



## Report to Members

Fiscal Year End  
October 31, 2018

**Eric Enderlin**  
**President**



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DATE: May 30, 2019

TO: The Chairperson and Members

FROM: Eric Enderlin

SUBJECT: Report on REMIC Fiscal Year 2018 Activities

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I am pleased to report that the New York City Residential Mortgage Insurance Corporation (“REMIC”) continued its role in helping to establish and maintain the available stock of affordable housing throughout New York City during the fiscal year ended October 31, 2018. Certificates of Insurance were issued for 7 properties with an insured amount of \$9.3 million, representing 618 units and \$46.7 million in mortgage amount outstanding. Commitments to Insure were issued for 20 properties with an insured amount of \$52.6 million, representing 4,505 units and \$263.2 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2018 is attached for your review.

Subsequent to the fiscal year ended October 31, 2018, and after careful analysis and review of future pipeline, HDC injected \$10 million into REMIC to capitalize future capacity.

## MISSION & HISTORY

The New York City Residential Mortgage Insurance Corporation (“REMIC”) is a public benefit corporation created to promote the production and rehabilitation of affordable housing in New York City through the issuance of mortgage insurance. REMIC plays an integral role in New York City’s efforts to stabilize and revitalize the City’s diverse neighborhoods.

Founded as the New York City Rehabilitation Mortgage Insurance Corporation in 1973 by the State Legislature with a \$7.5 million loan from New York City, REMIC was created to promote the development of affordable housing in specifically designated distressed areas of New York City. Using mortgage insurance, REMIC worked to promote the issuance of residential loans, many of which would not have proceeded without credit enhancement.

In 1993, the State Legislature amended the REMIC statute, changing REMIC’s parameters to no longer restrict REMIC to designated distressed areas, but instead, to encourage REMIC to insure mortgages throughout New York City. At the same time, REMIC was renamed the New York City Residential Mortgage Insurance Corporation and was reorganized as a subsidiary of the New York City Housing Development Corporation (“HDC”). The original \$7.5 million loan was returned to the City, with HDC funding REMIC reserve requirements as required by REMIC’s enabling statute. These legal changes and transfers of funds created a “New REMIC” entity, while certain reserve requirements remained in place for the “Old REMIC” insured projects. During 2015, the last remaining “Old REMIC” loan was paid off. There are no remaining “Old REMIC” loans in the portfolio. In fiscal years 2011, 2013, and 2015, HDC injected \$7.5 million, \$10 million, and \$8 million, respectively, into REMIC to capitalize future capacity.<sup>1</sup>

Since becoming a subsidiary of HDC, REMIC has actively sought to become a more formidable presence in the mortgage insurance business by significantly increasing the volume of its underwriting while maintaining adherence to strict underwriting standards. In its 45 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$598,291.

As of fiscal year-end, REMIC had a “AA” rating from Standard & Poor’s.

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<sup>1</sup> Subsequent to fiscal year-end 2018, HDC injected an additional \$10 million into REMIC to capitalize future capacity.

## **FISCAL YEAR 2018 SUMMARY**

During fiscal year 2018 (November 1, 2017 through October 31, 2018), REMIC issued Commitments to Insure to 20 properties, with a total of 4,505 units, a total insured amount of \$52.6 million, and a total mortgage amount of \$263.2 million. During fiscal year 2018, REMIC issued Certificates of Insurance to 7 properties, with a total of 618 units, a total insured amount of \$9.3 million, and a total mortgage amount of \$46.7 million.

As of October 31, 2018, REMIC had a total amount of insurance outstanding of \$260.3 million, with a total mortgage amount outstanding related to such insurance of \$1.2 billion. In addition, REMIC had total commitments outstanding of \$136.5 million with a total mortgage amount outstanding related to such insurance of \$672.2 million.

Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2018 are on the following two pages.

