

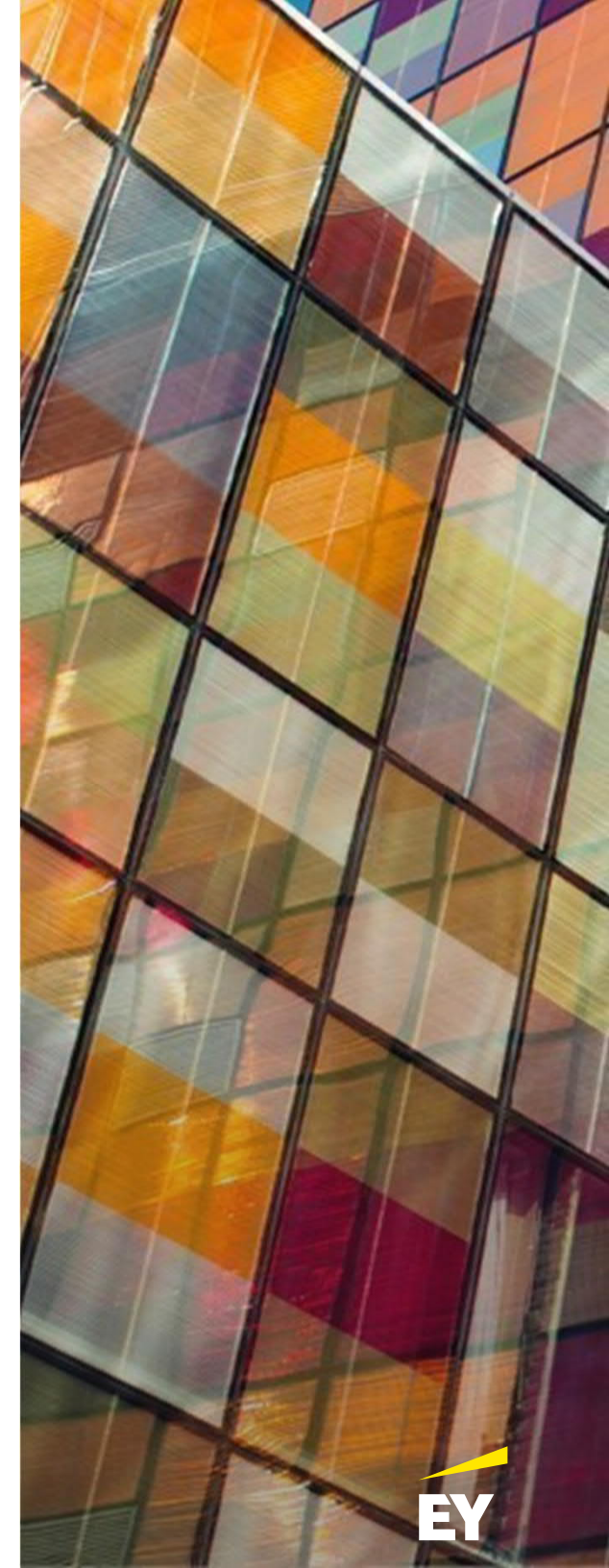
New York City Housing Development Corporation

2020 audit results

January 26, 2021

2020 EY Services

	Services and deliverables
Audit and audit-related services	<ul style="list-style-type: none">▶ Consistent with our audit plan, we express opinions on, and report to the Audit Committee:<ul style="list-style-type: none">– The financial statements of the Corporation– The Corporation’s Schedule of Expenditures of Federal Awards as required by the Uniform Guidance and the Single Audit Amendments Act– The Corporation’s Schedule of Investments
Internal control communications	<ul style="list-style-type: none">▶ Issue a 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 <i>Government Auditing Standards</i>▶ Issue a Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance▶ Issue a management letter that provides our recommendations regarding internal controls and opportunities for improvement or efficiency, based on observations made during the course of our audit, if applicable
Other services	<ul style="list-style-type: none">▶ Issue our report on the Corporation’s compliance with minimum servicing requirements



Executive summary

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Key business issues

- Mortgage loan portfolio
 - loan participation receivables
 - repayments
- Bond issuances
- Mortgage refinancings
- Investments
- Adoption of GASB 84
- COVID-19 Pandemic

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2020 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 effectively.
- Outstanding cooperation and communication occurred between the Corporation and EY.

