



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Richard Froehlich *RJ*
SUBJECT: Material for Audit Committee Meeting
November 29, 2018
DATE: November 20, 2018

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

- Proposed Agenda
- Minutes of September 26, 2018 Meeting
- Debt Report
- Investment Report
- Credit Risk Update
- FY 2019 Internal Audit Schedule
- Internal Audit Report



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Richard Froehlich *RF*
SUBJECT: Agenda for Audit Committee Meeting
DATE: November 20, 2018

For the Audit Committee Meeting, which will take place on Thursday, November 29th, at 10:00 a.m., I propose the following agenda:

1. Roll Call
2. Approval of Minutes of the Meeting held on September 26, 2018
3. Debt Report
4. Investment Report
5. Credit Risk Update
6. Approval of the FY 2019 Internal Audit Schedule
7. Internal Audit Report
8. Other Business

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

September 26th, 2018

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the "Corporation") was held on Thursday September 26th, 2018 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York.

The meeting was called to order at 2:30 pm by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the March 29th, 2018 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 then turned to Mr. Louis Roberts of Ernst & Young to present the firm's audit plan for HDC's Fiscal Year 2018, which ends on October 31st. Mr. Roberts introduced Mr. Vincent Halleran, Manager, Ernst & Young noting that Mr. Halleran will be working on the Corporation's audit. Mr. Roberts then turned the committee's attention to slide 3 of the Ernst and Young audit plan booklet to highlight the scope of their services and also to identify the Ernst & Young team that will perform the audit. Mr. Roberts then gave an overview of the services and deliverables. Mr. Roberts then turned to page 4 to review the audit timetable noting that the timeframe is consistent to prior years. Mr. Roberts then gave an overview of the areas of audit emphasis. Mr. Roberts noted that the Corporation early adopted GASB 75 last year and there are no new GASBs affecting the Corporation to implement this year. Mr. Roberts continued with the timing of required communications. Mr. Roberts concluded his report noting that even though there are no new GASB standards effecting HDC this year, there are some to keep in mind for 2020 which he discussed with Ms. Cathy Baumann, Senior Vice President & Treasurer and Ms. Mary John, Controller.

Mr. Gould then turned to Ms. Mary John, to report on the Corporation's unaudited financial statements as of the third quarter of fiscal year 2018. Ms. John noted total revenues were \$385.7 million, down from \$407.9 million, a 5.4% decrease from a year ago. The main factor that caused revenues to decrease was that there were no grant revenues recognized from the Battery Park City Authority in FY 2018 compared to \$69.6 million a year ago. Management is currently in communication with the City, to get a clearer picture on this year's allocation. Ms. John reported that operating revenues generated from interest on mortgage loans and related fees increased from \$319.9 million to \$354.3 million, a 10.7% increase. This was due to a mortgage loan portfolio balance increase of \$1.7 billion as a result of new mortgage closings, and the securitization of a mortgage loan portfolio originated by the City with outstanding balances in excess of \$600 million. Ms. John further noted that investment earnings also saw a significant increase from a year ago. Total investment earnings, including the fair market value adjustment, increased from \$18.1 million to \$33.7 million, an 85.6 % increase. The \$15.6

million increase was due to the growth in the investment portfolio from \$4.1 billion to \$5.1 billion as a result of bond issuances, increase in HPD lending, and rising interest rates. Net income for the period decreased from \$171.1million a year ago to \$109.2 million, mainly due to the aforementioned lack of non-operating grant income. In the first nine months of the fiscal year the Corporation had made senior mortgage loan commitments including preservation loans in excess of \$1 billion. Additionally \$ 292.6 million was committed for subsidy loans. Ms. John stated that new financings through the issuance of bonds, draws on debt obligations and the sale of participating interests to the Federal Financing Bank raised \$1.6 billion. Total assets as of the end of the third quarter were \$19.06 billion, an increase of \$2.66 billion from FY 2017. Total liabilities were \$16.3 billion, an increase of \$2.49 billion from FY 2017. HDC's Net Position at the end of the third quarter was \$2.76 billion.

Mr. Gould turned to Ms. Ellen Duffy, Senior Vice President of Debt Issuance and Finance to present the Corporation's Debt Report as of July 31, 2018. Ms. Duffy noted that a revised Debt Report memorandum is in front of you. The last debt report presented to the Audit Committee was as of January 31, 2018. During this time, the Corporation issued eleven series of Open Resolution Bonds totaling \$974.1 million and one stand-alone series of bonds totaling \$72.2 million. There were bond redemptions in seven series of Open Resolution bonds totaling \$75.3 million and in one stand-alone series in the amount of \$42.8 million. The Corporation's debt outstanding as of July 31, 2018 is approximately \$11.6 billion. The Corporation's statutory debt capacity was recently increased from \$12.5 billion to \$13.5 billion. Mr. Kyle Kimball, Board Member asked whether the current unsecured rating is single A and Ms. Duffy answered that the rating is double A.

Mr. Gould then turned again to Ms. Duffy to provide the Corporation's Investment report as of September 10, 2018. Ms. Duffy noted that funds under management totaled approximately \$5.1 billion, and reflects routine investment activity. As Mary John pointed out in her report, over the past year, the Corporation has increased its funds under management due to continued debt issuance and that much of the HPD lending is facilitated through HDC. In addition, overall investment rates have increased throughout 2018.

Mr. Gould then recognized Ms. Mary Hom, Chief Credit Officer, for the Counterparty Credit Risk Exposure Report. Ms. Hom reported that there was one new counterparty added since the last report – Sterling National Bank, a community bank based in Montebello, NY. Sterling recently completed an acquisition of Astoria Financial in October 2017, and currently has \$30 billion in total assets, and \$20 billion in total deposits. While not rated by Moody's and S&P, Sterling has a A- rating with a stable outlook from Kroll Bond Rating Agency. All investments with Sterling are fully-collateralized by U.S. Treasury and Agency securities. Ms. Hom then reported that there were three rating agency actions of note. In April, S&P upgraded Santander Bank from BBB+ to A- following the upgrade of the sovereign rating for Spain. Also in April, Moody's upgraded Societe Generale from A2 to A1 citing capital enhancement initiatives recently undertaken by the Bank. Finally, in June, S&P downgraded Deutsche Bank from A- to BBB+ citing significant execution risk associated with the Bank's

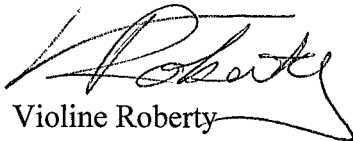
restructuring plan. Ms. Hom continued by reporting that the Corporation's counterparty exposure remains pretty well-diversified with the largest exposures continuing to be with Fannie Mae and Freddie Mac, primarily in the form of permanent credit enhancement and investments. Investments rated double-A or higher were 52% of total investments, versus 53% at the last report, and the weighted average maturity was down slightly to 1.5 years, versus 1.8 years at the last report. Ms. Hom concluded her report by noting that exposure to liquidity providers was approximately \$157 million.

Mr. Gould then turned the committee's attention to Ms. Shirley Jarvis, Vice President of Internal Audit to provide the Internal Audit reports. Ms. Jarvis noted that since Internal Audit's last report to the Members in March, the Audit staff had completed four audit projects from the 2018 Audit Schedule and is currently performing the Developer Disclosure and Investments reviews. Mr. Jarvis proceeded to provide a summary of the Construction Loan Monitoring review, Accounts Receivable review and a prior year's review, Low Income Housing Tax Credit (LIHTC) Compliance Monitoring review. Ms. Jarvis noted that the objectives of the LIHTC compliance monitoring review were to: 1). Determine whether owners were notified timely of deadlines, tracked for compliance, and if projects found with non-compliance issues, were reported in accordance with the IRS/MOU Compliance Monitoring requirements. 2). Determine whether LIHTC project buildings/units were inspected according to the reporting requirements; and 3). Determine whether LIHTC monitoring fees were accurately calculated, billed, and collected. Ms. Jarvis stated that the audit focused on the Compliance Group's monitoring activities from January 1, 2014 to March 1, 2017, covering the 3 year compliance periods from January 1, 2013 to December 31, 2015. Internal Audit noted no matters involving internal controls that we considered material weaknesses. Internal Audit verified that the Compliance Group generally monitors owner's compliance with LIHTC program requirements by reviewing the submitted annual certifications; performing onsite audits of selected tenant files; and conducting unit inspections. In regards to Audit Staff's recommendations to assist management in improving operations, management has taken action to address or is addressing the recommendations to improve timeliness of: Notifications to LIHTC Owners/Managing Agents regarding compliance reviews and documentation requirements; Issuance of the annual owners certification review letters, audit reports and unit inspections results; and the billing of LIHTC monitoring fees. Ms. Jarvis continued with her report noting in the Construction Loan Monitoring review, the objectives were to determine compliance with HDC construction loan monitoring guidelines. Specifically, to ensure that: 1). Engineers performed site visits to verify work was completed for which payment was requested. 2.) Payment requests were verified and reviewed for accuracy. 3). The application and certification for payment (AIA 702/703 Forms) had appropriate signatures. 4) Lien waivers were received, were accurate and signed. 5). Change orders (AIA 701 Forms) were reviewed and signed by appropriate parties (i.e., architect, contractor and owner). The audit scope covered the period of September 2017 through February 2018. There were no significant issues. Based on review of documentation, Audit Staff determined that engineers performed site visits to verify that work was completed before the payment requested was approved; payment requests were reviewed for accuracy; the application and certification for payment had appropriate signatures; lien waivers were received, were accurate and signed; and change order request forms had appropriate signatures. Management took

action to address Audit Staff's recommendation to make the format of the payment request memo and the information it contained more consistent according to the guidelines provided by IA. Ms. Jarvis concluded her report noting that in the Accounts Receivable review the objectives were to: 1). Determine whether adequate controls exist over the AR receivable function. 2). Ensure that receipts were properly processed, reconciled and accurately recorded. 3). Determine if unapplied receipts were reviewed and monitored. Internal Audit audited receipts processed in AR for the month of October 2017. There were no issues. The Accounts Receivable transactions were properly processed in accordance with the procedures and with respect to the specific audit results, Audit Staff found that the receipts selected for review were accurately processed, the unapplied receipts were reviewed and monitored on a regular basis and the receipts were accurately recorded in the GL. Further details regarding Audit Staff's recommendations and managements' actions to address them are fully described in the reports.

At 2:55 pm, with no further business, Mr. Gould moved to dismiss and the meeting was adjourned.

Respectfully submitted,



Violine Roberty

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

September 26th, 2018


ATTENDANCE LIST

<u>NAME</u>	<u>AFFILIATION</u>
Kyle Kimball	Audit Committee Member
Harry Gould	Audit Committee Member
Denise Scott	Audit Committee Member
Louis Roberts	Ernst & Young
Vincent Halleran	Ernst & Young
Eric Enderlin	NYC Housing Development Corp.
Richard Froehlich	NYC Housing Development Corp.
Paula Roy Carethers	NYC Housing Development Corp.
Jim Quinlivan	NYC Housing Development Corp.
Cathy Baumann	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.
Hannah Blitzer	NYC Housing Development Corp.
Madhavi Kulkarni	NYC Housing Development Corp.
Mary John	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Lisa Geary	NYC Housing Development Corp.
Dan Connelly	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.
Horace Greene	NYC Housing Development Corp.
Carol Micalizzi	NYC Housing Development Corp.
Violine Roberty	NYC Housing Development Corp.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Ellen Duffy 
SUBJECT: Debt Report as of October 31, 2018
DATE: NOVEMBER 20, 2018

Attached please find the Corporation's Debt Report as of October 31, 2018.

The last debt report presented to the Audit Committee was as of July 31, 2018. During this time, the Corporation issued five series of Open Resolution Bonds totaling \$287.5 million.

There were bond redemptions in two series of stand-alone series of bonds in the amount of \$14.8 million.

The Corporation's debt outstanding as of October 31, 2018 is approximately \$11.7 billion. The Corporation's statutory debt capacity stands at \$13.5 billion.

HDC Debt -- Monthly Report of October 31, 2018

Total HDC Debt

Outstanding Principal	Open Resolution		New Issue Bond Program		Stand-Alone Bonds		MF Secured Resolution		MF Pass-Thru Resolution		Total HDC Bonds	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Fixed Rate	5,435,890,000	75.90%	283,820,000	100%	1,793,769,214 (1)	45.07%	89,060,000	69%	63,495,065	100%	7,806,073,279.33	65.21%
Var-Term	338,270,000	4.72%	-	0%	-	0.00%	-	0%	-	0%	338,270,000.00	2.90%
Var-Index (2)	1,215,920,000	16.96%	-	0%	193,763,981 (3)	4.81%	39,825,000	31%	-	0%	1,449,508,980.66	12.43%
VRDO	172,280,000	2.41%	-	0%	2,098,315,000	52.12%	-	0%	-	0%	2,270,595,000.00	19.47%
Total	7,162,400,000	100%	283,820,000	100%	4,025,847,195	100.00%	128,885,000	100%	63,495,065	100%	11,664,447,259.99	100.00%

Draw Down Bond Allocations	Government Debt Obligation Allocation	Statutory Limit	Remaining Capacity
20,486,650.28	13,500,000,000.00	1,815,066,089.73	13.44%

Open Variable Rate Exposure	Bond Total	Mortgage Loan Balance	Cash & Inv Balance	Bond Maturity	Rate Reset Period/ Index	Tax Status	Bond Rate	Bond Interest Due	Avg. Loan Rate	Mortgage Interest Due	Loan Spread	Average Asset Parity Ratio
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2002 C	38,180,000	9,611,895	4,069,941	2034	Quarterly/ 3 M FHLB Rate + 30 bps	Taxable	2.34%	223,162	7.08%	170,149	(53,013) (5)	
2008 E	86,430,000	39,935,439	3,061,319	2037	Quarterly/ 3 M FHLB Rate + 30 bps	Taxable	2.34%	505,183	3.38%	337,594	(167,589) (5)	
2008 F	71,630,000	27,004,044	34,916,595	2041	Quarterly/ 3 M FHLB Rate + 30 bps	Taxable	2.34%	418,677	4.95%	335,891	(84,786)	
2008 J	29,120,000	44,354,570	1,925,455	2043	Quarterly/ 3 M LIBOR + 61 bps	Taxable	2.95%	214,988	5.66%	627,847	412,860	
2008 K	69,470,000	52,571,030	37,260,153	2043	Quarterly/ 3 M LIBOR + 61 bps	Taxable	2.95%	512,885	2.81%	369,824	(143,061)	
2009 L	25,000,000	767,229	767,229	2039	Quarterly/ 3 M LIBOR + 48 bps	Taxable	2.82%	176,446	1.11%	216,513	40,067	
2010 H	28,695,000	28,736,142	3,556,145	2040	Quarterly/ 3 M LIBOR + 54 bps	Taxable	2.89%	206,829	3.77%	207,331	503	
2011 F-2	48,355,000	66,143,629	4,472,965	2040	Quarterly/ 3 M LIBOR + 48 bps	Taxable	2.82%	341,281	2.38%	622,891	281,610	
2011 F-3	12,540,000	29,970,733	610,729	2040	Quarterly/ 3 M LIBOR + 48 bps	Taxable	2.82%	88,505	2.38%	178,116	89,611	
2013 D-2	55,000,000	194,386,608	3,795,867	2038	Quarterly/ 3 M LIBOR + 65 bps	Taxable	2.99%	411,555	1.93%	956,555	524,999	
2014 B-2	50,000,000	144,735,914	6,941,249	2033	Quarterly/ 3 M LIBOR + 49 bps	Taxable	2.83%	354,141	1.09%	394,405	40,264	
2014 D-2	38,000,000	49,416,100	2,182,668	2037	Quarterly/ 3 M LIBOR + 49 bps	Taxable	2.83%	269,147	3.15%	389,634	120,486	
2014 H-2	50,000,000	57,846,907	5,119,438	2044	Quarterly/ 3 M LIBOR + 47 bps	Taxable	2.81%	351,641	4.41%	637,430	285,788	
2015 B-2	33,000,000	52,112,300	6,992,218	2044	Quarterly/ 3 M LIBOR + 40 bps	Taxable	2.74%	226,308	2.24%	291,655	65,347	
2016 G-2	78,000,000	130,598,726	9,793,488	2045	Quarterly/ 3 M LIBOR + 51 bps	Taxable	2.85%	556,360	3.89%	1,266,417	710,056	
2017 B-2	61,500,000	79,203,962	5,491,250	2021	Quarterly/ 3 M LIBOR + 43 bps	Taxable	2.77%	426,369	5.10%	1,010,009	593,640	
2018 B-2 (NYC Portion)	100,000,000	400,851,265	488,730	2046	Quarterly/ 3 M LIBOR + 45 bps	Taxable	2.79%	698,283	0.93%	931,979	233,697	
Total	874,920,000	1,485,235,527	130,427,449					5,981,761		8,922,440	2,940,679	401.3400%

VRDO Pass-Through	Mini-Open Variable Rate Exposure	Var-Index	2016 J-1	2016 J-1	2016 J-1	2016 J-2	2017 A-3	Total
15,000,000	100,000,000	100,000,000	161,500,000	161,500,000	29,500,000	50,000,000	341,000,000	
13,500,000	15,000,000	15,000,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	
57,830,000	50,000,000	50,000,000	57,830,000	57,830,000	57,830,000	57,830,000	57,830,000	
85,950,000	172,280,000	172,280,000	85,950,000	85,950,000	85,950,000	85,950,000	85,950,000	
Total	39,825,000	30,478,505	5,018,068	5,018,068	5,018,068	5,018,068	5,018,068	
2017 A-2	39,825,000	30,478,505	5,018,068	5,018,068	5,018,068	5,018,068	5,018,068	
Total	39,825,000	30,478,505	5,018,068	5,018,068	5,018,068	5,018,068	5,018,068	

HDC Short-Term Assets	Hedge Ratio: Short-Term Assets/Variable Debt	2018 Volume Cap	NYC Allocation - January	NYS Allocation - May	Used up to 10/31	Balance Available 10/31/18
199,489,629	27.11%	298,818,555	250,000,000	(540,585,000)	8,233,555	

Open Reso Bonds	Fixed Rate	Var-Term	Var-Index (2)	VRDO
	76%	5%	19%	0%

Rates of the Index Floating Bonds:	3 M FHLB Swap Rate	3 M LIBOR - current (10/15/2018)	1 M LIBOR - current (10/12/2018)	7 D SIFIMA - current (10/11/2018)
	144.415	2.315	2.436	1.530

Debt Issuance / Key Events	Debt Issuance in Oct:	2018 E-2	2018 H	2018 I	2018 J	Remarketing in Oct:
	263,196,677.97	9,485,000.00	84,765,000.00	125,000,000.00	42,795,000.00	0.00

Draw Down Advances in Oct:	38 Sixth Ave #2	La Casa Del Mundo	MPHANY	Prospect Plaza	Jamaica	Draper Hall	Stanley Commons	535 Carlton #2	Redemption in Oct:
1,141,677.97	103,558.11	846,738.65	181,381.21						9,499,976.42

Draw Down Advances in Oct:	Stanley Commons
9,499,976.42	9,499,976.42

Notes

- (1) Includes Debt Obligation issued pursuant to a Funding Loan Agreement.
- (2) Includes 2006 J-1 in an amount of \$100,000,000 which has been walled off from the Open Resolution.
- (3) Includes DD Bonds & certain Debt Obligation.
- (4) The 2018 series B mortgage loan balance is a pro-rata balance netting out the portion attributable to 2018 Series B-1.
- (5) Prepayments in this series have been releveraged in other securitizations.
- (6) Asset parity ratio is calculated using all cash based assets underlying the series.
- (7) The bond is structured as a pass-thru deal and the borrower is responsible for the bond interest, which is fully capitalized.
- (8) Includes only those assets for which HDC retains the earnings.