**COMMITMENTS TO INSURE ISSUED DURING FY2018**

**BRONX**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
491 Gerard Avenue	HDC	\$8,250,000	\$1,650,000	153
600 East 156 <sup>th</sup> Street	HDC	\$14,775,000	\$2,955,000	175
Compass 3	HDC	\$20,430,000	\$4,086,000	366
Concourse Village West	HDC	\$32,200,000	\$6,440,000	265
Creston Parkview	HDC	\$14,710,000	\$2,942,000	189
Dreamyard NEP	HDC	\$6,935,000	\$1,387,000	301
MBD Year 15 Resyndication	HDC	\$4,855,000	\$971,000	270
Villa Gardens	HDC	\$5,560,000	\$1,112,000	53
Westchester Mews	HDC	\$13,355,000	\$2,671,000	206
Wilfrid East & West	HDC	\$16,430,000	\$3,286,000	190
<b><i>Total Bronx (10 projects):</i></b>		<b><u>\$137,500,000</u></b>	<b><u>\$27,500,000</u></b>	<b><u>2,168</u></b>

**BROOKLYN**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
BEC Continuum	HDC	\$15,190,000	\$3,038,000	550
Bedford Arms	HDC	\$14,570,000	\$2,914,000	94
<b><i>Total Brooklyn (2 projects):</i></b>		<b><u>\$29,760,000</u></b>	<b><u>\$5,952,000</u></b>	<b><u>644</u></b>

**MANHATTAN**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
Clayton Apartments	HDC	\$5,860,000	\$1,172,000	161
Hope East of Fifth	HDC	\$20,700,000	\$4,140,000	506
Lott Legacy	HDC	\$5,655,000	\$1,131,000	359
Strycker's Bay	HDC	\$11,615,000	\$2,323,000	234
The Frederick	HDC	\$5,650,000	\$1,130,000	75
<b><i>Total Manhattan (5 projects):</i></b>		<b><u>\$49,480,000</u></b>	<b><u>\$9,896,000</u></b>	<b><u>1,335</u></b>

**QUEENS**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
140 Franklin/The Benjamin*	HDC	\$7,120,000	\$1,424,000	54
Jamaica Crossing Mid Rise	HDC	\$17,545,000	\$3,509,000	130
Tree of Life	HDC	\$21,800,000	\$4,360,000	174
<b><i>Total Queens (3 projects):</i></b>		<b><u>\$46,465,000</u></b>	<b><u>\$9,293,000</u></b>	<b><u>358</u></b>

\*Committed and insured in the same fiscal year

**TOTAL COMMITTED (20 PROJECTS):** **\$263,205,000** **\$52,641,000** **4,505**

**CERTIFICATES OF INSURANCE ISSUED DURING FY2018**

**BRONX**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
1770 TPT Project	HDC	\$2,400,000	\$480,000	100
1778-1800 Southern Blvd	HDC	\$6,800,000	\$1,360,000	64
3160 Park Avenue 1A	HDC	\$2,280,000	\$456,000	95
3160 Park Avenue 1B	HDC	\$8,750,000	\$1,750,000	57
MBD Silva Taylor	HDC	\$6,020,000	\$1,204,000	40
<b><i>Total Bronx (5 projects):</i></b>		<b><u>\$26,250,000</u></b>	<b><u>\$5,250,000</u></b>	<b><u>356</u></b>

**BROOKLYN**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
DCA Apartments	HDC	\$13,290,000	\$2,658,000	208
<b><i>Total Brooklyn (1 project):</i></b>		<b><u>\$13,290,000</u></b>	<b><u>\$2,658,000</u></b>	<b><u>208</u></b>

**QUEENS**

<b><u>Property</u></b>	<b><u>Lender</u></b>	<b><u>Original Mortgage Amount</u></b>	<b><u>Original Insured Amount</u></b>	<b><u># Units</u></b>
140 Franklin/The Benjamin*	HDC	\$7,120,000	\$1,424,000	54
<b><i>Total Queens (1 project):</i></b>		<b><u>\$7,120,000</u></b>	<b><u>\$1,424,000</u></b>	<b><u>54</u></b>
<i>*Committed and insured in the same fiscal year</i>				
<b>TOTAL INSURED (7 PROJECTS):</b>		<b><u>\$46,660,000</u></b>	<b><u>\$9,332,000</u></b>	<b><u>618</u></b>