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Looking forward

- GASB 87, Leases
- GASB 91, Conduit Debt Obligations
- GASB 93, Replacement of Interbank Offered Rates
- GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- GASB 96, Subscription-Based Information Technology Arrangements
- GASB 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

4

Digital update

- Managing a Remote Audit
 - Combination of HDC & EY collaboration tools
 - Remote walkthroughs

Other important topics

- Required communications
- Open items:
 - Perform subsequent event procedures
 - Complete executive review over Single audit
 - Obtain executed letter of representation from management

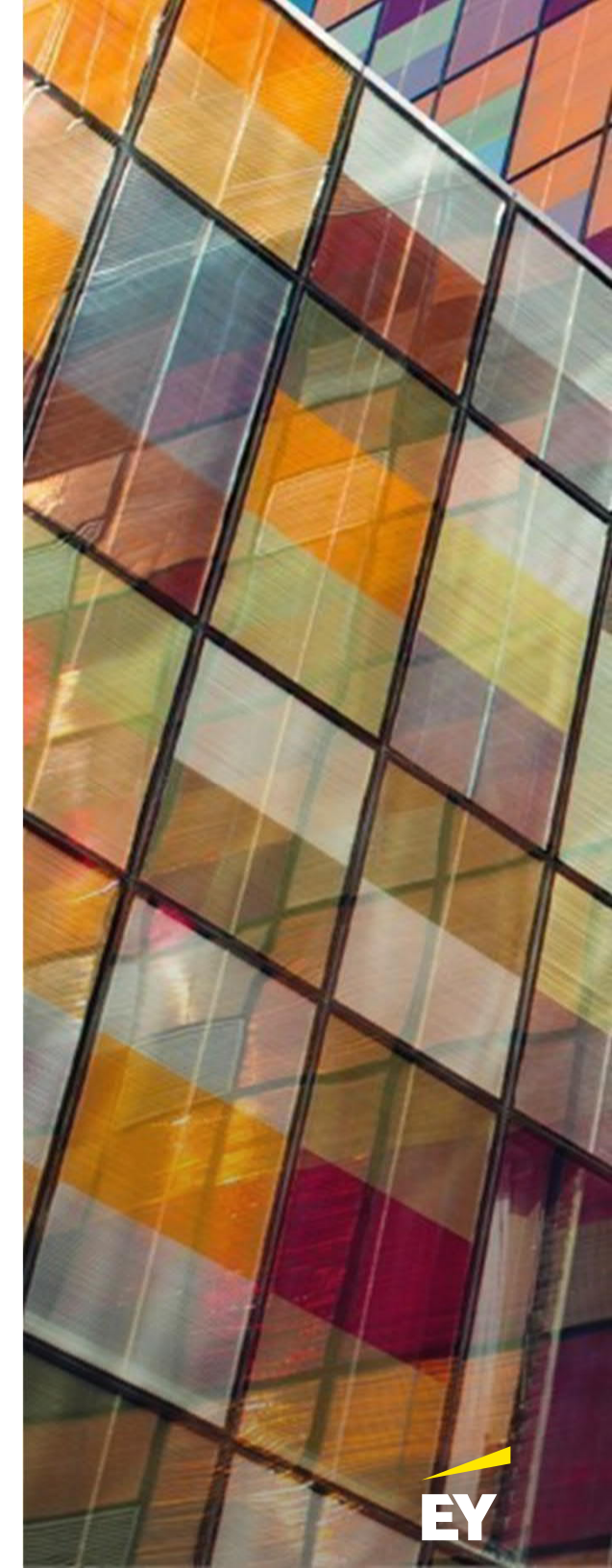
Areas of emphasis

Topic	Audit results
Internal controls over applications that affect the financial statements	<ul style="list-style-type: none"> During our audit, we obtained an understanding of internal control and evaluated the various internal controls over financial reporting as a basis of determining our overall audit approach and scope. No findings were identified.
Adoption of GASB 84, Fiduciary Activities	<ul style="list-style-type: none"> We assessed management's analysis over the adoption of GASB 84, Fiduciary Activities, including (i) conclusions on which activities met the criteria, (ii) reporting of Fiduciary Activities, and (iii) disclosures. No findings were identified.
Cash and cash equivalents and investments	<ul style="list-style-type: none"> We confirmed all significant cash and investment balances and agreed responses to the Corporation's accounts and related reconciliations. Investments were tested to determine that they were properly valued and all risk disclosures were evaluated.
Mortgage receivable balances and allowances	<ul style="list-style-type: none"> We confirmed a sample of mortgage receivable balances. The Corporation's methodology for recording allowances were tested and evaluated for reasonableness.