Interest Rate Hedges-- Monthly Report of October 31, 2018

Outstanding Interest Rate SWAPS

Purpose: Open Resolution (3 -Month LIBOR)*

Outstanding Notional Amount With PNC 85,000,000
 Swap Rate 2.029%
 Forward Start Date 5/1/2018
 Maturity Date 11/1/2035

Outstanding Notional Amount With PNC

Swap Rate 50,000,000
 Forward Start Date 1.2028%
 Maturity Date 6/1/2017
 8/1/2020

Outstanding Notional Amount With PNC

Swap Rate 100,000,000
 Forward Start Date 3.0949%
 Maturity Date 2/1/2019
 5/1/2046

Outstanding Notional Amount With Wells Fargo

Swap Rate 75,000,000
 Forward Start Date 3.022%
 Maturity Date 2/1/2019
 2/1/2036

Total 310,000,000

Purpose: Open Resolution (SIFMA)*

Outstanding Notional Amount With Wells Fargo

Swap Rate 75,000,000
 Forward Start Date 2.538%
 Maturity Date 5/1/2019
 11/1/2043

Purpose: FFB Forward Hedge - 3-Month LIBOR* >>> to hedge interest rate risk during Construction period

Outstanding Notional Amount With Wells Fargo

Swap Rate 65,630,000
 Forward Start Date 2.240%
 Maturity Date 8/1/2019
 5/1/2047

Outstanding Notional Amount With Wells Fargo

Swap Rate 54,126,321
 Forward Start Date 2.984%
 Maturity Date 2/1/2021
 5/1/2048

Total 119,756,321

Outstanding Interest Rate CAPS

Purpose: Open Resolution*

Outstanding Notional Amount With Goldman Sachs 166,548,430
 Strike Rate 7.35%
 Maturity Date 11/1/2032

Outstanding Notional Amount With PNC

Strike Rate 50,000,000
 Maturity Date 4.50%-7.50%
 11/1/2033

Outstanding Notional Amount With Barclays

Strike Rate 150,000,000
 Maturity Date 3.50%
 11/1/2020

Total 366,548,430

Purpose: Mini-Open Resolution*


Outstanding Notional Amount With US Bank 39,825,000
 Strike Rate 3.25%
 Maturity Date 2/1/2023

*Interest rate hedges are obligations of the Corporation, with payments pledged to the specific Bond Resolution or program. These interest rate hedges are not legally tied to any specific bond series, therefore provides a hedge to the full Open Resolution variable rate portfolio.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Ellen Duffy 
SUBJECT: Investment Report for November 7, 2018
DATE: NOVEMBER 20, 2018

Attached please find HDC's investment report as of November 7, 2018. Funds under management totaled approximately \$5.0 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, 2018 and certain redemptions made in November, the amount of long term bonds outstanding in the Open Resolution is approximately \$4.9 billion. Based on this balance a 2.25% reserve would amount to \$110.4 million, a 2.5% reserve would be \$122.7 million, and a 2.75% reserve would amount to \$134.9 million. During FY 2018, the Reserve was funded in the amount of \$96 million. Due to the higher amount of bonds outstanding, HDC Staff recommends that the Reserve should be increased to \$110.5 million at this time.

	11/7/2018	10/23/2018	Weekly Change	10/31/2017	Change 10/31/2017 to Current	10/31/2016
Total Investments	5,004,593,192	5,377,677,867	(373,084,675)	4,209,594,605	794,998,587	3,444,740,628
Investments by Pool:						
Open Resolution Revenue	151,661,722	374,950,349	(223,288,626)	269,248,862	(117,587,140)	276,744,431
Project-Related GNIMAs	28,972,751	28,972,751	-	29,672,230	(699,479)	30,338,668
Open Resolution DSR	149,405,405	149,360,471	44,934	124,554,856	24,805,550	114,471,579
Open Resolution Bond Proceeds	1,415,907,415	1,673,333,646	(257,426,231)	1,484,466,277	(68,558,861)	1,055,951,826
Open Resolution Redemption	13,302,198	38,710,000	(25,407,802)	38,630,000	(25,327,802)	112,244,900
Open Resolution Prepayment	30,239,077	37,247,645	(7,008,568)	26,631,775	3,607,302	90,892,478
Debt Paydown Reserve Fund				147,422	(147,422)	15,512,677
Non Bonded Proceeds	344,440	343,823	617	338,374	6,066	336,144
Mitchell-Lama Prepayment	4,103,116	4,097,087	6,029	105,267	3,997,849	1,916,967
NYCHA (Stand Alone, All Funds)	38,155,694	38,147,344	8,350	37,228,914	926,780	73,037,609
HDC Pass Through	3,564,736	3,541,319	43,416	2,385,194	1,199,542	1,472,388
HPD Participating Loan (Schermerhorn)	28,796,672	28,713,864	82,808	13,489,684	15,306,988	203,120
HPD Grant Funds (Harp Proceeds)	3,659,161	3,653,861	5,300	3,495,993	163,168	3,369,780
Bond Proceeds, Non-OR	213,971,854	87,423,869	126,547,985	39,081,718	174,890,137	57,100,275
Bond Revenue Funds, Non-OR	201,830,597	201,458,197	372,400	125,476,547	76,354,049	119,361,288
Subtotal, Bond-Related	2,283,934,838	2,669,954,227	(386,019,390)	2,194,953,112	88,981,726	1,952,954,130
HPD Funds	247,695,605	246,088,399	1,607,205	215,184,390	32,511,215	195,680,920
HPD Grant Funds (Section 661)	984,710,056	1,036,056,887	(51,346,831)	516,028,252	468,681,804	183,065,341
Escrows (HDC retains earnings)	65,982,642	64,480,095	1,502,547	48,194,848	17,787,794	42,916,288
Reserves for Replacement, Escrows	351,948,151	353,907,210	(1,959,059)	322,500,312	29,447,839	241,842,594
Subtotal, Loan Servicing	1,650,336,453	1,700,532,591	(50,196,138)	1,101,907,801	548,428,652	663,505,143
Housing Assistance Corp.	12,179,749	12,167,611	12,138	14,943,835	(2,764,086)	990,130
REMIC	127,741,474	127,540,110	201,364	122,139,173	5,602,301	117,828,947
Mitchell-Lama Claim Payment Fund	36,000	36,000	-	131,000	(95,000)	363,000
Construction Loan Mortgage Equity	15,775,596	15,939,786	(164,190)	4,566,485	11,209,111	6,927,746
Community Development Block Grant	61,668,309	66,257,203	(4,588,894)	79,577,200	(17,908,890)	1,820,213
Corporate Services - 421a Funds	138,721,604	138,793,781	(72,178)	132,866,169	5,855,435	107,808,244
Corporate Services - DOJ	8,138,701	8,123,524	15,178	10,423,674	(2,284,973)	
Corporate Services - Committed to HDC Loans	26,914,135	26,610,384	303,751	64,594,284	(37,680,149)	112,752,640
Corporate Services - Committed to HDC Open Res	155,358,490	161,246,833	(5,888,343)	107,329,383	48,029,107	79,906,339
Corporate Services - General/Operating***	268,480,109	194,627,137	73,852,971	143,812,849	124,667,260	145,445,795
Corporate Services - Revolving/Warehousing	191,809	191,465	344	188,431	3,378	186,941
Corporate Services - Future Mitchell Lama Loan Fund	45,638,355	45,635,301	3,054	45,583,075	55,280	45,491,413
Corporate Services - Mitchell Lama Repair Fund	8,045,750	8,038,618	7,132	7,984,093	61,656	7,932,461
Corporate Services - HPD 2004 M.O.U.	27,422	39,012	(11,590)	27,366	55	78,394
Corporate Services - HUD Multi-Family Loan Fund	4,248,039	4,262,024	(13,984)	4,356,074	(108,034)	4,114,470
Corporate Services - HPD 15 Year Reserves	2,003,412	2,000,693	2,719	942,247	1,061,166	1,251,790
Corporate Services - OPEB****	8,435,000	8,435,000	-	8,435,000	-	8,435,000
Corporate Services - NYCEEC	981,096	979,338	1,758	986,738	(5,642)	1,006,037
Corporate Services - Designated and Restricted / Rating and Reserves **						
Subtotal, HDC Non-Bond Programs	185,736,852	186,267,228	(530,376)	163,846,618	21,890,234	171,132,132
Total, All Pools	5,004,593,192	5,377,677,867	(373,084,675)	4,209,594,605	794,998,587	3,444,740,628