**HIGHLIGHTS OF PROPERTIES INSURED DURING FY2018**



**DCA Apartments (Brooklyn)**



**The Benjamin/140 Franklin (Queens)**

**YEAR-OVER-YEAR COMPARISON**  
**FY 2018 VERSUS FY 2017**

**Commitments to Insure**

	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>
# Projects	14	20
# Units	2,109	4,505
Insured Amount	\$28,523,656	\$52,641,000
Mortgage Amount	\$138,952,456	\$263,205,000

**Certificates of Insurance:**

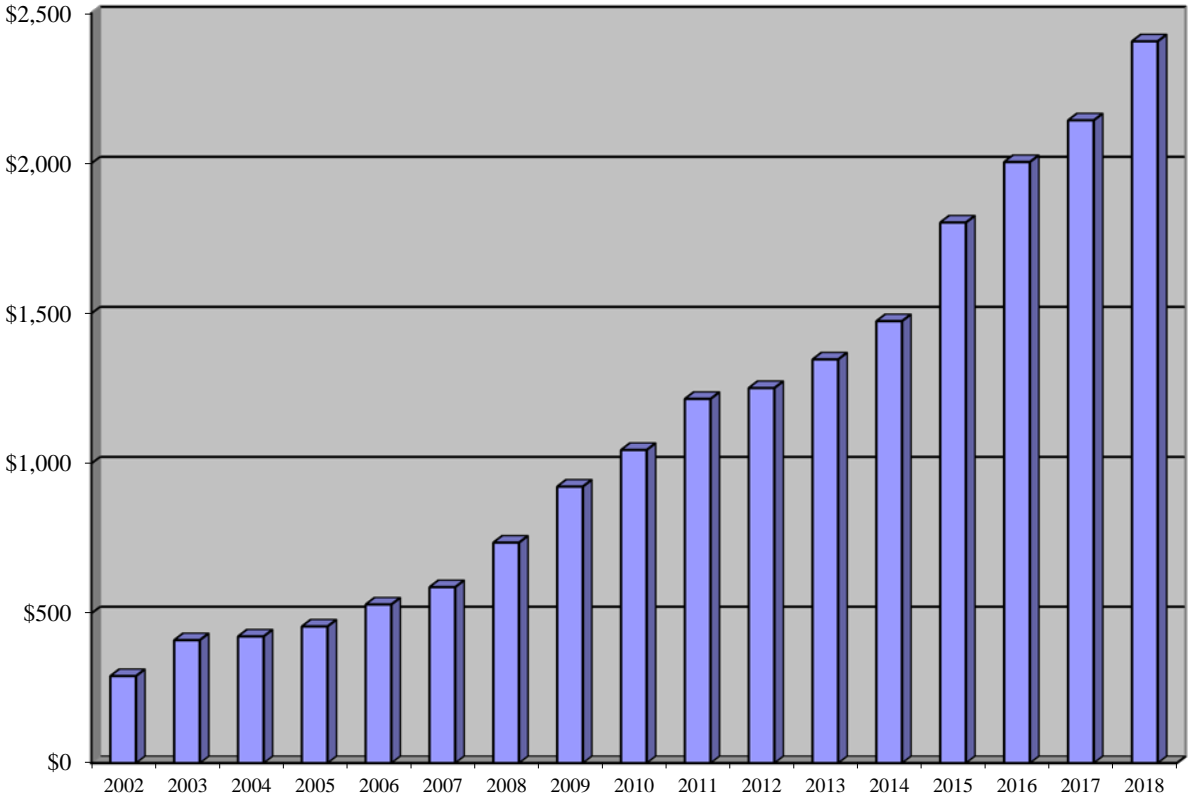
# Projects	27	7
# Units	9,500	618
Insured Amount	\$49,183,099	\$9,332,000
Mortgage Amount	\$239,955,899	\$46,660,000



**ANNUAL COMMITMENT ACTIVITY**

<b><u>Fiscal Year</u></b>	<b><u># Loans</u></b>	<b><u>Insured Amount</u></b>	<b><u>Mortgage Amount</u></b>	<b><u># Units</u></b>
1993 to 2003	347	\$189,515,187	\$410,581,573	10,340
2004	11	\$8,411,263	\$12,285,612	329
2005	8	\$10,079,063	\$33,367,750	477
2006	29	\$20,673,355	\$73,358,770	1,427
2007	11	\$10,922,260	\$58,041,298	751
2008	21	\$32,593,062	\$148,746,311	3,134
2009	24	\$37,360,000	\$186,800,000	2,600
2010	22	\$24,424,000	\$122,120,000	2,425
2011	22	\$34,026,000	\$170,130,000	2,608
2012	10	\$7,229,820	\$36,149,100	762
2013	18	\$23,127,428	\$95,391,428	1,769
2014	20	\$26,876,000	\$127,520,000	2,674
2015	47	\$69,705,024	\$328,617,024	5,594
2016	24	\$40,599,210	\$201,544,576	9,282
2017	14	\$28,523,656	\$138,952,456	2,109
2018	20	\$52,641,000	\$263,205,000	4,505
<b><i>Total</i></b>	<b><i>648</i></b>	<b><i>\$616,706,328</i></b>	<b><i>\$2,406,810,898</i></b>	<b><i>50,786</i></b>

**REMIC COMMITMENT HISTORY**  
*Cumulative Mortgage Amounts Committed Since 1993*  
*(\$Millions)*

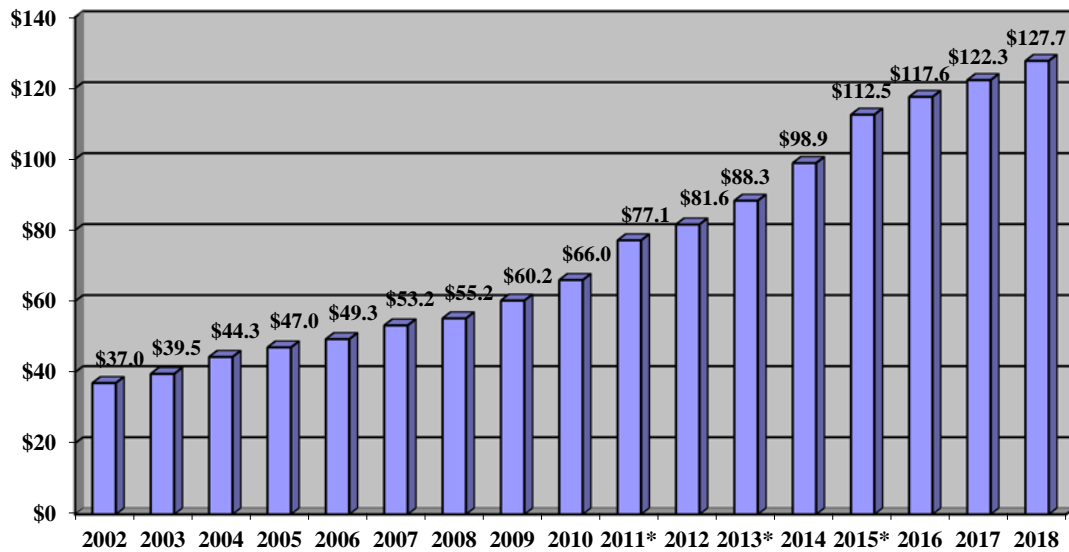


**REMIC FY 2018 FUND BALANCES**

<b><u>Restricted Fund Balance</u></b>	<b><u>Unrestricted Fund Balance</u></b>	<b><u>TOTAL BALANCE</u></b>
<b>\$79,377,680</b>	<b>\$48,331,902</b>	<b>\$127,709,582</b>

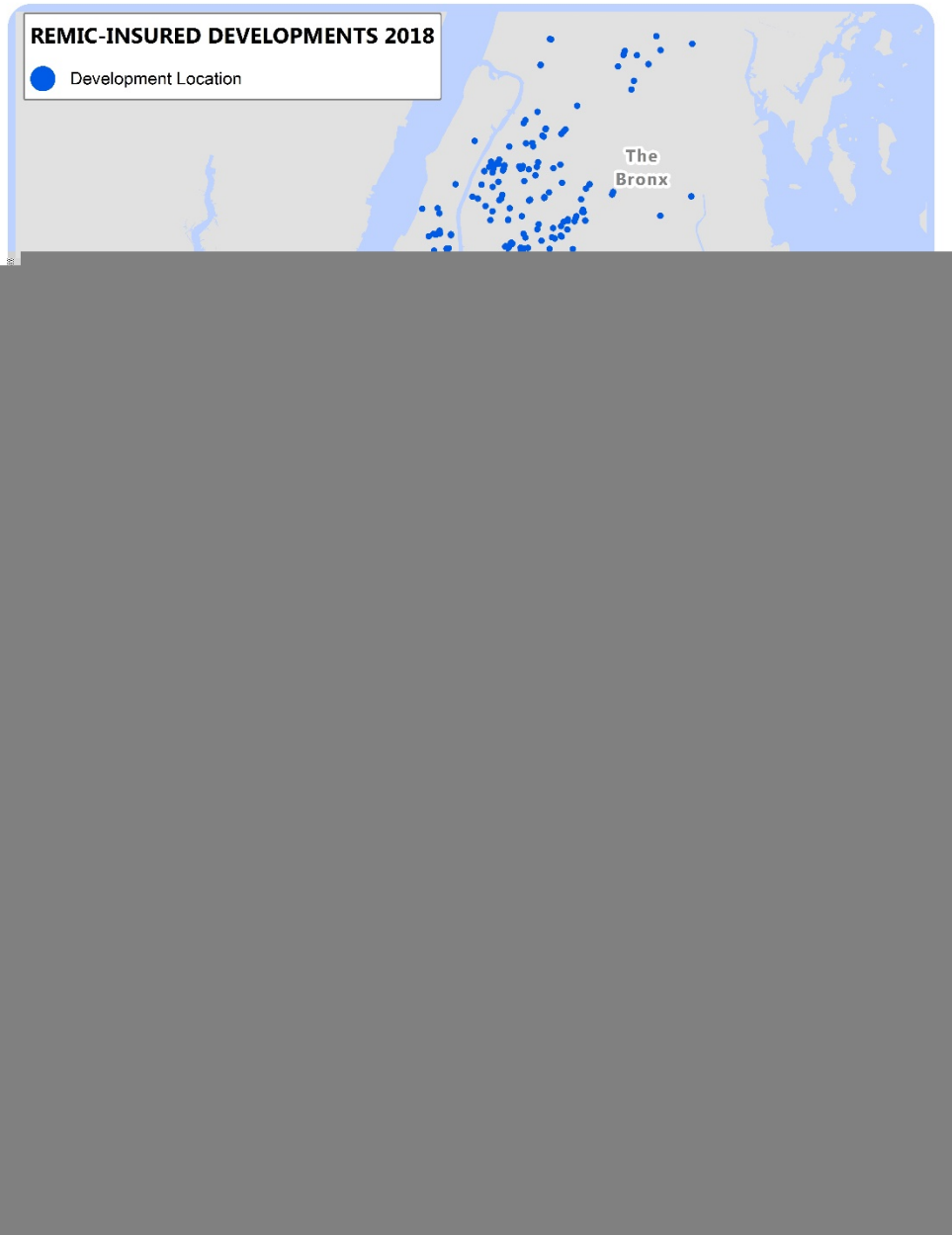
At the close of fiscal year 2018, REMIC had a fund balance of \$127,709,582, a 4% increase from fiscal year-end 2017. *Subsequent to fiscal year-end 2018, HDC injected an additional \$10 million into REMIC to capitalize future capacity.*

**REMIC Annual Fund Balance  
(\$Millions)**



*\*HDC injected capital into REMIC during fiscal years 2011, 2013, and 2015 in the amounts of \$7.5 million, \$10 million, and \$8 million, respectively, to capitalize future capacity.*

## MAP OF REMIC-INSURED PROPERTIES



<b><u>Borough</u></b>	<b><u># Loans Insured</u></b>	<b><u>\$ Insured Amount</u></b>
Bronx	114	120,075,953
Brooklyn	64	68,697,126
Manhattan	46	48,966,329
Queens	11	20,542,324
Staten Island	2	2,064,709
<b>TOTAL</b>	<b>237</b>	<b>260,346,442</b>

## **REMIC INSURANCE CAPACITY**

In accordance with Section 654-d of New York Private Housing Finance Law, REMIC set aside reserves to cover insurance commitments and contracts entered into by REMIC, as well as properties currently in pipeline. REMIC ended fiscal year 2018 with undesignated reserves of approximately \$37.7 million. This undesignated reserve amount results in an available capacity to insure approximately \$188 million in insured amount, or a potential \$942 million in mortgage amount (assuming 20% insurance).

## **CREDIT RATINGS**

As of fiscal year-end, Standard & Poor's maintained a "AA" credit rating for REMIC.

## **CLAIMS PAYMENT HISORY**

During fiscal year 2018, there were no insurance claims paid on REMIC properties. The total amount of claims paid since 1973 remains at \$598,291. The last claim paid was in 2003. All claims paid have been on loans originated by "Old REMIC."

## **REMIC PROPERTIES**

As of October 31, 2018, REMIC had in its portfolio insured mortgages for 237 properties with 29,168 units. The current aggregate balance of these insured mortgages is \$1.2 billion with REMIC insurance in effect of \$260.3 million.

## INVESTMENT SUMMARY

As of October 31, 2018, REMIC reserves were invested in Certificates of Deposit and Money Market Funds. Details are provided below:

<u>Par Amount</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$122,115,041	New York Community Bank - CD	1.720%	6/15/2020
\$5,425,069	New York Community Bank - Money Market	2.250%	N/A
<u>\$127,540,110</u>	<b>TOTAL</b>		

## REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2018 with an explanation of each budget category:

<u>(\$ Thousands)</u>	<u>FY2017</u>	<u>FY2018</u>
<b><i>Operating Revenues:</i></b>		
Insurance Premiums & Fees	\$3,055	\$3,806
Investment Income	\$1,741	\$2,152
<b><i>Total Operating Revenues</i></b>	<b><i>\$4,796</i></b>	<b><i>\$5,958</i></b>
<b><i>Operating Expenses:</i></b>		
Reimbursement of HDC Overhead	\$515	\$545
Insurance Claims	\$0	\$0
<b><i>Total Operating Expenses</i></b>	<b><i>\$515</i></b>	<b><i>\$545</i></b>
<b>OPERATING SURPLUS</b>	<b>\$4,281</b>	<b>\$5,413</b>
Capital Injection from HDC	\$0	\$0
Unrealized Gain/(Loss) on Investments	\$444	\$0
<b>CHANGE IN NET POSITION</b>	<b>\$4,725</b>	<b>\$5,413</b>

## **EXPLANATION OF REVENUES & EXPENSES**

### **Revenues**

#### **Insurance Premiums & Fees**

Insurance premiums and fees represent collections for mortgage insurance and commitments issued by REMIC, as well as application and commitment extension fees. Insurance premiums and fees were \$3.8 million in 2018 versus \$3.1 million in 2017, and represented 64% of REMIC's total revenues.

#### **Investment Income**

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2018, investment income was \$2.2 million versus \$1.7 million for fiscal year 2017, and represented 36% of REMIC's total revenues.

### **Expenses**

#### **Reimbursement of HDC Overhead**

The reimbursement back to HDC was \$545,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC. This amount covers the salary, fringe, and costs related to HDC staff assigned to REMIC matters.

#### **Insurance Claims**

No insurance claims were paid during fiscal year 2018.