Long term debt	<ul style="list-style-type: none"> We confirmed all outstanding debt and tested the Corporation's compliance with related debt covenants. No findings were identified.
Loan participation receivable	<ul style="list-style-type: none"> We agreed participation loans to outstanding mortgage loan detail and to the corresponding Due to NYC detail. We tested participation receivable on a sample basis. No exceptions were identified.
Due to The City of New York	<ul style="list-style-type: none"> We tested a sample of associated transactions that have been made for propriety. No exceptions were identified.
Payable to mortgagor	<ul style="list-style-type: none"> We tested a sample of associated transactions that have been made for propriety. No exceptions were identified.
Litigation and loss contingencies	<ul style="list-style-type: none"> We reviewed all litigation and loss contingencies. No significant findings were identified.
Interest on loans	<ul style="list-style-type: none"> We tested interest on loans, including performance of substantive analytical procedures. No exceptions were identified.
Net position	<ul style="list-style-type: none"> We tested all changes to net position and evaluated the classification of net position balances.
Interest and amortization of bond premium and discount	<ul style="list-style-type: none"> We tested interest and amortization expense on a test basis, including performance of substantive analytical procedures. No exceptions were identified.
Operating expenses	<ul style="list-style-type: none"> We tested operating expenses on a test basis. No exceptions were identified.
Single Audit	<ul style="list-style-type: none"> Overall opinion on compliance for major programs is expected to be unmodified. No findings required to be reported under the Uniform Guidance were identified during the 2020 audit to date.
Compliance with applicable laws, regulations, and contractual provisions	<ul style="list-style-type: none"> We identified no non-compliance with applicable laws and regulations.

Appendix - Required communications

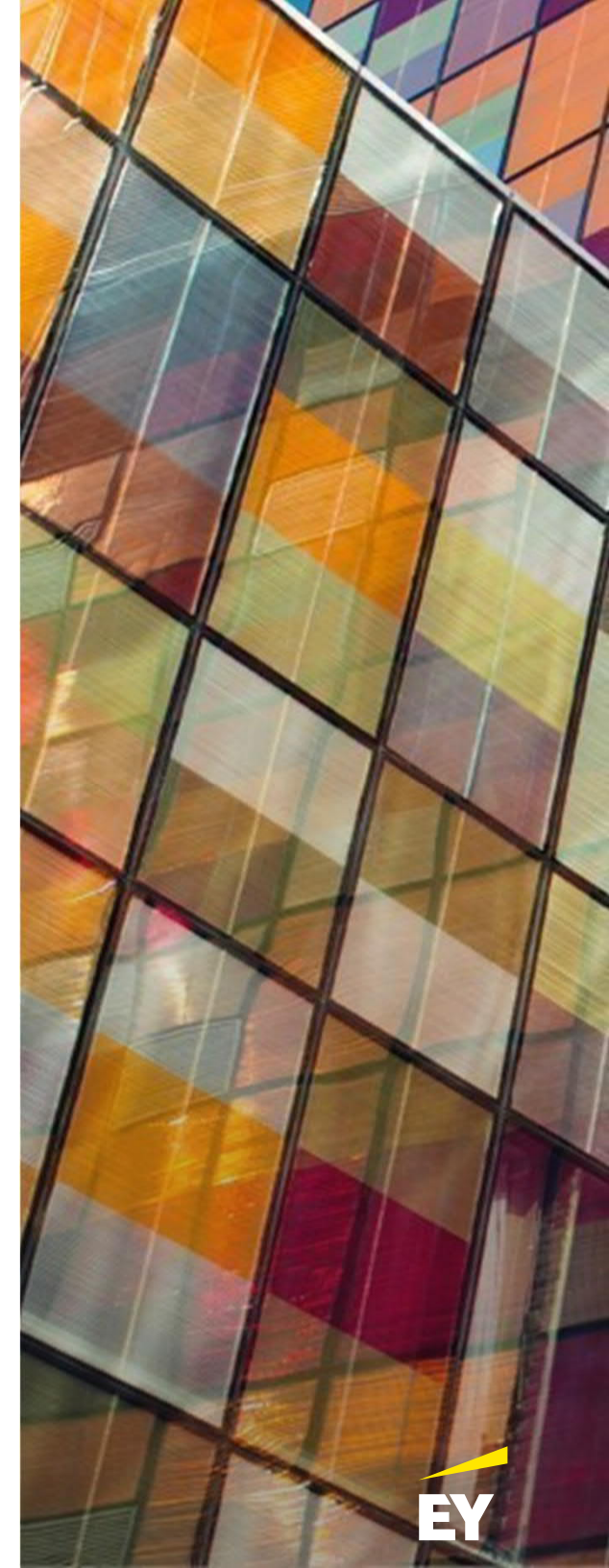
Required communications

Area	Comments
<ul style="list-style-type: none"> Auditor's responsibility under generally accepted auditing standards, including our discussion of the type of auditor's report we are issuing 	<p>Our responsibilities are included in our audit engagement agreement. Upon completion of our remaining audit procedures, we currently expect to issue unmodified opinions on the Corporation's financial statements, the Single Audit, and management's assertion that the Corporation complied with the servicing standards as of and for the year ended October 31, 2020.</p>
<ul style="list-style-type: none"> Changes to the audit strategy, timing of the audit and significant risks identified 	<p>Our audit strategy is consistent with the plan communicated during the December 2020 Audit Committee meeting.</p>
<ul style="list-style-type: none"> Matters relevant to our evaluation of the entity's ability to continue as a going concern 	<p>We did not identify any events or conditions that led us to believe there was substantial doubt about the Corporation's ability to continue as a going concern.</p>
<ul style="list-style-type: none"> Our views about the qualitative aspects of the entity's significant accounting practices, including: <ul style="list-style-type: none"> Accounting policies Accounting estimates 	<p>Management has not selected or changed any significant policies or changed the application of those policies in the current year, except the adoption of GASB 84. We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in the section titled "Areas of emphasis" on page 3.</p>



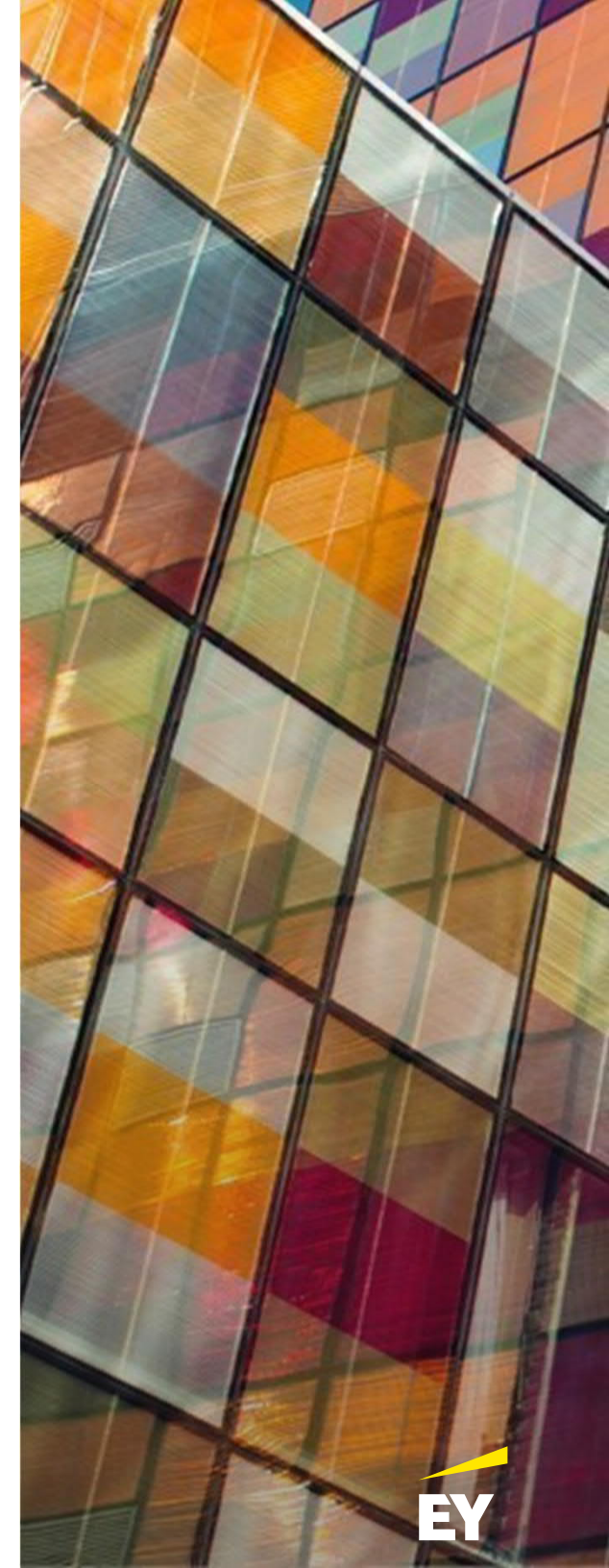
Required communications

Area	Comments
<ul style="list-style-type: none"> • Related party relationships and transactions 	<p>We noted no significant matters regarding the Corporation's relationships and transactions with related parties.</p>
<ul style="list-style-type: none"> • Changes to the terms of the audit with no reasonable justification for the change 	<p>None.</p>
<ul style="list-style-type: none"> • Significant unusual transactions 	<p>We are not aware of any significant unusual transactions executed by the Corporation.</p>
<ul style="list-style-type: none"> • Material corrected misstatements related to accounts and disclosures • Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial 	<p>There were no corrected or uncorrected misstatements, related to accounts or disclosures for the 2020 audits.</p>
<ul style="list-style-type: none"> • Significant deficiencies and material weaknesses in internal control over financial reporting 	<p>No material weaknesses have been identified.</p>
<ul style="list-style-type: none"> • Our responsibility, any procedures performed and the results of those procedures relating to other information in documents containing audited financial statements 	<p>We have reviewed the Corporation's "Management Discussion and Analysis" and "Required Supplemental Information" and found the information presented to be consistent with the information in the audited financial statements.</p>
<ul style="list-style-type: none"> • Fraud and noncompliance with laws and regulations (illegal acts) 	<p>We are not aware of any matters that require communication.</p>



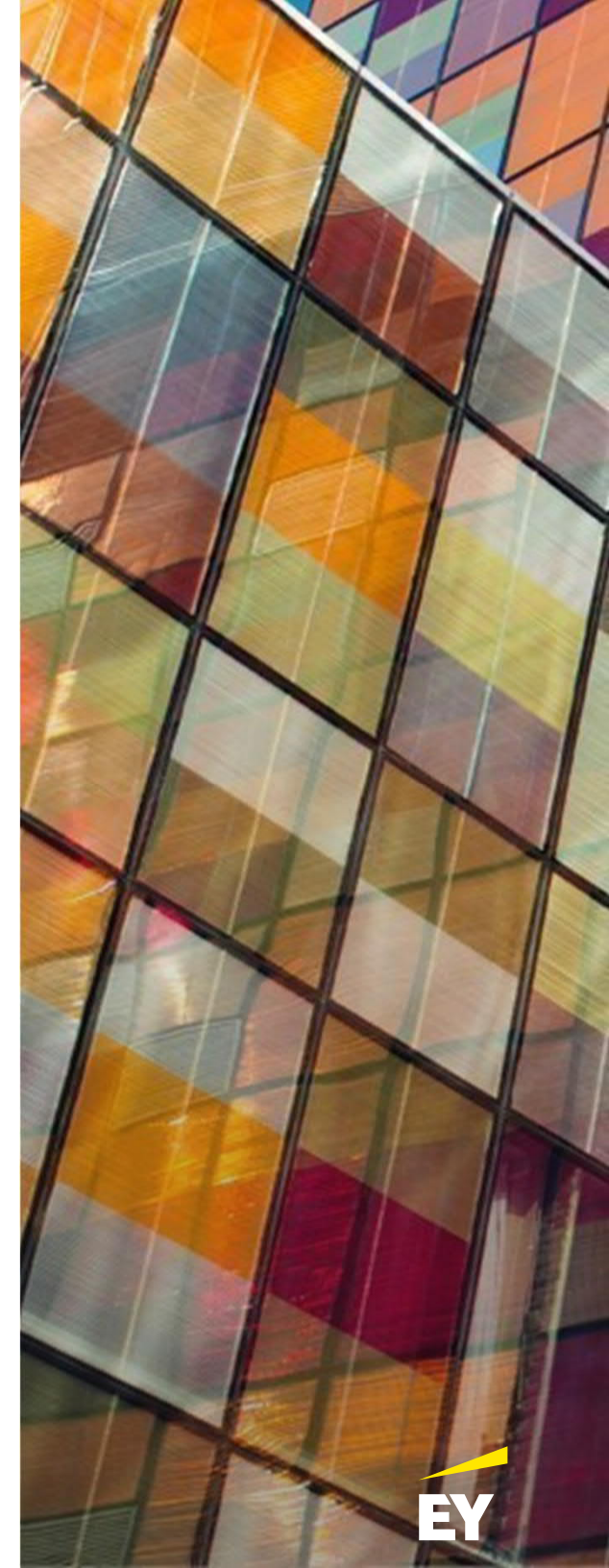
Required communications

Area	Comments
<ul style="list-style-type: none">Obtain information relevant to the audit	Inquiries regarding matters relevant to the audit are to be performed at this meeting.
<ul style="list-style-type: none">Independence matters	We are not aware of any matters that in our professional judgment would impair our independence.
<ul style="list-style-type: none">New accounting pronouncements	No issues have been identified with regard to management's planned application of new accounting pronouncements.
<ul style="list-style-type: none">Significant issues discussed with management in connection with the auditor's initial appointment or recurring retentionDisagreements with management and significant difficulties encountered in dealing with management when performing the auditManagement's consultations with other accountants	None.
<ul style="list-style-type: none">Other material written communications with management	No additional communications with management necessary besides those already discussed.



Required communications

Area	Comments
<ul style="list-style-type: none">Other matters	There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.
<ul style="list-style-type: none">AICPA ethics ruling regarding third-party service providers	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 Company 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.
<ul style="list-style-type: none">Representations we are requesting from management	We will obtain from management letters of representations related to the audits.



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