



Presentation on NYC Housing Development Corporation
Richard Froehlich, COO and General Counsel

Table of Contents—January 26, 2012

- **HDC Overview**
 - Overview of the Corporation
 - Core functions
 - Financial status
- **HDC Programs**
 - LAMP/ New HOP/ Mixed Income/ Mitchell-Lama and Preservation
 - MFHRB (“Open Resolution”), MFSRB (“Mini-Open Resolution”) and Stand-Alone issuance
 - Recycled Bonds Program
- **Overview of MFHRB Resolution (“Open Resolution”)**
 - Biggest asset and flexible program financing vehicle
 - MFHRB financials, asset composition, debt portfolio and investment portfolio
 - How we leverage Open Resolution and maximize it’s value
- **Conclusion**
 - Accomplishments
 - Expected 2012 Financings

Overview of NYC Housing Development Corporation

- Established in 1971 under laws of the State of New York as a public benefit corporation for the purpose of financing affordable multi-family housing in the City of New York
- Governed by 7-member Board of Directors appointed by Mayor and Governor; chaired by Commissioner of NYC Department of Housing Preservation and Development
- A staff of 168 manages over \$11.7 billion of assets, including a multi-family portfolio of 160,000+ units with \$9.3 billion in mortgage loans and loan interests as of October 31, 2011
- The #1 issuer in the nation of mortgage revenue bonds for affordable multi-family housing since 2004
 - \$18.6 billion of mortgage revenue bonds issued since inception; \$823.8 million in CY 2011
 - \$8.6 billion of bonds outstanding as of December 31, 2011
- General obligation of HDC rated Aa2/AA by Moody's and Standard & Poor's, respectively (re-affirmed April 2011)
- Separately capitalized, AA-rated (S&P) mortgage insurer (REMIC)

HDC Core Functions – Underwriting and Debt Issuance/Finance

Development (8 Staff Members)

- Structures, underwrites and closes loans for the financing of 25-35 affordable housing developments annually totaling on average \$700 million in bond funded loans and \$170 million in corporate subsidy loans
- Coordinates among all of the parties to affordable housing transactions including developers, community development lenders, investors, bond underwriters and internal HDC departments.
- Formulates and/or evaluates affordable housing program and policy initiatives; communicates HDC's lending policies and priorities to the affordable housing community.

Credit Risk (5 Staff Members)

- Coordinates Credit Committee to review and approve all loan proposals and new programs before formal presentation for Board approval
- Counterparty credit risk assessment and reporting (including approval of all financial counterparties; review of investment exposures and credit enhancement providers)
- Portfolio analytics and developer concentration review

Debt Issuance and Finance (14 Staff Members)

- Recommend and implement strategies for the Corporation's debt issuance
- Work with underwriters, counsels and rating agencies to structure taxable and tax-exempt financing
- Provide information to potential bond investors regarding the Corporation's programs
- Manage an investment portfolio of approximately \$2.5 billion

HDC Core Functions – Servicing and Asset Management

Loan Servicing (20 Staff Members)

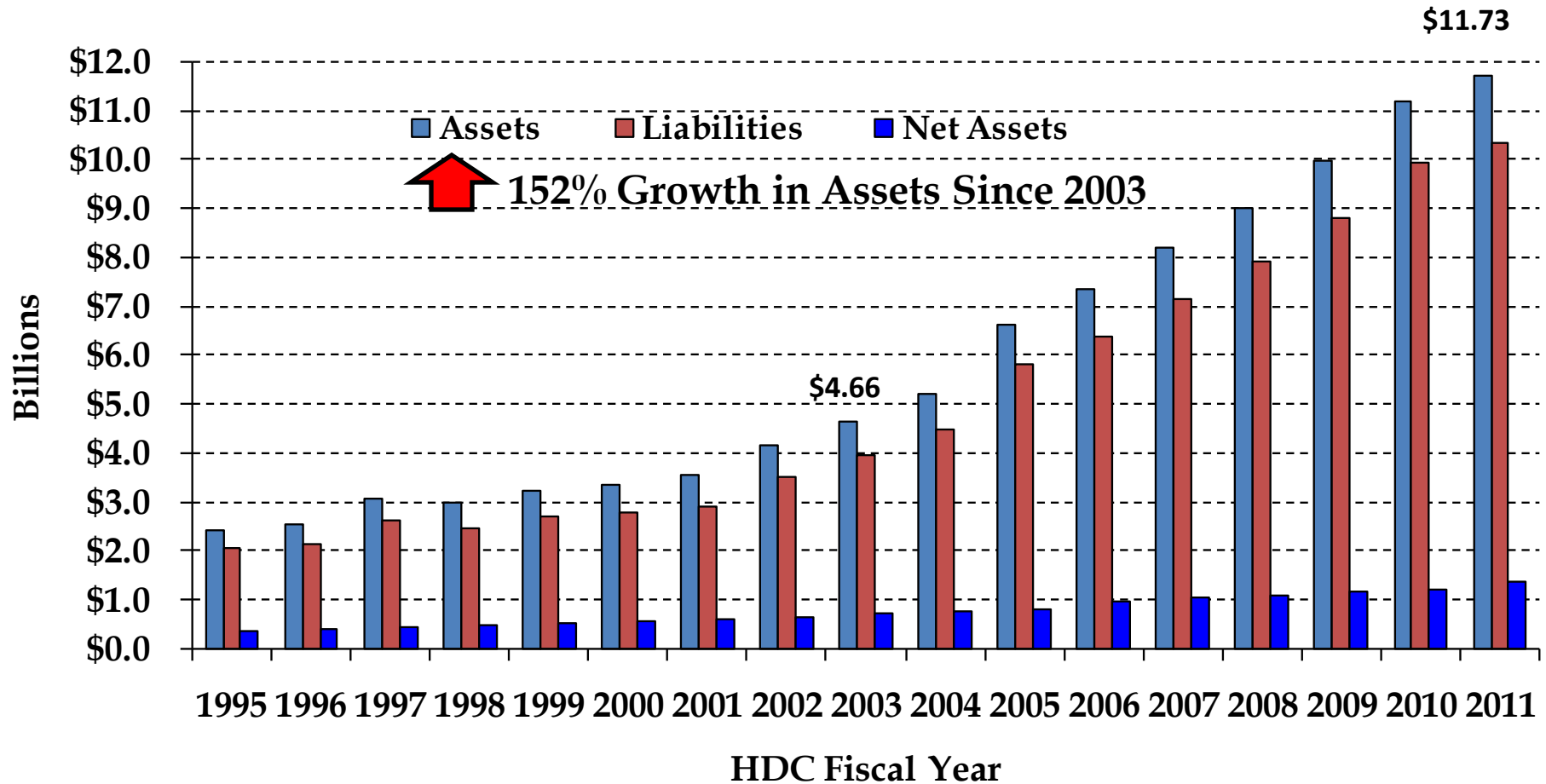
- Approved FHA mortgagee and Fannie Mae Seller / Servicer
- Construction and permanent loan servicing for more than 1,400 projects comprised of over 2,000 loans with an outstanding mortgage balance of \$9.97 billion
- Average monthly billing for HDC projects alone in excess of \$21.5 million*
- Bi-monthly delinquency monitoring
 - Average delinquency rate of 0.21%*
 - Delinquent loans are referred to the Problem Projects Committee for review
- Supported by a custom-designed Oracle information management system module which integrates HDC's mortgage loan servicing information into the Corporation's cash management and general ledger requirements

Asset Management (40 Staff Members)

- Maintain the integrity of Corporation's housing portfolio, consisting of over 900 properties / 160,000 units
- Each project is subject to a regular review:
 - Financial Analysis
 - Delinquency Review
 - Engineering Review
 - Compliance Review
- "Problem" Projects Committee:
 - Reviews "troubled" properties on a monthly basis
 - Early intensive intervention and remediation resources

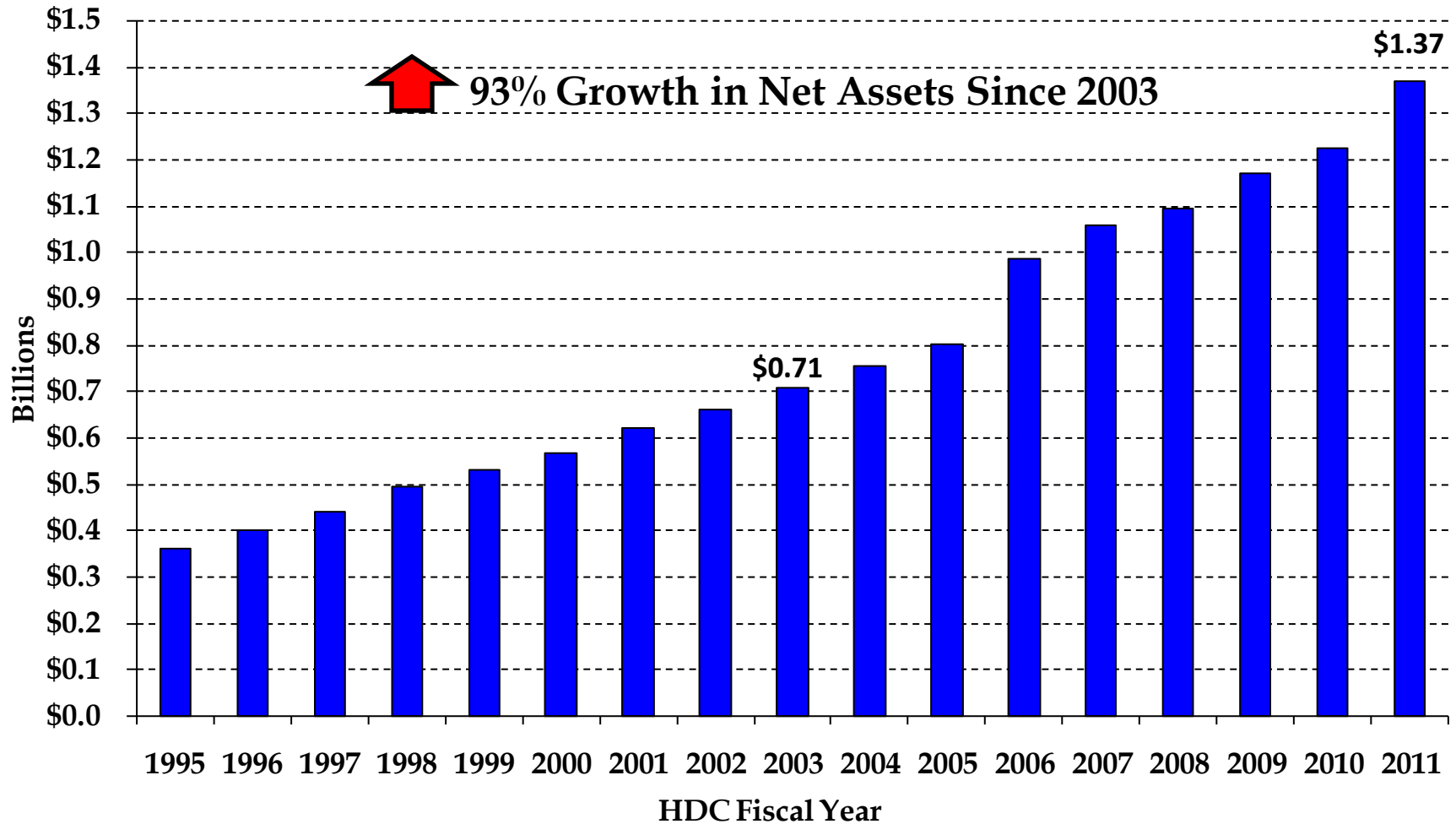
* Past six months

HDC Balance Sheet



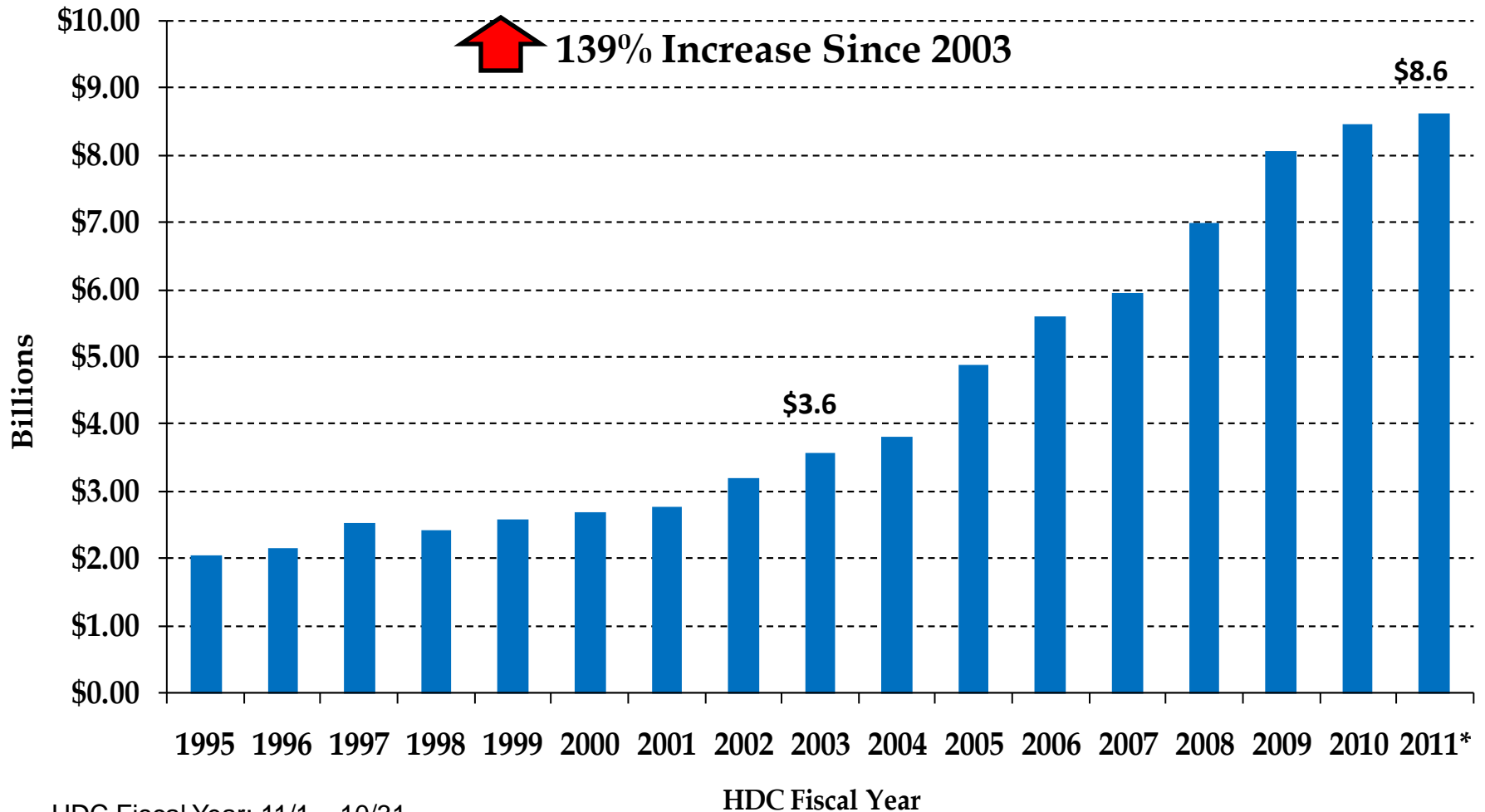
Fiscal Year Basis (10/31)

HDC Net Assets



Fiscal Year Basis (10/31)

HDC Bonds Outstanding



HDC Fiscal Year: 11/1 – 10/31

HPD Fiscal Year: 7/1 – 6/30

* As of 12/31/2011

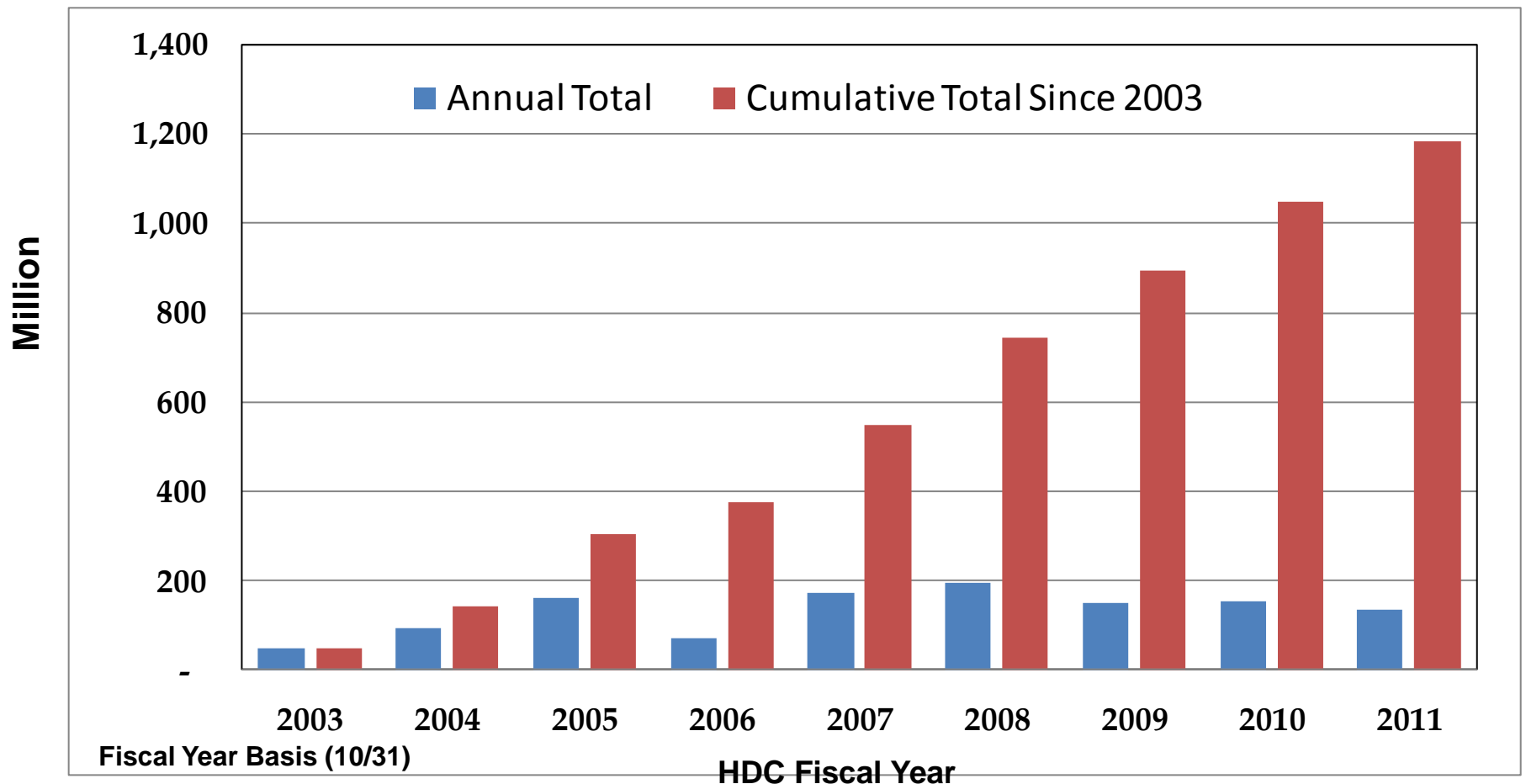
HDC Programs

58,640 affordable housing units have been created and/or preserved from 2003 to December 2011

<p>Low-Income Affordable Marketplace Program (25,529 LAMP Units)</p>	<p>New Housing Opportunities Program (5,223 NEWHOP Units)</p>	<p>Mixed Income Program (50/30/20) (1,980 Units)</p>	<p>Mitchell-Lama and Preservation Programs (25,908 Units)</p>
<ul style="list-style-type: none"> ▪ AMI Served: <60% (Family of 4 - \$46,080) ▪ Multi-family rental housing affordable to low income households ▪ Tax-exempt bonds (variable or fixed rate) ▪ As of right 4% Federal Low Income Housing Tax Credits ▪ HDC subordinate loans of \$55,000/unit 	<ul style="list-style-type: none"> ▪ AMI Served: <130% (Family of 4 - \$102,960) ▪ Multi-family rental housing affordable to moderate and middle income households ▪ Taxable bonds (variable or fixed rate) ▪ Tax-exempt recycled bonds may be available if low-income set asides are met ▪ HDC subordinate loans of 65,000- \$85,000/unit 	<ul style="list-style-type: none"> ▪ AMI Served: <130%, as well as non-restricted market units ▪ Multi-family rental housing- 50% of units at market rents; 30% affordable to middle income and 20% to low income households ▪ Tax-exempt bonds (typically variable rate) ▪ As of right 4% Federal Low Income Housing Tax Credits on low income units and recycled bonds on middle and market rate units ▪ HDC subordinate loans of \$65,000- \$85,000 per low and middle income unit 	<ul style="list-style-type: none"> ▪ AMI Served: approximately 100% (Family of 4 - \$76,800) ▪ Multi-family rental or cooperative housing affordable to middle income households ▪ Taxable or tax-exempt recycled bonds (variable or fixed rate) ▪ Senior debt restructured at lower rate. Subordinate debt restructured at 0%. ▪ Low interest repair loans available to address capital needs ▪ Extended affordability and commitment to stay in the Mitchell-Lama program for a minimum of 10-15 years

HDC's Subsidy Contribution

HDC has provided almost \$1.2 billion in 1% subordinate loans funded from its own corporate reserves since 2003 in response to Mayor Bloomberg's New Housing Marketplace Plan.



HDC Bond Issuance

Multi-Family Housing Revenue Bond Resolution (the “MFHRB or Open Resolution”)

- ❑ Established in 1993, the Open Resolution is HDC’s largest single asset, with over \$3.9 billion of bonds outstanding in over 125 series and in excess of \$5.3 billion of multi-family loans, reserves and other assets⁽¹⁾.
- ❑ The Open Resolution permits the issuance of an unlimited amount of parity debt.
- ❑ Annual net income for Open Resolution has averaged over \$40 million over the past five years. Surplus revenues can be withdrawn from the Resolution, subject to rating agency cash flow tests.
- ❑ Rated Aa2/AA by Moody’s/S&P; 123% over-collateralization⁽²⁾

Multi-Family Secured Revenue Bond Resolution (the “Mini-Open Resolution”)

- ❑ Established in 2005, the Mini-Open Resolution has \$66.6mm of bonds outstanding in 4 series with \$102mm of mortgage loans as of December 31, 2011.
- ❑ Permits the issuance of an unlimited amount of parity debt to finance secured mortgage loans
- ❑ Rated Aa2 by Moody’s

Stand Alone Issuance

- ❑ Conduit financing for middle-income, 80/20, and Liberty Bond deals
- ❑ No credit risk to the Corporation

(1) As of October 31, 2011; Includes NIBP (Federal New Issue Bond Program) and certain acquired “City Loans” that revert to the City of New York upon retirement of related bonds

(2) As of October 31, 2010; Reflects assumed modified cash basis for cash flow projections. Adjusted to exclude subordinate lien assets not assigned a valuation by the rating agencies

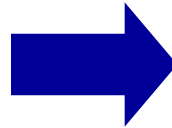
Recycled Bonds Program

- The Housing and Economic Recovery Act of 2008 (HERA) allowed for the recycling of prepayments from tax-exempt multifamily housing bonds that had been previously redeemed and thus no longer available for tax exempt loans.
- Since this statute was put in place, HDC has developed a program that has successfully recycled \$449mm of tax-exempt bonds either through issuance of COBs (two-thirds) or direct allocations (one-third), financing 39 projects encompassing over 13,700 units.
- Recycled Program targets mixed-income or preservation projects that are not heavily relying on tax credit equity because the refunding bonds do not generate new 4% as-of-right tax credits.
- HDC manages the recycling by issuing Convertible Option Bonds (COBs) or by directly allocating prepayments to new loans.
- COB structure (usually less than 1-year term and callable after 3 months) serves as an effective tool for recycling:
 - Bridge the timing gap – The statute requires that the refunding bonds be issued (i) within six months of loan repayment, (ii) not later than four years of original issuance, and (iii) before the maturity of original bonds (tax-credit bonds tend to have shorter term).
 - Reduce carrying costs – COB rate is usually lower than the rate for a typical four-year tax credit bond.

MFHRB Resolution Provides Bondholders with Strong Security and HDC with a Flexible Program Financing Vehicle

Strong Bond Security

- Covenant to not adversely affect ratings
- Resolution activity governed by parity cash flow stress tests
- Rating agency “valuation” of each mortgage asset at AA-level
- Diversified mix of multi-family mortgage assets
- Very low historical delinquency/default experience
- Experienced mortgage underwriting and servicing staff

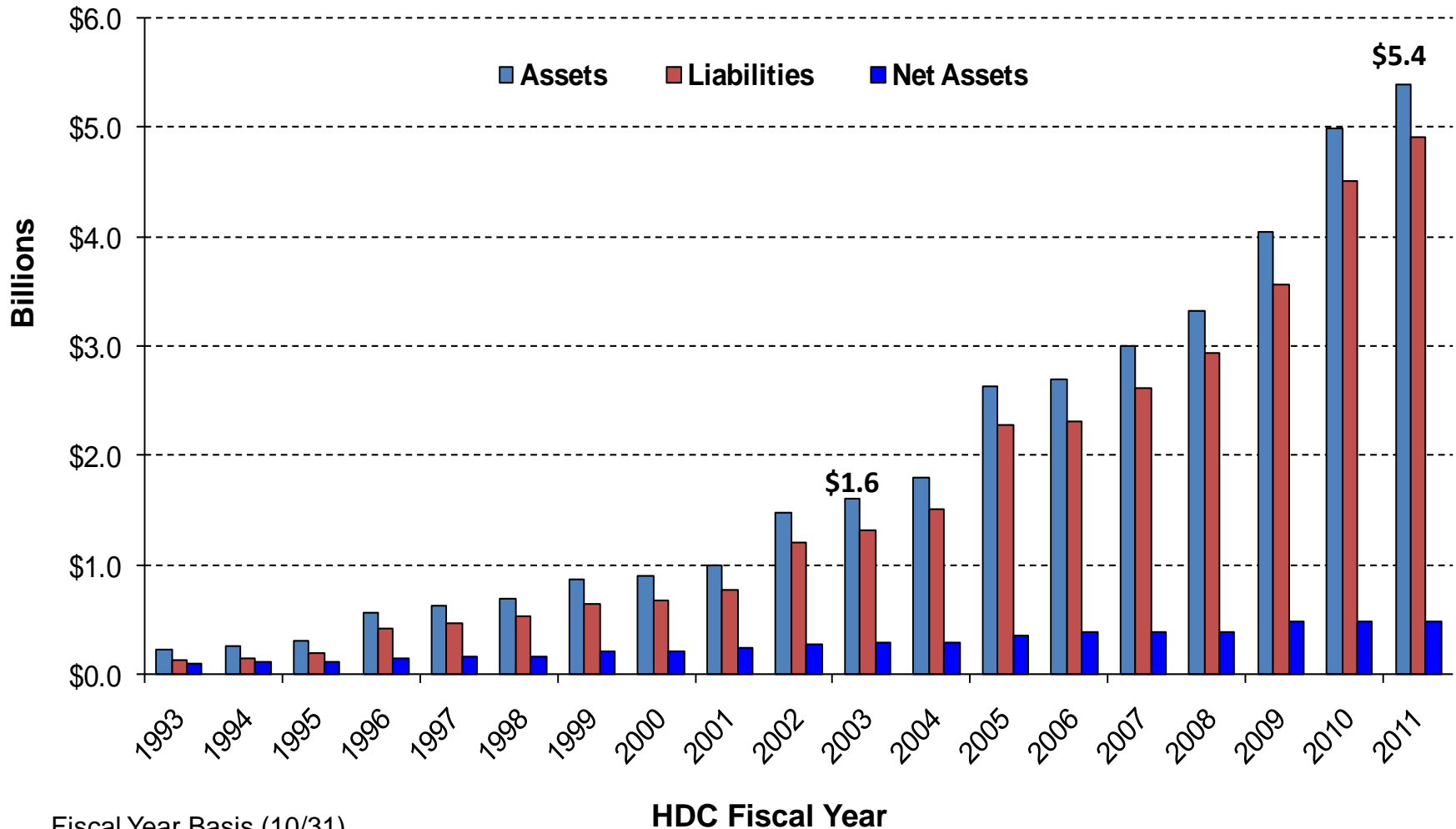


HDC Program Flexibility

- Allows usage of any mortgage insurance or subsidy program
- Permits unenhanced / unsubsidized mortgage lending
- Enables flexible mortgage rate setting
- Provides construction lending capacity
- Permits subordinate lien loans
- Allows surplus cash withdrawals

The MFHRB Resolution Has Grown in Response to Mayor Bloomberg's Affordable Housing Initiative

MFHRB Balance Sheet

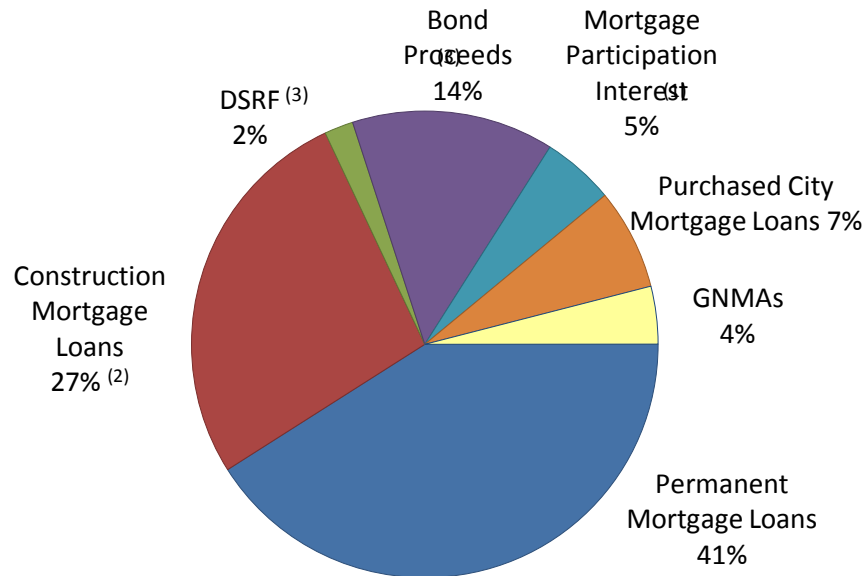


Fiscal Year Basis (10/31)
 Includes NIBP Bonds (\$500mm)

Composition of the MFHRB Resolution Assets

MFHRB Resolution Asset Composition*

(Total assets of \$4 billion,
of which 3.3 billion is in Mortgage Loans)



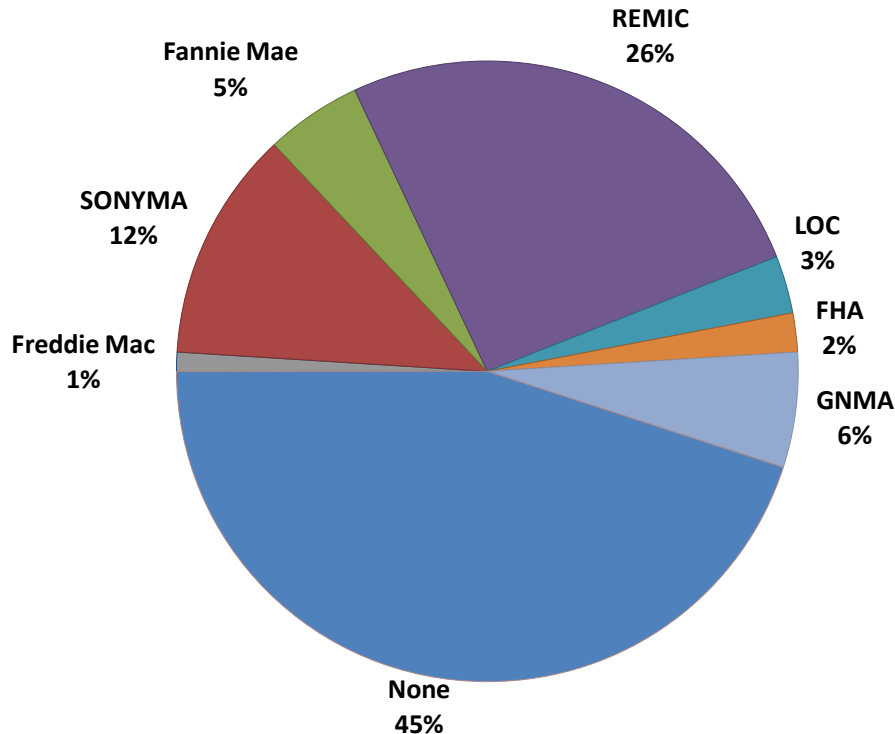
- 960 Mortgage Loans
- Construction and Permanent Loans⁽⁴⁾
 - 6 permanent loans and 7 construction loans > \$25 M
 - 85% first lien / 15% second lien
 - Loan Weighted Average Coupon of 4.65%⁽⁵⁾
 - Loan Weighted Average Maturity of app. 25 yrs
 - Average loan size of \$3.0 M
- 2006 A Loans
 - Outstanding Balance \$410 M
 - Loan Weighted Average Coupon of 2.0%
- 2011 Participant Interest
 - Outstanding Balance of \$57M
 - Loan Weighted Average Coupon of 8.04%

- 1) Mortgage Participation Interests in connection with the 2006 Series A Bonds and the 2011 Participant Interest
- 2) Construction Mortgage Loans include only amounts advanced as of July 31, 2011
- 3) Debt Service Reserve Account and Bond Proceeds Account are invested in Permitted Investments (see page 20)
- 4) Excludes 2006 A Loans and 2011 Participant Interest
- 5) Excludes projects that have pass-thru mortgage rate

* As of July 31, 2011; excludes NIBP (\$500mm); excludes M-L restructuring second and third Mortgage Loans (approx. \$241mm) and Participation Interests in connection with 2005 F and 2005 J (\$approx. \$82mm) because they have not been assigned valuations by the rating agencies.

Supplemental Loan Security Supporting the MFHRB Mortgage Loan Portfolio

**Permanent Loans
Supplemental Security
(Credit Enhancement)**

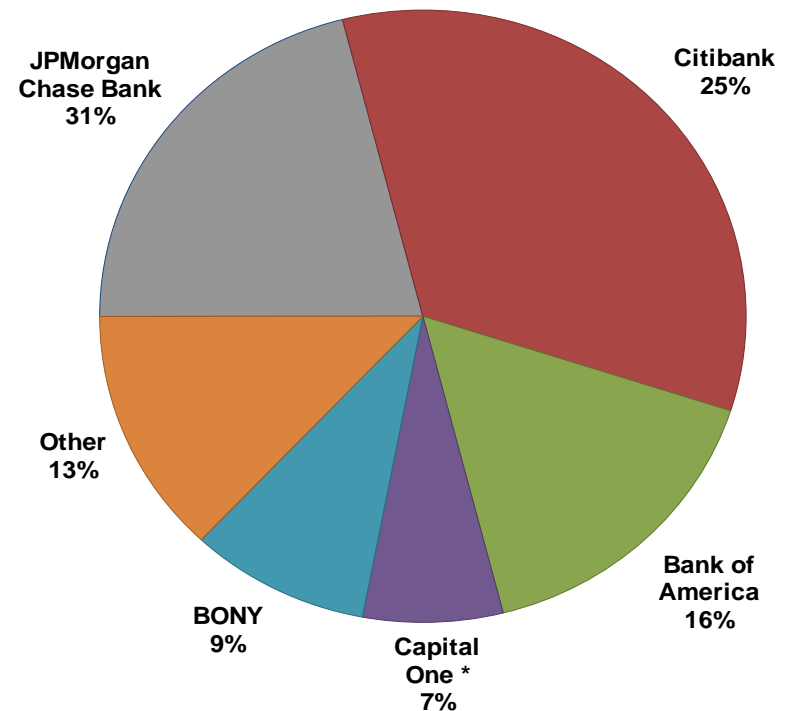


Percentages reflect (\$) par amount of total permanent mortgage loan portfolio as of July 31, 2011;

Excludes NIBP;

Excludes 2005 F and J Participation Interest, 2011 Participant Interest and M-L Restructuring Second and Third Mortgage Loans.

**Construction Period
Supplemental Security
(Credit Enhancement)**

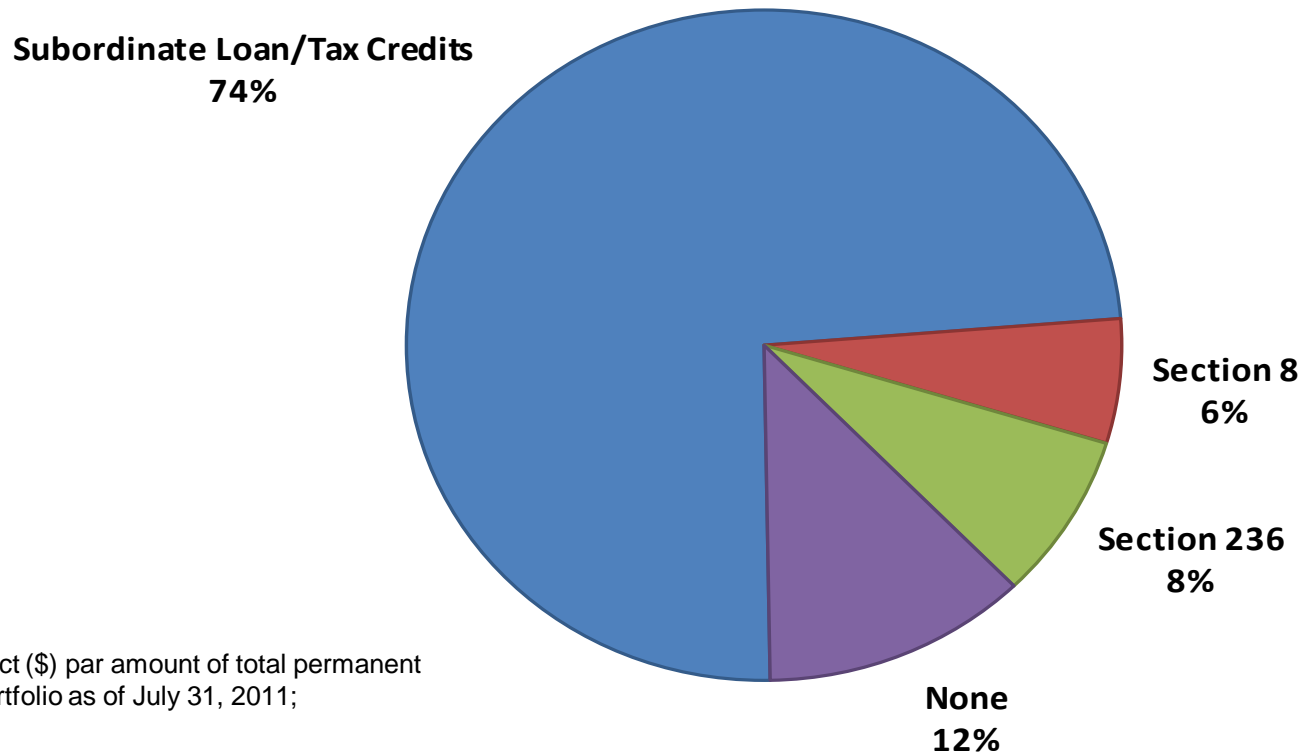


Percentages reflect (\$) dollar amount of Construction LOCs for Mortgage Loans as of August 31, 2011

* Each Capital One LOC is wrapped by a stand-by LOC from FHLB-Atlanta

In Addition to Credit Enhancements, There are Subsidy Programs Supporting the MFHRB Mortgage Loan Portfolio

Project Subsidy Program



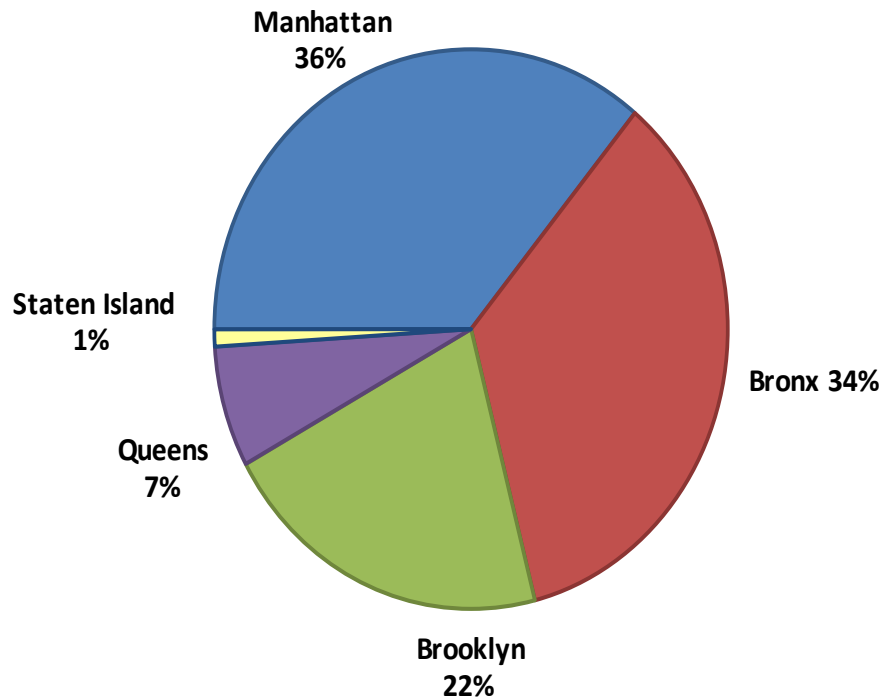
Percentages reflect (\$) par amount of total permanent mortgage loan portfolio as of July 31, 2011;

Excludes NIBP;

Excludes 2005 F and J Participation Interest, 2011 Participant Interest and M-L Restructuring Second and Third Mortgage Loans.

Diverse Geographic Dispersion and Strong Historical Performance

Geographic Distribution*



Historical Delinquencies/Losses

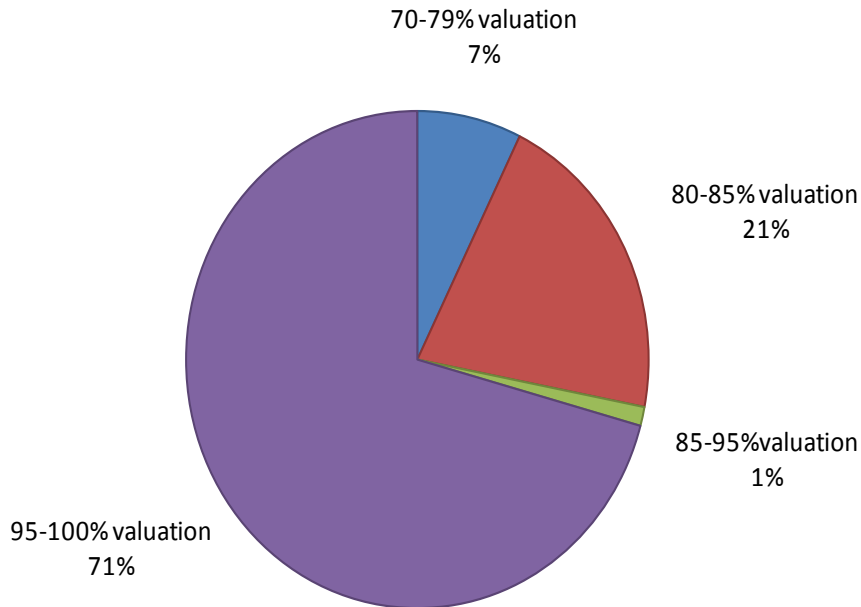
- Historical delinquencies are less than 1% of the par amount of the portfolio
- Currently 2 mortgage loans totaling \$3.6 million are negotiating “work-outs”
- Only 1 portfolio loss experienced to date**

*Based on number of loans in Official Statements tables E-2 and E-4 as of July 31, 2011

**The defaulted loan was FHA insured and HDC's loss was limited to 1%. Such loss was covered by the Resolution's surplus income

The MFHRB Resolution Requires a Valuation of Each Mortgage Loan Based on the Rating Agencies' "Aa/AA" Criteria

Mortgage Loan Valuations (\$3.3 Billion of Mortgage Loans)



Weighted Average Valuation of Portfolio = 91.5%

As of July 31, 2011;

Excludes NIBP;

Excludes 2005 F and J Participation Interest, 2011 Participant Interest and M-L Restructuring Second and Third Mortgage Loans.

Valuation Percentages Depend on Credit Enhancement, Subsidy Program and HDC Underwriting Criteria

<u>ENHANCEMENT</u>		<u>VALUATION</u>
GNMA/Fannie Mae	—	100%
SONYMA*	—	100%
REMIC**	—	100%
LOC	—	100%
FHA	—	99%
HUD Section 236	—	92-98%
Unenhanced/Subsidized ⁽¹⁾	—	80-85%
Unenhanced/Unsubsidized ⁽²⁾	—	70-79%

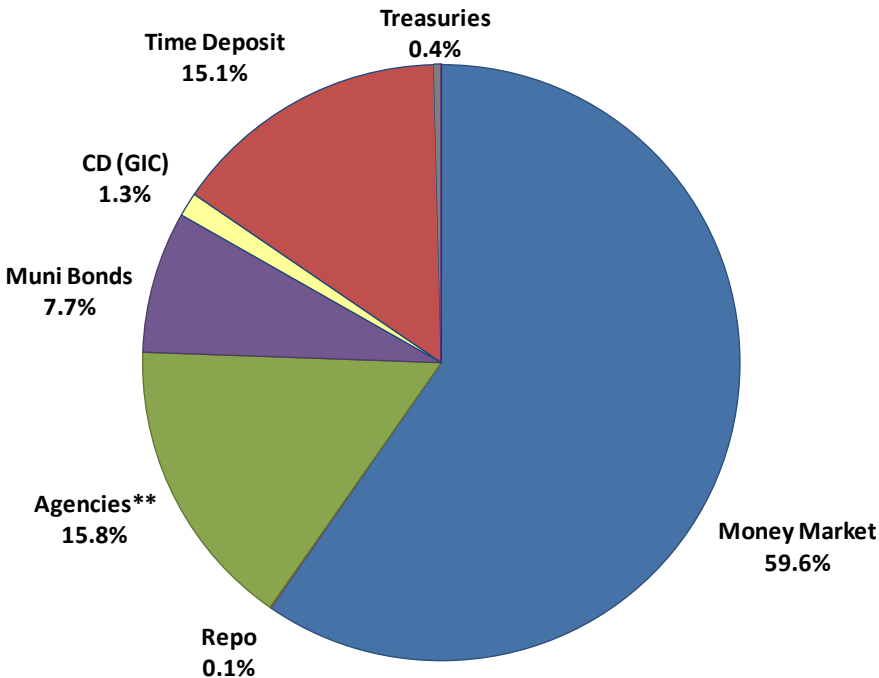
* 100% loss coverage. Moody's rating: Aa1

** 20% top loss coverage. S&P rating: AA

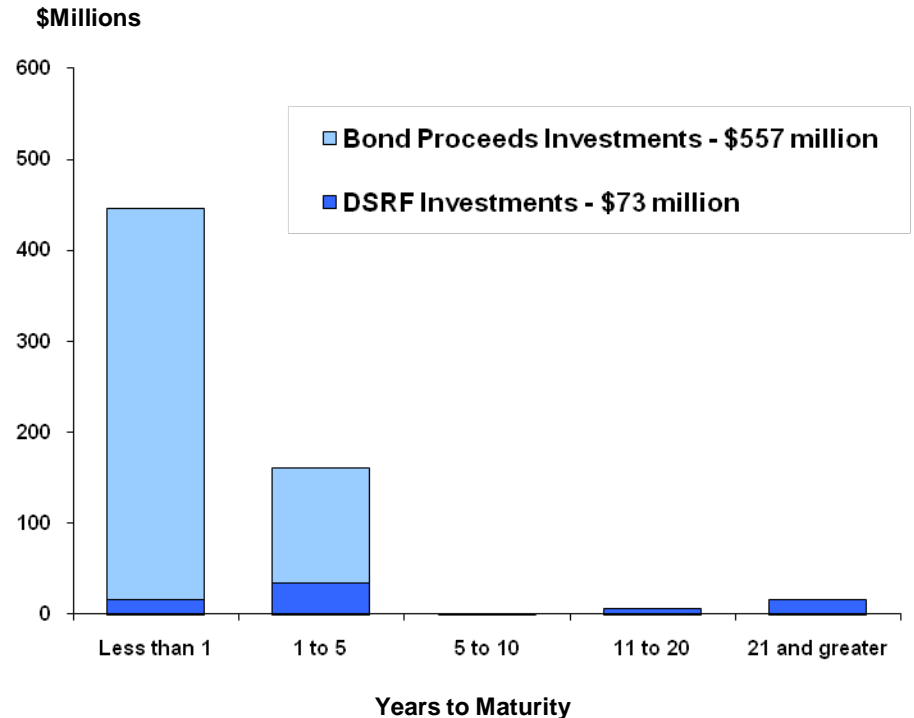
- (1) Loans without an outside credit enhancer and with subsidy contracts and/or subordinate mortgage loans.
- (2) Loans without an outside credit enhancer and without subsidy contracts and/or subordinate mortgage loans.

MFHRB's Investment Portfolio

Investment by Type*



Investment Maturity by Account*



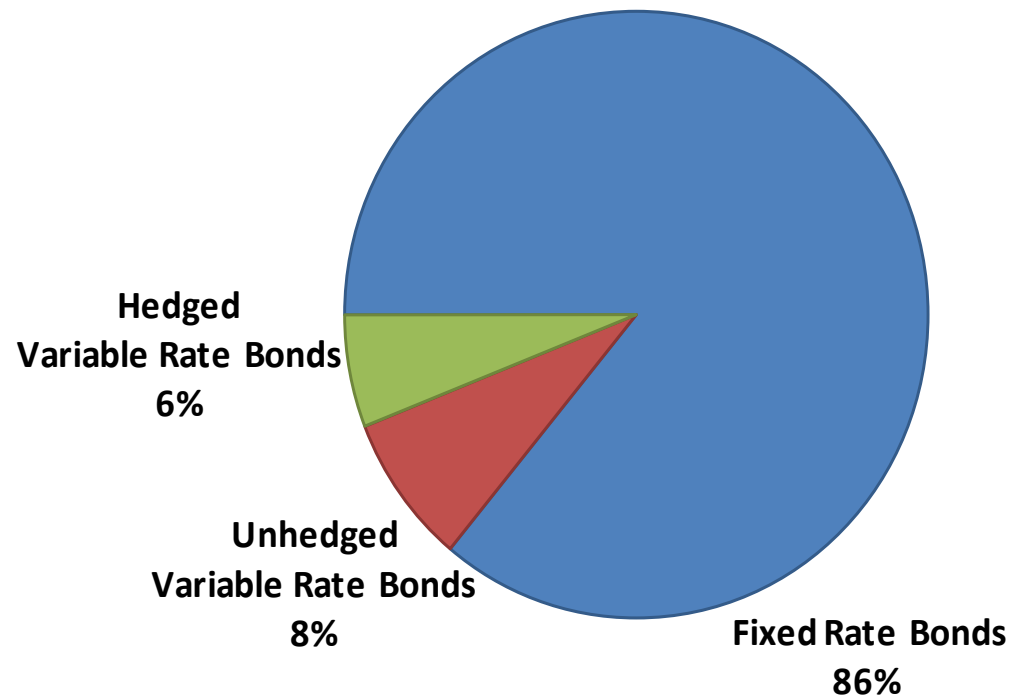
* As of July 31, 2011; Total of \$630 million; Excludes investment on escrowed NIBP proceeds (\$3233mm) and 7.1 million funding agreement that the Corporation entered into to meet the Debt Service Reserve Account Requirement with respect to the 2006 Series A Bonds.

** Federal Agency Securities include FHLMC, FHLB, GNMA, Federal National Mortgage Association and Farmer MAC

MFHRB's Debt Portfolio

Outstanding Debt: \$4.1B*

Characteristics of Interest Rate Hedges



- \$240 million of Interest Rate Cap Agreements (par amount as of 12/31/21011)
- Counterparty -- Goldman Sachs Mitsui Marine Derivative Products, L.P. ("Aaa/AAA")
- Strike Rate -- 7.35%
- Long maturity dates (amortizing notional out to 2032)

*As of December 31, 2011; Includes converted NIBP Bonds (\$490,590,000)

How we Use the Surpluses Created and also Maximize the Value of the Open Resolution

- HDC uses prepayments to lend to new projects or call bonds that are optionally redeemable according to their terms. We try to maximize this income to offset lost principal and interest that had been received from the prepaying loan.
- Prepayments of subsidy loans are particularly helpful.
- We take net income semi-annually after debt service is paid and this money goes into the corporate services account for future lending.
- We keep a cushion in the Revenue Account for projects under construction.
- Over-collateralization gives us significant breathing room and the ability to be patient for delinquent projects and any required workouts.
- As we pay down bonds that have higher interest rates we often need to re-leverage the portfolio to raise new money for housing programs.
- HDC funds its operations from fee income for servicing and loan origination.

MFHRB's Variable Rate Debt Portfolio

Outstanding VRDBs (As of 12/31/2011)

Series	Final Maturity	Par Outstanding (mm)	Liquidity Provider	Reset Formula
2009 Series C-4 ¹	2015	\$13.045	BONY Mellon	Weekly
2010 Series D-2 ¹	2015	\$11.190	JPMorgan Chase	Weekly
Total		\$24.235		

¹ Pass-thru to the borrower

Outstanding FHLB Index Floaters (As of 12/31/2011)

Series	Final Maturity	Par Outstanding (mm)	Reset Formula
2002 Series C	2034	\$44.955	FHLB 3-Mnth DN + 0.30%
2008 Series E	2037	\$96.690	FHLB 3-Mnth DN + 0.30%
2008 Series F	2041	\$86.825	FHLB 3-Mnth DN + 0.30%
2008 Series J	2043	\$34.395	3-month LIBOR + 0.80%
2008 Series K	2043	\$101.470	3-month LIBOR + 0.70%
2009 Series I-2	2039	\$25.000	3-month LIBOR + 0.48%
2010 Series H	2040	\$70.765	3-month LIBOR + 0.54%
2011 Series F-2/F-3	2040	\$69.000	3-month LIBOR + 0.48%
Total		\$529.100	

Accomplishments

- In spite of the numerous obstacles faced during the past several years, HDC continued to meet its production goals
 - Average annual bond issuance from 2003 through 2011 was \$1.2 billion
 - Over 58,600 units built and/or preserved from 2003 through June 2011
- HDC has been an innovator in the industry, leveraging its balance sheet, sponsoring key legislation, and continued to provide access to capital throughout the economic dislocation
 - Recycled Bonds
 - NIBP
 - Tax Credit Assistance Program transaction (Tax Stimulus)
- Ranked #1 issuer in the nation for *
 - Affordable housing bonds in 2006 and 2008
 - Mortgage revenue bonds for affordable multi-family housing in 2004-2006, 2009 and 2010; and #2 in 2007 and 2008

*Source for rankings: Thomson Reuters

Expected 2012 Financing *

- 2-3 Open Resolution Issuance
- Stand-Alone Issuance
- