,000	(232,000)
Construction Loan Mortgagor Equity	5,143,975	5,036,155	107,819	6,927,746	(1,783,771)
Community Development Block Grant	118,305,033	118,188,326	116,708	1,820,213	116,484,820
Corporate Services -- 421a Funds	133,327,705	133,183,405	144,300	107,808,244	25,519,461
Corporate Services -- DOJ	10,339,133	10,339,133	-		10,339,133
Corporate Services -- Committed to HDC Loans	42,444,948	42,615,148	(170,200)	112,752,640	(70,307,692)
Corporate Services -- Committed to HDC Open Res	160,130,574	160,750,818	(620,244)	79,906,339	80,224,235
Corporate Services -- General/Operating***	165,850,553	161,070,432	4,780,121	145,445,795	20,404,758
Corporate Services -- Revolving/Warehousing	189,013	189,013	-	186,941	2,072
Corporate Services -- Future Mitchell Lama Loan Fund	45,613,854	49,632,481	(4,018,627)	45,491,413	122,441
Corporate Services -- Mitchell Lama Repair Fund	7,994,709	7,994,709	-	7,932,461	62,247
Corporate Services -- HPD 2004 M.O.U.	34,143	27,343	6,800	78,394	(44,251)
Corporate Services -- HUD Multi-Family Loan Fund	4,383,011	4,369,527	13,483	4,114,470	268,540
Corporate Services -- HPD 15 Year Reserves	825,049	945,131	(120,082)	1,251,790	(426,740)
Corporate Services -- OPEB****	8,435,000	8,435,000	-	8,435,000	-
Corporate Services -- NYCEEC	989,790	989,790	-	1,006,037	(16,246)
Corporate Services -- Designated and Restricted / Rating and Reserves **	163,860,689	163,866,426	(5,737)	171,132,132	(7,271,443)
Subtotal, HDC Non-Bond Programs	**1,005,501,056**	**1,005,366,614**	**134,442**	**828,281,356**	**177,219,700**
Total, All Pools	**4,194,998,496**	**4,215,999,802**	**(21,001,305)**	**3,444,740,628**	**430,356,431**

* This amount represents the 2nd mortgage payoffs from the Mitchell Lama closing held by HDC prior to transfer to REMIC trustee
** 92,500,000 Rating Agency Reserve
** 6,412,250 2014 B DSR
** 15M HDC Risk Sharing Reserves Co-oP City (139)
** 22,750,575 HDC HDC Financial Guaranty Reserves NYCHA Tax credit (140)
** 2,250,000 PCN Risk Sharing Reserve (139)
** 2,500,000 CPC Risk Sharing Reserve (139)
** 8,135,200 FHA Risk Sharing Reserve (139)
*** 3M Self Insurance Reserve for Errors and Ommissions
*** 19M Six Month Operating Reserve
**** OPEB Cash Balance 81,076.40

Weekly Investment Report
Tuesday, January 16, 2018

	1/16/2018	1/16/2017 Percentage of Type of Securities Held	1/3/2018	Weekly Change	10/31/2016	Change 10/31/2016 to Current
Total Investments	4,194,998,496		4,215,999,802	(21,001,305)	3,444,740,628	750,257,868
Investments by Security:						
Repurchase Agreements	172,906,000	4.12%	228,117,000	(55,211,000)	379,641,000	(206,735,000)
Guaranteed Investment Contracts	83,744,827	2.00%	87,752,767	(4,007,940)	384,707,990	(300,963,163)
Demand Deposit (Interest Bearing)	1,761,506,568	41.99%	1,663,190,933	98,315,634	1,207,268,577	554,237,991
Certificate of Deposit	297,309,436	7.09%	297,309,436	-	-	297,309,436
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.71%	29,824,394	-	29,824,394	-
Agencies	1,240,545,000	29.57%	1,240,545,000	-	1,128,630,000	111,915,000
Freddie Paydowns	100,285,281	2.39%	100,285,281	-		
Project-Related GNMA	29,557,991	0.70%	29,557,991	-	30,338,668	(780,677)
*Municipal Bonds	145,700,000	3.47%	145,700,000	-	49,005,000	96,695,000
Treasuries	333,619,000	7.95%	393,717,000	(60,098,000)	235,325,000	98,294,000
Total	4,194,998,496	100.00%	4,215,999,802	(21,001,305)	3,444,740,628	649,972,587

*VRDB $52 Million



Diversification Details:	Amount Outstanding
Repurchase Agreements:	
Chase Securities, Inc.	-
Citigroup	-
Daiwa Securities	115,370,000
Banc Of America Securities	-
Mizuho Securities Usa, Inc.	57,536,000
Total	172,906,000

Guaranteed Investment Contracts	Uncollateralized	%	Collateralized	%	Total
Bank Of America	-	0.00%	-	0.00%	-
Bayerische Landesbank	9,982,009	62.69%	-	-	9,982,009
Credit Agricole CIB NEW YORK \Calyon	-	0.00%	-	-	-
Deutsche Bank Ag New York -GIC PROVIDER	-	0.00%	67,822,113	100.00%	67,822,113
Rabobank International	5,143,198	32.30%	-	-	5,143,198
RBC Capital Markets Corporation	-	0.00%	-	-	-
Societe Generale Gic	797,508	5.01%	-	-	797,508
Westdeutsche Landesbank	-	0.00%	-	0.00%	-
Total	15,922,715	100.00%	67,822,113	100.00%	83,744,827

Demand Deposit (Interest Bearing)				Interest Rate*	Weighted Avg
Amalgamated	-	0.00%	0.000%		
Customer Bank	249,261,298	14.15%	5.942%	1.31%	0.19%
Empire National Bank	119,401,436	6.78%	2.846%	1.25%	0.08%
H.S.B.C	-	0.00%	0.000%	0.00%	0.00%
Flushing Commercial Bank ICS	78,320,463	4.45%	1.867%	1.25%	0.06%
Flushing Commercial Bank Non-ICS	-	0.00%	0.000%		0.00%
JP MORGAN CHASE BANK	-	0.00%	0.000%		0.00%
NYC Community Bank	369,184,243	20.96%	8.801%	1.48%	0.31%
Bridge Hampton National Bank	28,976,104	1.64%	0.691%	1.10%	0.02%
Santander Bank	73,414,440	4.17%	1.750%	1.25%	0.05%
Signature	636,062,862	36.11%	15.162%	1.25%	0.45%
Lakeland Bank	25,018,096	1.42%	0.596%	1.35%	0.02%
Bank of the Ozarks	20,000,000	1.14%	0.477%	1.35%	0.02%
US Bank	161,867,626	9.19%	3.859%	1.10%	0.10%
Total	1,761,506,568	100.00%	41.991%		1.29%

Note : Does not include DDA accounts that reconcile to zero.
*Weighted Avg for Customers and NYCB

NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To:	Members of the Audit Committee
From:	Mary Hom MH
Date:	January 16, 2018
Re:	Counterparty Credit Risk Exposure

I have attached an unaudited report detailing the Corporation's counterparty exposure as of December 31, 2017.

Please let me know if you have any questions.

FOR INTERNAL USE ONLY

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Counterparty Credit Risk Exposure Report as of December 31, 2017
(UNAUDITED)

Counterparty	Moody's	S&P	Construction LOC	Permanent Enhancement	Investment	Liquidity Providers	TOTAL COUNTERPARTY EXPOSURE	% Total Counterparty Exposure
Bank of America NA	Aa3	A+	$343,460,000	$26,455,000			$369,915,000	3.17%
Bank of New York Mellon NA	Aa1	AA-	$314,480,000				$314,480,000	2.70%
Bank of the Ozarks	NR	NR			$20,000,000		$20,000,000	0.17%
Bayerische Landesbank	Aaa	NR			$9,686,149		$9,686,149	0.08%
Bridgehampton National Bank	NR	NR			$28,140,935		$28,140,935	0.24%
Capital One Bank	A1	BBB+		$22,700,000			$22,700,000	0.19%
Citibank NA	A1	A+	$691,955,000	$206,489,506	$29,824,394	$15,000,000	$943,268,900	8.09%
Customers Bank	NR	NR			$250,101,188		$250,101,188	2.14%
Daiwa Securities	A3	A			$95,620,000		$95,620,000	0.82%
Deutsche Bank	A3	A-		$55,000,000	$72,368,721		$127,368,721	1.09%
Dormitory Authority of the State of New York	Aa1	AAA			$8,045,000		$8,045,000	0.07%
Empire National Bank	NR	NR			$93,226,136		$93,226,136	0.80%
Goldman Sachs Bank	A1	A+	$191,000,000				$191,000,000	1.64%
JPMorgan Chase Bank NA	Aa2	A+	$295,030,000	$15,210,000			$310,240,000	2.66%
Lakeland Bank	NR	NR			$24,999,868		$24,999,868	0.21%
Landesbank Baden-Wuerttemberg	Aa3	NR		$70,000,000			$70,000,000	0.60%
Mizuho Corporate Bank/Mizuho Securities	A1	A			$56,207,000		$56,207,000	0.48%
NYC GO	Aa2	AA			$19,800,000		$19,800,000	0.17%
NYC Transitional Finance Authority	Aa1	AAA			$55,580,000		$55,580,000	0.48%
NY Community Bank	A2	BBB			$670,327,215		$670,327,215	5.75%
NYS HFA	NR	A			$62,000,000		$62,000,000	0.53%
Promontory (FDIC-insured)	Aaa	AA+			$82,532,898		$82,532,898	0.71%
Rabobank	Aa2	A+			$5,032,255		$5,032,255	0.04%
REMIC	NR	AA		$249,698,842			$249,698,842	2.14%
Santander Bank NA	A2	BBB+			$73,336,580		$73,336,580	0.63%
Signature Bank	NR	NR			$639,453,261		$639,453,261	5.48%
Societe Generale	A2	A			$702,483		$702,483	0.01%
SONYMA	Aaa/Aa1	NR		$478,597,924	$275,000		$478,872,924	4.11%
SunTrust Bank	A1	A-		$100,000,000			$100,000,000	0.86%
TD Bank NA	Aa2	AA-	$88,910,000				$88,910,000	0.76%
US Bank	Aa1	AA-			$149,710,888		$149,710,888	1.28%
US Agency:	***Aaa***	***AA+***	***$503,055,000***	***$3,174,656,907***	***$1,370,388,272***		***$5,048,100,179***	***43.29%***
FHA/HUD			$0	$251,992,200			$251,992,200	2.16%
FHLB			$366,810,000		$71,915,000		$438,725,000	3.76%
FHLMC			***$73,900,000***	***$917,786,548***	***$1,131,685,281***		***$2,123,371,829***	***18.21%***
FNMA			***$62,345,000***	***$1,975,209,404***	***$137,230,000***		***$2,174,784,404***	***18.65%***
GNMA				$29,668,755	$29,557,991		$59,226,746	0.51%
US Treasury	Aaa	AA+			$395,312,888		$395,312,888	3.39%
Wells Fargo Bank NA	Aa1	AA-	$593,675,000			$13,500,000	$607,175,000	5.21%
TOTAL			**$3,021,565,000**	**$4,398,808,179**	**$4,212,671,131**	**$28,500,000**	**$11,661,544,310**	**100.00%**

Counterparty Exposures Above 10% Are Highlighted

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NYC HDC NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Counterparty Credit Risk Exposure Report as of December 31, 2017

(UNAUDITED)

Municipal Investments:

Issuer	Amount
Dormitory Authority of the State of New York	$8,045,000
NYC GO	$19,800,000
NYC TFA	$55,580,000
NYS HFA	$62,000,000
SONYMA	$275,000
Total Municipal Investments	**$145,700,000**

Exposure to Counterparties Rated A-Minus and Below, or Not-Rated:

Counterparty	Type of Exposure	Amount	% Total Counterparty Exposure
Bank of the Ozarks*	Money Market	$20,000,000	0.17%
Bridgehampton National Bank*	Money Market	$28,140,935	0.24%
Capital One Bank	Permanent Enhancement	$22,700,000	0.19%
Customers Bank*	Money Market	$250,101,188	2.14%
Daiwa Securities*	Repo	$95,620,000	0.82%
Deutsche Bank*	Repo/Perm Enhancement	$127,368,721	1.09%
Empire National Bank*	Money Market	$93,226,136	0.80%
Lakeland Bank*	Money Market	$24,999,868	0.21%
NY Community Bank*	Money Market	$670,327,215	5.75%
Santander Bank*	Money Market	$73,336,580	0.63%
Signature Bank*	Money Market	$639,453,261	5.48%
SunTrust Bank	Permanent Enhancement	$100,000,000	0.86%
TOTAL		**$2,145,273,904**	**18.40%**

**Fully- or over-collateralized by FHLB LOC and/or US Treasury/Agency securities*

Country Exposure (Ex-U.S.):

Country	Type	$ Amount	% Total Counterparty Exposure
Canada (TD Bank)	LOC/Liq	$88,910,000	0.76%
France (Societe Generale)	GIC	$702,483	0.01%
Germany (Bayerische Landesbank/Deutsche/LBW)	GIC/LOC	$207,054,870	1.78%
Japan (Mizuho/Daiwa)	RP/LOC	$151,827,000	1.30%
Netherlands (Rabobank Nederland)	GIC	$5,032,255	0.04%
Spain (Santander)	MM	$73,336,580	0.63%
TOTAL		**$526,863,188**	**4.52%**

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Credit Enhancement Diversification as of December 31, 2017

(UNAUDITED)

CONSTRUCTION PROJECTS

			Enhancement During Construction:			Expected Permanent Enhancement:		
Provider	Moody's	S&P	Number of Projects	LOC Amount	% of Total During Construction	Number of Projects	Expected Permanent Enhanced or Insured Amount	% of Total During Permanent
Bank of America	Aa3	A+	13	$343,460,000	11.37%	0	$0	0.00%
Bank of New York Mellon	Aa1	AA-	11	$314,480,000	10.41%	0	$0	0.00%
Citibank	A1	A+	22	$691,955,000	22.90%	2	$156,240,000	16.05%
FHA/HUD	Aaa	AA+	0	$0	0.00%	19	$308,868,500	31.73%
FHLB	Aaa	AA+	15	$366,810,000	12.14%	0	$0	0.00%
FHLMC	Aaa	AA+	1	$73,900,000	2.45%	2	$231,900,000	23.82%
FNMA	Aaa	AA+	1	$62,345,000	2.06%	1	$38,135,000	3.92%
Goldman Sachs Bank	A1	A+	1	$191,000,000	6.32%	0	$0	0.00%
JPMorgan Chase	Aa2	A+	13	$295,030,000	9.76%	0	$0	0.00%
NONE	NR	NR	14	$0	0.00%	3	$0	0.00%
REMIC	NR	AA	0	$0	0.00%	69	$138,279,903	14.21%
SONYMA*	Aa1	NR	0	$0	0.00%	14	$100,016,000	10.27%
TD Bank NA	Aa2	AA-	3	$88,910,000	2.94%	0	$0	0.00%
Wells Fargo	Aa1	AA-	16	$593,675,000	19.65%	0	$0	0.00%
TOTAL			**110**	**$3,021,565,000**	**100.00%**	**110**	**$973,439,403**	**100.00%**

**Includes 1 project with NYCEEC*

In Construction:

Rating	% of Total
AAA	0.00%
AA	49.65%
A	50.35%
TOTAL	**100.00%**

PERMANENT LOANS WITH ENHANCEMENT

Provider	Moody's	S&P	Number of Projects	Enhanced Amount	% of Total Permanent Enhanced Amount
Bank of America	Aa3	A+	2	$26,455,000	0.60%
Capital One	A1	BBB+	1	$22,700,000	0.52%
Citibank	A1	A+	30	$206,489,506	4.69%
Deutsche Bank	A3	A-	1	$55,000,000	1.25%
FHA/GNMA	Aaa	AA+	27	$281,660,955	6.40%
FHLMC	Aaa	AA+	31	$917,786,548	20.86%
FNMA	Aaa	AA+	50	$1,975,209,404	44.90%
JPMorgan Chase	Aa2	A+	3	$15,210,000	0.35%
Landesbank Baden Wuer	Aa3	NR	1	$70,000,000	1.59%
REMIC*	NR	AA	195	$249,698,842	5.68%
SONYMA	Aa1	NR	68	$478,597,924	10.88%
SunTrust Bank	A1	A-	1	$100,000,000	2.27%
TOTAL			**410**	**$4,398,808,179**	**100.00%**

**Unenhanced portion totals approximately $963 million*

In Permanent:

Rating	% of Total
AAA	0.00%
AA	90.32%
A	9.17%
BBB	0.52%
TOTAL	**100.00%**

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NYC HDC
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Investment Summary as of December 31, 2017

(UNAUDITED)

Investment Securities & Repo-By Rating:

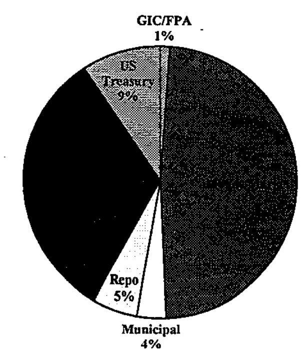
Counterparty	Type	Amount	NRSRO Rating-December 31, 2017: AAA	AA	A	BBB*	NR*
Bank of the Ozarks	MM	$20,000,000					$20,000,000
Bayerische Landesbank (guaranteed)	GIC	$9,686,149	$9,686,149				
Bridgehampton National Bank	MM	$28,140,935					$28,140,935
Citibank NA	FPA	$29,824,394			$29,824,394		
Customers Bank	MM	$250,101,188					$250,101,188
Daiwa Securities	REPO	$95,620,000			$95,620,000		
Deutsche Bank	REPO	$72,368,721			$72,368,721		
Dormitory Authority of the State of NY	MUNI	$8,045,000		$8,045,000			
Empire National Bank	MM	$93,226,136					$93,226,136
Lakeland Bank	MM	$24,999,868					$24,999,868
Mizuho Securities	REPO	$56,207,000			$56,207,000		
NYC GO	MUNI	$19,800,000		$19,800,000			
NYC TFA	MUNI	$55,580,000		$55,580,000			
NY Community Bank	MM	$670,327,215				$670,327,215	
NYS HFA	MUNI	$62,000,000			$62,000,000		
Promontory	MM	$82,532,898		$82,532,898			
Rabobank	GIC	$5,032,255			$5,032,255		
Santander Bank NA	MM	$73,336,580				$73,336,580	
Signature Bank	MM	$639,453,261					$639,453,261
Societe Generale	GIC	$702,483			$702,483		
SONYMA	MUNI	$275,000	$275,000				
US Bank	MM	$149,710,888		$149,710,888			
US Agency	US Agency	$1,370,388,272		$1,370,388,272			
US Treasury	US Treasury	$395,312,888		$395,312,888			
		$4,212,671,131	**$9,961,149**	**$2,081,369,946**	**$321,754,853**	**$743,663,795**	**$1,055,921,388**
% of Total		*100.00%*	*0.24%*	*49.41%*	*7.64%*	*17.65%*	*25.07%*

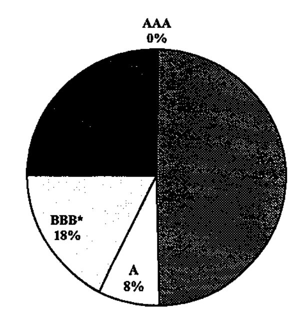
***BBB and NR exposures are fully-collateralized**

Weighted Average Maturity (Years):	1.71

Investment Portfolio-By Type of Investment:

	% Total	Amount
GIC/FPA	1.07%	$45,245,281
Money Market	48.23%	$2,031,828,969
Municipal	3.46%	$145,700,000
Repo	5.32%	$224,195,721
US Agency	32.53%	$1,370,388,272
US Treasury	9.38%	$395,312,888
Total	**100.00%**	**$4,212,671,131**





NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Liquidity Providers as of December 31, 2017

(UNAUDITED)

CITIBANK

Issue	Amount
2015 D-3	$15,000,000
	$15,000,000

WELLS FARGO BANK

Issue	Amount
2015 D-4	$13,500,000
	$13,500,000

Diversification:	Amount	% Total
Citibank	$15,000,000	52.63%
Wells Fargo Bank	$13,500,000	47.37%
TOTAL	**$28,500,000**	**100.00%**

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NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

INTEROFFICE MEMORANDUM

TO: ROBERT SCHMIDT, VP, OFFICE SERVICES

FROM: SHIRLEY JARVIS, VP, INTERNAL AUDIT

SUBJECT: 2017 PETTY CASH AUDIT

DATE: JANUARY 5, 2018

Internal Audit has completed its annual review of the Petty Cash and the Imprest Fund for the period from December 23, 2016 through December 19, 2017.

I. Background Information

The Corporation has an in-house petty cash fund, with a maximum balance of $700.00, that is used for reimbursement of minor expenses incurred in daily business operations and is periodically replenished. The VP of Office Services is the petty cash custodian. The custodian is responsible for safeguarding, disbursing and replenishing the petty cash fund. Petty cash procedures developed by Office Services govern the disbursements from the petty cash fund.

The petty cash fund is replenished periodically from the Imprest Fund checking account held at HSBC Bank. This account was established to cover minor miscellaneous/petty cash expenses (classified under general ledger account 5060622) and to replenish the petty cash fund. Disbursements from this account generally follow accounts payable procedures established by the Cash Management division.

II. Audit Objectives

Our primary audit objectives were to determine whether adequate internal controls exist to ensure that:

- The cash asset was safeguarded and maintained in the proper amount.
- Petty cash disbursements were in compliance with the Corporation's policies and procedures.
- The Imprest fund disbursements were properly authorized and processed in the General Ledger (GL).

III. Audit Scope and Methodology

In-house Petty Cash Fund

The audit period covered petty cash disbursements from December 23, 2016 through December 19, 2017. During this period, the petty cash custodian processed 27 petty cash disbursements totaling $641.37.

Imprest Fund

The audit period covered transactions from December 23, 2016 through December 19, 2017. Three checks were issued from the Imprest Fund account during this period totaling $1,866.46.

In conducting this audit, we evaluated the adherence to the Corporation's policies and procedures relating to the petty cash reimbursements and Imprest Fund. We interviewed key personnel, conducted a surprise cash count to ensure that the correct amount was maintained, reviewed the supporting documentation of all 27 disbursements to determine whether the petty cash disbursements were business-related and authorized by management and reviewed the effectiveness of the Corporation's internal control practices for the Imprest Fund bank account. We excluded the reconciliation of the Imprest fund bank account from our review. It will be performed in the next petty cash audit.

IV. Summary of the Audit Results:

We found the Corporation's guidelines to be effective and found no matters involving internal controls and its operation that we consider to be material weaknesses. With respect to the specific audit results, we established that the petty cash disbursements were in compliance with policies and procedures; the petty cash on hand was kept in a secured lockbox and maintained in the proper amount; and all expenditures were properly authorized and processed in the GL.

Cc: Eric Enderlin, President
Richard Froehlich, COO, EVP and General Counsel
Jim Quinlivan, SVP, Administration
Cathleen Baumann, SVP and Treasurer
Mary John, Controller

NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

INTEROFFICE MEMORANDUM

TO: THE MEMBERS OF THE AUDIT COMMITTEE
FROM: SHIRLEY JARVIS, VP, INTERNAL AUDIT SMJ.
SUBJECT: 2017 PRESIDENT'S OFFICE EXPENSES AUDIT
DATE: DECEMBER 22, 2017

Internal Audit has completed its review of the President's Office expenses for the period October 1, 2016 to September 30, 2017.

I. Background Information:

The President's Office expenses are governed by the guidelines of the Corporation's Travel Expenses policy in the Employee Handbook. The purpose of the Corporation's travel expense policy is to provide employees who travel locally or out-of-town to conferences, training and seminars with adequate transportation, lodging, meals and other services that are a necessary part of doing business.

In addition, the car services policy states that employees may use corporate car service or "yellow cab" taxis for travel to and from airport or when working past 7:30 pm. The President may use the corporate car in performance of his official duties and is entitled to the use of a full-time car, including for commuting purposes, in accordance with the Memorandum of Understanding issued by HDC's legal consultant, Debevoise & Plimpton, and adopted by the Board.

II. Audit Objectives:

The objectives of this audit were to:

1. Determine accuracy of the President Office Expenses recorded in the Financials and ensure they are accurately recorded in GL.
2. Determine whether the expenses classified under the President expenses adhere to the applicable policies and procedures for employee expense reimbursements.

III. Audit Scope and Methodology:

The audit scope covered all expenditures classified under the President's Office (general ledger division number "500000") for the period of October 1, 2016 to September 30, 2017 in the following selected expense categories:

- Publication and Books
- Printing and Photocopying
- Local Transportation
- Training and Conferences (including the associated costs, such as meals, travel, and lodging expenses)
- Legislative Travel Expenses
- Working Meals

During this period, the corporation made reimbursements to the President totaling $15,111.16; SVP of Administration totaling $4,359.19; Director of Government Affairs totaling $7,522.03; former President totaling $2,256.16; HPD Commissioner and Deputy Comissioner totaling $2,174.93 and direct payments to twelve (12) vendors totaling $10,366.48. The payment made to the HPD Commissioner and Deputy Commissioner was reimbursement for travel to a High Cost Housing Cities Forum. HDC paid for the conference due to HPD's collaborative work with HDC on affordable housing.

In conducting the audit, we relied on the evaluation of the controls over travel and related expenses and the analysis of the associated risks performed in the last President Office Expenses audit (5/1/15 to 9/30/16).

During the audit, we tested controls of expenses classified under the President's Office and reviewed the supporting documentation to ensure that it was complete and that expenses were reasonable, justified, business-related, authorized and accurately recorded.

IV. Summary of the Audit Results:

Upon completion of this audit, we noted no matters involving internal control and its operation that we consider to be material weaknesses. We found the corporation has effective guidelines in place to ensure that employee reimbursements for the President's Office are authorized, appropriate and accurately recorded. Our review of the selected expenses determined that reimbursements and the vendor payments for related expenses were generally processed according to the policies and procedures in the Employee Handbook.

Cc: Eric Enderlin, President
Richard Froehlich, COO, EVP and General Counsel
Jim Quinlivan, SVP for Administration
Cathleen Baumann, SVP and Treasurer

NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

TO: CATHLEEN BAUMANN, SVP AND TREASURER
FROM: SHIRLEY JARVIS, VP, INTERNAL AUDIT *AmJ*
SUBJECT: 2017 EMPLOYEE EXPENSES AUDIT
DATE: NOVEMBER 30, 2017

The Internal Audit Division has completed its review of the Employee Expenses for the period covering November 1, 2016 through July 31, 2017.

I. Background

The Corporation's travel policy provides employees with local or out-of-town transportation, lodging, and meals associated with attending training, workshops, conferences, and seminars. This policy also includes the use of corporate car services and mileage reimbursements to employees (e.g., engineers in the Asset Management Division) who conduct HDC business. In addition, the employee development policy supports continuous learning by encouraging employees to participate in work-related training classes, workshops, seminars and conferences and through the tuition reimbursement program. Most professional memberships and work-related events are also covered under this policy. The Corporation promotes employee health by providing employees with a 50% allowance towards the cost of health club membership or health-related programs, up to a maximum of $250 per calendar year.