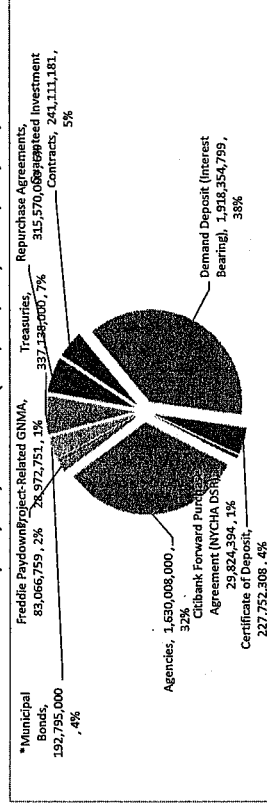
* This amount represents the 2nd mortgage payoffs from the Mitchell Lama closing held by HDC prior to transfer to REMIC trustee

- ** 96,000,000 Rating Agency Reserve
- ** 4,233,750 2014 B DSR
- ** 8,273,750 2018 B DSR
- ** 14,155,556 HDC Risk Sharing Reserves COOP City (139)
- ** 15,000,000 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)
- ** 23,579,250 Working Capital
- *** 3M Self Insurance Reserve for Errors and Omissions
- **** 19M Six Month Operating Reserve
- ***** OPEB Cash Balance 85,446.47

11/07/2018
Percentage of
Type of
Securities Held

Change 10/31/2017 to
Current

11/7/2018	10/23/2018	Weekly Change	10/31/2017	794,998,587
5,004,593,192	5,377,677,867	(373,084,675)	4,209,594,605	
Total Investments				
Investments by Security:				
Repurchase Agreements	315,570,000	6.31%	319,047,000	(3,477,000)
Guaranteed Investment Contracts	241,111,181	4.82%	179,585,256	61,525,924
Demand Deposit (Interest Bearing)	1,918,354,799	38.33%	2,349,313,992	(430,959,193)
Certificate of Deposit	227,752,308	4.55%	254,642,534	(26,890,225)
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.60%	29,824,394	-
Agencies	1,630,008,000	32.57%	1,604,833,000	25,175,000
Freddie Paydowns	83,066,759	1.66%	87,812,940	(4,746,180)
Project-Related GNMA	28,972,751	0.58%	28,972,751	-
*Municipal Bonds	192,795,000	3.85%	185,795,000	7,000,000
Treasuries	337,138,000	6.74%	337,851,000	(713,000)
Total	5,004,593,192	100.00%	5,377,677,867	(373,084,675)
*VRDB \$52 Million				



Amount Outstanding	11/7/2018	10/23/2018	Weekly Change	10/31/2017	794,998,587
Diversification Details:					
Repurchase Agreements:					
Chase Securities, Inc.	-	-	-	-	-
Citigroup	-	-	-	-	-
Daiwa Securities	247,603,000	-	-	-	-
Mizuho Securities Usa, Inc.	67,967,000	-	-	-	-
Total	315,570,000				

Guaranteed Investment Contracts	Uncollateralized	Collateralized	%	Total
Bank Of America	-	-	0.00%	-
Bayerische Landesbank	7,206,801	-	3.17%	7,206,801
Credit Agricole CIB NEW YORK (Calyon)	-	-	0.00%	-
Deutsche Bank Ag New York -GIC PROVIDER	-	13,689,883	0.00%	13,689,883
Rabobank International	3,870,087	-	1.70%	3,870,087
RBC Capital Markets Corporation	72,057,785	-	31.68%	72,057,785
Societe Generale Gic	95,219	-	0.04%	95,219
Toronto-Dominion Bank c/o TD Security-GIC	144,191,405	-	63.40%	144,191,405
Westdeutsche Landesbank	-	-	0.00%	-
Total	227,421,297	13,689,883	100.00%	241,111,181

Demand Deposit (Interest Bearing)	Interest Rate	Weighted Avg.
Customer Bank	6.579%	0.38%
Empire National Bank	1.223%	0.06%
Flushing Commercial Bank	1.564%	0.08%
Flushing Commercial Bank Non-ICS	3.557%	0.28%
NYC Community Bank	7.897%	0.47%
Bridge Hampton National Bank	0.620%	0.03%
Santander Bank	1.319%	0.07%
Signature	3.665%	0.21%
Lakeland Bank	0.396%	0.02%
Bank of the Ozarks	1.90%	0.15%
US Bank	2.629%	0.06%
Sterling National Bank	1.538%	0.48%
Total	38.332%	2.29%

Note : Does not include DDA accounts that reconcile to zero.

*Weighted Avg for NYCEB



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: Members of the Audit Committee
From: Mary Hom *WH*
Date: November 15, 2018
Re: Counterparty Credit Risk Exposure

I have attached an unaudited report detailing the Corporation's counterparty exposure as of October 31, 2018.

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 October 31, 2018
 (UNAUDITED)

Counterparty	Moody's	S&P	Construction LOC	Permanent Enhancement	Investment	Liquidity Providers	TOTAL		% Total Counterparty Exposure
							COUNTERPARTY EXPOSURE	COUNTERPARTY EXPOSURE	
Bank of America NA	Aa3	A+	\$379,395,000	\$26,455,000			\$405,850,000	\$405,850,000	3.04%
Bank of New York Mellon NA	Aa1	AA-	\$376,275,000				\$376,275,000	\$376,275,000	2.82%
Bank OZK	NR	NR			\$216,753,801		\$216,753,801	\$216,753,801	1.62%
Bayerische Landesbank	Aa3	NR			\$10,848,614		\$10,848,614	\$10,848,614	0.08%
Bridgghampton National Bank	NR	NR			\$30,774,378		\$30,774,378	\$30,774,378	0.23%
Capital One Bank	A1	BBB+		\$22,700,000			\$22,700,000	\$22,700,000	0.17%
Citibank NA	A1	A+	\$754,410,000	\$204,971,723	\$29,824,394	\$15,000,000	\$1,004,206,117	\$1,004,206,117	7.52%
Customers Bank	NR	NR			\$337,453,991		\$337,453,991	\$337,453,991	2.53%
Daiwa Securities	A3	A		\$59,342,000	\$59,342,000		\$59,342,000	\$59,342,000	0.44%
Deutsche Bank	A3	BBB+		\$55,000,000	\$14,238,220		\$69,238,220	\$69,238,220	0.52%
Dormitory Authority of the State of NY (DASNY)	Aa1	AAA			\$12,345,000		\$12,345,000	\$12,345,000	0.09%
Empire National Bank	NR	NR			\$61,846,981		\$61,846,981	\$61,846,981	0.46%
Flushing Bank	NR	NR			\$178,000,000		\$178,000,000	\$178,000,000	1.33%
Goldman Sachs Bank	A1	A+	\$191,000,000				\$191,000,000	\$191,000,000	1.43%
HDC	Aa2	AA	\$202,970,000				\$202,970,000	\$202,970,000	1.52%
JPMorgan Chase Bank NA	Aa1	A+	\$395,415,000	\$9,510,000			\$404,925,000	\$404,925,000	3.03%
Lakeland Bank	NR	NR		\$70,000,000	\$19,936,681		\$19,936,681	\$19,936,681	0.15%
Landesbank Baden-Wuerttemberg	Aa3	NR					\$70,000,000	\$70,000,000	0.52%
Mizuho Corporate Bank/Mizuho Securities	A1	A			\$88,253,000		\$88,253,000	\$88,253,000	0.66%
NYC GO	Aa2	AA			\$19,800,000		\$19,800,000	\$19,800,000	0.15%
NYC Transitional Finance Authority	Aa1	AAA			\$91,375,000		\$91,375,000	\$91,375,000	0.68%
NY Community Bank	A2	BBB-			\$674,282,800		\$674,282,800	\$674,282,800	5.05%
NY FFA	NR	A			\$62,000,000		\$62,000,000	\$62,000,000	0.46%
Promontory (FDIC-insured)	Aaa	AA+			\$78,461,930		\$78,461,930	\$78,461,930	0.59%
Rabobank	Aa3	A+			\$5,462,111		\$5,462,111	\$5,462,111	0.04%
REMIC	NR	AA		\$269,424,602			\$269,424,602	\$269,424,602	2.02%
Santander Bank NA	A2	A-			\$66,061,753		\$66,061,753	\$66,061,753	0.49%
Signature Bank	NR	NR			\$512,769,381		\$512,769,381	\$512,769,381	3.84%
Societe Generale	A1	A			\$1,318,636		\$1,318,636	\$1,318,636	0.01%
SONYMA	Aaa/Aa1	NR		\$481,326,660	\$275,000		\$481,601,660	\$481,601,660	3.61%
Sterling National Bank	NR	NR		\$100,000,000	\$398,797,407		\$398,797,407	\$398,797,407	2.99%
SunTrust Bank	A1	A-			\$144,191,405		\$144,191,405	\$144,191,405	1.07%
TID Bank NA	Aa2	AA-	\$88,910,000				\$233,101,405	\$233,101,405	1.75%
US Bank	Aa1	AA-			\$78,528,882		\$78,528,882	\$78,528,882	0.59%
US Agency:	Aaa	AA+	\$360,360,000	\$3,244,789,183	\$1,742,047,510		\$5,347,196,693	\$5,347,196,693	40.04%
FFCB					\$181,104,000		\$181,104,000	\$181,104,000	1.36%
FHA/HUD			\$0	\$281,818,032			\$281,818,032	\$281,818,032	2.11%
FHLB			\$298,015,000		\$625,274,000		\$923,289,000	\$923,289,000	6.91%
FHLMC			\$0	\$970,399,337	\$769,466,759		\$1,739,866,096	\$1,739,866,096	13.03%
FNMA			\$62,345,000	\$1,992,571,814	\$137,230,000		\$2,192,146,814	\$2,192,146,814	16.42%
GNMA					\$28,972,751		\$28,972,751	\$28,972,751	0.22%
US Treasury	Aaa	AA+			\$336,969,000		\$336,969,000	\$336,969,000	2.52%
Wells Fargo Bank NA	Aa1	A+	\$676,455,000		\$336,969,000	\$157,280,000	\$833,735,000	\$833,735,000	6.24%
TOTAL			\$3,425,190,000	\$4,484,177,168	\$5,271,957,875	\$172,280,000	\$13,353,605,043	\$13,353,605,043	100.00%

*Counterparty Exposures Above 10% Are Highlighted



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
 Counterparty Credit Risk Exposure Report as of October 31, 2018
 (UNAUDITED)

Municipal Investments:		Amount		
Issuer				
Dormitory Authority of the State of NY		\$12,345,000		
NYC GO		\$19,800,000		
NYC TFA		\$91,375,000		
NYS HFA		\$62,000,000		
SONYMA		\$275,000		
Total Municipal Investments		\$185,795,000		
Exposure to Counterparties Rated A-Minus and Below, or Not-Rated:				
Counterparty	Type of Exposure	Amount	Counterparty Exposure	% Total
Bank OZK*	Money Market	\$216,753,801	1.62%	
Bridgehampton National Bank*	Money Market	\$30,774,378	0.23%	
Capital One Bank	Permanent Enhancement	\$22,700,000	0.17%	
Customers Bank*	Money Market	\$337,453,991	2.53%	
Daiwa Securities*	Repo	\$59,342,000	0.44%	
Deutsche Bank*	Repo/Perm Enhancement	\$69,238,220	0.52%	
Empire National Bank*	Money Market	\$61,846,981	0.46%	
Flushing Bank*	Money Market	\$178,000,000	1.33%	
Lakeland Bank*	Money Market	\$19,936,681	0.15%	
NY Community Bank*	Money Market	\$674,282,800	5.05%	
Santander Bank*	Money Market	\$66,061,753	0.49%	
Signature Bank*	Money Market	\$512,769,381	3.84%	
Sterling National Bank*	Money Market	\$398,797,407	2.99%	
SunTrust Bank	Permanent Enhancement	\$100,000,000	0.75%	
TOTAL		\$2,747,957,393	20.58%	
*Fully- or over-collateralized by FHLB LOC and/or US Treasury/Agency securities				
Country Exposure (Ex-U.S.):		\$ Amount	Counterparty Exposure	% Total
Country	Type			
Canada (TD Bank)	LOC/Liq	\$233,101,405	1.75%	
France (Societe Generale)	GIC	\$1,318,636	0.01%	
Germany (Bayerische Landesbank/Deutsche/LBW)	GIC/LOC	\$150,086,834	1.12%	
Japan (Mizuho/Daiwa)	RP/LOC	\$147,595,000	1.11%	
Netherlands (Rabobank Nederland)	GIC	\$5,462,111	0.04%	
Spain (Santander)	MM	\$66,061,753	0.49%	
TOTAL		\$603,625,739	4.52%	



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Credit Enhancement Diversification as of October 31, 2018
 (UNAUDITED)

CONSTRUCTION PROJECTS

Provider	Moody's	S&P	Enhancement During Construction:			Expected Permanent Enhancement:		
			Number of Projects	LOC Amount	% of Total During Construction	Number of Projects	Permanent Enhanced or Insured Amount	% of Total During Permanent
Bank of America	Aa3	A+	13	\$379,395,000	11.08%	0	\$0	0.00%
Bank of New York Mellon	Aa1	AA-	9	\$376,275,000	10.99%	0	\$0	0.00%
Citibank	A1	AA+	20	\$754,410,000	22.03%	2	\$156,240,000	15.62%
FHA	Aaa	AA+	0	\$0	0.00%	21	\$363,157,500	36.30%
FHLB	Aaa	AA+	11	\$298,015,000	8.70%	0	\$0	0.00%
FHLMC	Aaa	AA+	0	\$0	0.00%	1	\$158,000,000	15.79%
FNMA	Aaa	AA+	1	\$62,345,000	1.82%	1	\$38,135,000	3.81%
Goldman Sachs Bank	A1	A+	1	\$191,000,000	5.58%	0	\$0	0.00%
HDC	Aa2	AA	11	\$202,970,000	5.93%	0	\$0	0.00%
JPMorgan Chase	Aa1	A+	16	\$395,415,000	11.54%	0	\$0	0.00%
NONE	NR	NR	4	\$0	0.00%	3	\$0	0.00%
REMIC	NR	AA	0	\$0	0.00%	68	\$170,574,903	17.05%
SONYMA*	Aa1	NR	0	\$0	0.00%	11	\$114,315,000	11.43%
TD Bank NA	Aa2	AA-	3	\$88,910,000	2.60%	0	\$0	0.00%
Wells Fargo	Aa1	A+	16	\$676,455,000	19.75%	0	\$0	0.00%
TOTAL			105	\$3,425,190,000	100.00%	107	\$1,000,422,403	100.00%

In Construction:

Rating	% of Total
AAA	0.00%
AA	30.03%
A	69.97%
TOTAL	100.00%

PERMANENT LOANS WITH ENHANCEMENT

Provider	Moody's	S&P	Number of Projects	Enhanced Amount	% of Total Permanent Enhanced Amount	Number of Projects	Permanent Enhanced or Insured Amount	% of Total During Permanent
Capital One	A1	BBB+	1	\$22,700,000	0.51%	0	\$0	0.00%
Citibank	A1	A+	30	\$204,971,723	4.57%	2	\$156,240,000	15.62%
Deutsche Bank	A3	BBB+	1	\$55,000,000	1.23%	21	\$363,157,500	36.30%
FHA	Aaa	AA+	24	\$281,818,032	6.28%	0	\$0	0.00%
FHLMC	Aaa	AA+	32	\$970,399,337	21.64%	1	\$158,000,000	15.79%
FNMA	Aaa	AA+	51	\$1,992,571,814	44.44%	1	\$38,135,000	3.81%
JPMorgan Chase	Aa1	A+	2	\$9,510,000	0.21%	0	\$0	0.00%
Landesbank Baden Wuerttemberg	Aa3	NR	1	\$70,000,000	1.56%	0	\$0	0.00%
REMIC*	NR	AA	210	\$269,424,602	6.01%	68	\$170,574,903	17.05%
SONYMA	Aa1	NR	72	\$481,326,660	10.73%	11	\$114,315,000	11.43%
SunTrust Bank	A1	A-	1	\$100,000,000	2.23%	0	\$0	0.00%
TOTAL			427	\$4,484,177,168	100.00%	107	\$1,000,422,403	100.00%

In Permanent:

Rating	% of Total
AAA	0.00%
AA	90.66%
A	7.60%
BBB	1.73%
TOTAL	100.00%

*Unenhanced portion totals approximately \$1 billion



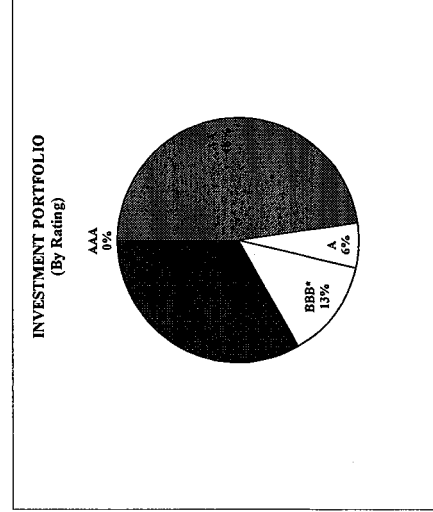
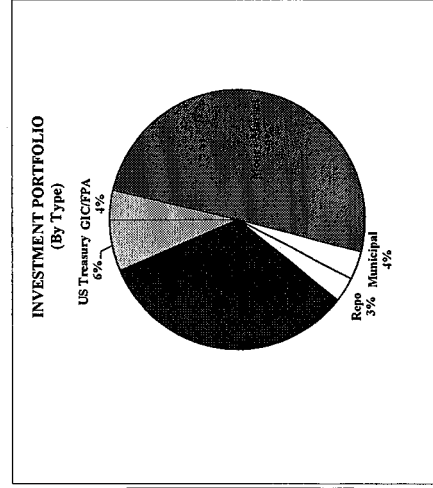
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
 Investment Summary as of October 31, 2018
 (UNAUDITED)

Counterparty	Type	Amount	NRSRO Rating-October 31, 2018:					NR*			
			AAA	AA	A	BBB*					
Bank of the Ozarks	MM	\$216,753,801						\$216,753,801			
Bayerische Landesbank	GIC	\$10,848,614		\$10,848,614							
Bridgehampton National Bank	MM	\$30,774,378						\$30,774,378			
Citibank NA	FPA	\$29,824,394			\$29,824,394						
Customers Bank	MM	\$337,453,991			\$59,342,000			\$337,453,991			
Daiva Securities	REPO	\$59,342,000				\$14,238,220					
Deutsche Bank	REPO	\$14,238,220									
Domitory Authority of the State of NY	MUNI	\$12,345,000		\$12,345,000				\$61,846,981			
Empire National Bank	MM	\$61,846,981						\$178,000,000			
Flushing Bank	MM	\$178,000,000						\$19,936,681			
Lakeland Bank	MM	\$19,936,681			\$88,253,000						
Mizuho Securities	REPO	\$88,253,000		\$19,800,000							
NYC GO	MUNI	\$19,800,000		\$91,375,000				\$674,282,800			
NYC TFA	MUNI	\$91,375,000									
NY Community Bank	MM	\$674,282,800									
NYS HFA	MUNI	\$62,000,000		\$78,461,930							
Promontory	MM	\$78,461,930									
Rabobank	GIC	\$5,462,111			\$5,462,111						
Santander Bank NA	MM	\$66,061,753			\$66,061,753			\$512,769,381			
Signature Bank	MM	\$512,769,381									
Societe Generale	GIC	\$1,318,636			\$1,318,636						
SONYMA	MUNI	\$275,000						\$398,797,407			
Sterling National Bank	MM	\$398,797,407									
TID Bank	MM	\$144,191,405		\$144,191,405							
US Bank	GIC	\$78,528,882			\$78,528,882						
US Agency	MM	\$1,742,047,510		\$1,742,047,510							
US Treasury	US Treasury	\$336,969,000		\$336,969,000							
% of Total		\$5,271,957,875	0.01%	\$2,514,567,341	47.70%	\$312,261,894	5.92%	\$688,521,020	13.06%	\$1,756,332,620	33.31%

*BBB and NR exposures are fully-collateralized

Weighted Average Maturity (Years): **1.51**

Investment Portfolio-By Type of Investment:	% Total	Amount
GIC/FPA	3.64%	\$191,645,160
Money Market	50.34%	\$2,653,667,985
Municipal	3.52%	\$185,795,000
Repo	3.07%	\$161,833,220
US Agency	33.04%	\$1,742,047,510
US Treasury	6.39%	\$336,969,000
Total	100.00%	\$5,271,957,875



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Liquidity Providers as of October 31, 2018
(UNAUDITED)

CITIBANK	Amount
Issue	
2015 D-3	\$15,000,000
	<u>\$15,000,000</u>

WELLS FARGO BANK	Amount
Issue	
2015 D-4	\$13,500,000
2017 C-4	\$57,830,000
2017 G-3	\$85,950,000
	<u>\$157,280,000</u>

Diversification:	Amount	% Total
Citibank	\$15,000,000	8.71%
Wells Fargo Bank	\$157,280,000	91.29%
TOTAL	<u>\$172,280,000</u>	100.00%



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: MEMBERS OF THE AUDIT COMMITTEE
FROM: SHIRLEY JARVIS, VP, INTERNAL AUDIT *SmJ.*
SUBJECT: 2019 INTERNAL AUDIT SCHEDULE
DATE: NOVEMBER 20, 2018

Attached is the proposed audit schedule for 2019 for your review and approval.

The review of each area will include the following:

- Interviewing the Division Head concerning procedures and workflow within the unit.
- Reviewing policies, 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.
- Selecting a sample of transactions and performing a test of controls.
- Reviewing documentation for evidence of performance of control procedures.
- Verifying proper authorization and compliance with corporate policies and procedures.
- Reviewing corporate compliance with applicable laws and regulations.
- Confirming the implementation of recommendations from prior audits.
- Preparing audit reports to communicate the results of the review to management and the members of the audit committee.

cc: Eric Enderlin, President
Richard Froehlich, First EVP and Chief Operating Officer
Jim Quinlivan, SVP, Administration

**New York City Housing Development Corporation
2019 Internal Audit Schedule**

Audit Project	Risk Level	Lead Auditor	Size of Audit	Projected Time	Estimated Start Date	Projected Issue Date
Asset Management - Reserve for Replacement Review	M	Patrick Ogoke	Small	4 weeks	January 28, 2019	March 11, 2019
Cash Management - Electronic Funds Transfers (Wire Transfers)	H	Patrick Ogoke	Medium	8 weeks	March 18, 2019	May 27, 2019
IT - Mobile Device Security	L	TBD	Small	3 weeks	TBD	TBD
Office Service - Procurement	H	Patrick Ogoke	Medium	8 weeks	June 5, 2019	August 23, 2019
Construction Loan Servicing - Revenue Billing	M	TBD	Medium	8 weeks	TBD	TBD
Loan Servicing - Revenue Billing	M	TBD	Large	10 weeks	TBD	TBD
Asset Management - Income Certification	M	Patrick Ogoke	Medium	8 weeks	September 9, 2019	November 26, 2019
President's Office Expenses - Required annual review	L	TBD	Small	3 weeks	TBD	TBD
Employee Expenses Audit - Required annual review	L	TBD	Medium	8 weeks	TBD	TBD
Petty Cash - Required annual review	L	TBD	Small	1 week	TBD	TBD



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

INTEROFFICE MEMORANDUM

TO: KAREN SANTIAGO, VP, LOAN SERVICING
FROM: SHIRLEY JARVIS, VP, INTERNAL AUDIT *SmJ*
SUBJECT: 2018 ESCROW SERVICING – INSURANCE PAYABLE AUDIT REPORT
DATE: SEPTEMBER 27, 2018

Internal Audit has completed its 2018 Escrow Servicing Insurance Audit.

I. Background

HDC requires that all mortgages it finances or services carry a standard insurance policy or carry policies to cover hazards such as fire, property damage or flooding.

The Insurance Administrator group of the Loan Servicing (LS) division is responsible for reviewing insurance certificates and/or policies to ensure they are in accordance with HDC or HPD insurance policy requirements; setting up new project insurance coverage information in the Benedict mortgage system; ensuring that sufficient funds are billed and collected to pay the insurance when due; tracking the renewal/ expiration dates of insurance policies; and processing the insurance payment.

Property insurance is paid annually. Sixty and thirty days prior to the renewal date of the insurance policy, the Insurance Manager sends reminder notifications to the borrower or brokerage agent regarding renewal of the insurance, to avoid lapses in coverage. After HDC receives the insurance certificate/policy and an invoice for the renewal of the policy, the invoice is processed for payment. After reviewing and ensuring that sufficient funds are available to pay the amount due, the Insurance Processor enters the amount due for each project into Benedict Accounts Payable (AP). The Insurance Manager/Administrator generates a report from AP, summarizing the insurance escrows processed for payment and prepares the 'Laundry List' of insurance payments for approval report. The two reports are compared to ensure the balances are accurate. The VP of LS reviews and approves all escrows processed for payment, including insurance due. The reports and bills are then reviewed and approved by two authorized officers of the corporation. Upon approval, the signed reports are given to the AP Administrator to generate checks. The Insurance Administrator mails checks to the respective insurer or managing agent.

The VP of Capital Markets posts all disbursement entries processed in Benedict AP, after which the AVP of Cash Management (CM) uploads the payment data into Sympro, the cash

management system. Entries to record these transactions are interfaced from Sympro into the General ledger (GL) by the Accounting Department.

II. Audit Objectives

The objectives of the audit were to:

- Determine whether insurance escrow payments for projects serviced by HDC were accurate.
- Determine whether insurance payments processed through the Benedict mortgage system were accurately recorded in the GL.
- Determine whether the insurance escrow receipts and disbursement account are accurately maintained and are reconciled periodically.

III. Audit Scope and Methodology

The audit scope covered the period of January 1, 2017 through June 30, 2018.

To perform this audit we:

- Reviewed the Insurance Escrow Procedures and Guidelines pertaining to insurance setup; the renewal process; and insurance requirements.
- Interviewed key personnel and management to gain an understanding of how insurance escrow is processed and renewal is performed.
- Created a flowchart of the process and evaluated the risk and controls.
- Reconciled insurance escrow payments processed in the Benedict AP during the audit period to the GL Insurance Payable account (2050170) to determine whether the payments were accurately recorded in the GL.
- Reviewed documentation for 103 insurance payments to ensure that the payments were correctly made.
- Reviewed the escrow account bank reconciliation for seven selected months to confirm if reconciliation of the escrow activity, including insurance, is periodically performed by the Accounting department.

IV. Audit Results:

Upon completion of the audit, we noted no matters involving internal controls that we considered material weaknesses. Based on our review of documentation, we found that insurance was correctly paid for HDC-serviced projects; payments were accurately recorded in the GL; and the escrow cash account activity, including insurance, was reconciled on a monthly basis by the Accounting Department.

Cc: Eric Enderlin, President
Richard Froehlich, First EVP, COO and General Counsel
Theresa Gigliello, SVP, Portfolio Management
Cathleen Baumann, SVP and Treasurer
Jim Quinlivan, SVP, Administration and Chief of Staff