All employees are jointly responsible with the Treasury Department for the administration of and compliance with the Corporation's policies and procedures. The Department and Division Head's approvals, evidenced by the authorization signatures on forms or vouchers, are intended to ensure that the employee reimbursements and payments to vendors for incurred expenses have been verified, validated and adhere to the established policies and procedures. In addition, Cash Management and the Department of Office Services collaborate to support the Corporation's policies and procedures through the internal verification of the supporting documentation prior to payment processing.

II. Audit Objectives

The objectives of audit were to:

1. Evaluate the effectiveness of the system of internal controls over employee expense reimbursements and other related expenses to ensure they were properly authorized, appropriate and accurately recorded.

2. Evaluate and test compliance with the Corporation's policies and procedures relating to employee and other related expenses.

III. Audit Scope and Methodology

The audit scope covered payments made for selected employee expenses during the period November 1, 2016 through July 31, 2017. During this period there were reimbursements to employees totaling $47,345.87 and payments to vendors totaling $175,196.58 in twelve selected expense categories as summarized in the table below:

Employee Expense Categories	Number of Employees	Payments to Employees	Number of Vendors	Payment to Vendors	Total Payments
Training & Conferences	26	$29,712.29	11	$21,804.00	$51,516.29
Local Transportation	9	1,076.98	2	6,603.62	7,680.60
Mileage Reimbursements	1	88.52	-	-	88.52
Flowers & Gifts	1	108.88	1	1,150.00	1,258.88
Office Events	-	-	5	20,804.00	20,804.00
Working Meals	18	8,431.03	6	9,244.76	17,675.79
Employee Development Program	4	985.85	7	14,490.00	15,475.85
Publications & Books	3	719.43	16	35,144.32	35,863.75
Membership Dues	4	360.00	13	60,422.00	60,782.00
Miscellaneous	1	773.10	7	5,533.88	6,306.98
Legislative Travel	1	463.00	-	-	463.00
Health Club Reimbursements	27	4,626.79	-	-	4,626.79
GRAND TOTALS		**$47,345.87**		**$175,196.58**	**$222,542.45**

In conducting this audit, we relied on our evaluation of the controls over travel and related expenses and the analysis of the associated risks performed during the 2016 Employee Expenses Audit, since there were no major changes in the controls or in the processes since that audit.

As part of our evaluation, we:

- Reviewed the Corporation's policies and procedures relating to the above selected employee expense categories from the Employee Handbook.
- Reviewed the MOU's recommendations to establish controls for travel and entertainment expenses and the Purchasing and AP Procedures relating to the selected employee expense categories.

During testing, we performed the following:

- Reviewed health club reimbursements for twenty-seven employees to ensure compliance with policy regarding eligibility. In addition, reviewed supporting documentation and verified the accuracy of health club reimbursements to the twenty-seven employees totaling $4,626.79.
- Reviewed and verified payments to the supporting documentation for all payments made to thirty-eight employees for a total of 93 invoices, totaling $41,655.40.
  Reviewed the invoices and supporting documentation for sample selection of fifty-two vendors with payments of $500 and above, totaling $144,152.06.
- Reviewed all twenty-eight invoices totaling $6,603.62 and supporting vouchers for Vital Car Service and Elite Limousine to determine compliance with policy.
- Did not review mileage reimbursement to one employee because the amount is too small to be relevant $88.52.
- Per the MOU recommendation, we listed all the training and conferences attended by twenty employees.

The audit excluded the adjusting entries to the GL, President's Office expenses and petty cash reimbursements.

IV. <u>Audit Results:</u>

We determined that management has effective controls in place to ensure that employee reimbursement and vendor payments are properly authorized, appropriate and accurately recorded. Our review of the selected expenses determined that employees generally complied with the policies and procedures for processing employee reimbursements and vendor payments.

Cc: Eric Enderlin, President
Richard Froehlich, COO, EVP and General Counsel
Jim Quinlivan, SVP, Administration
Robert Schmidt, VP for Office Services
Lois Bricken-McCloskey, VP for Human Resources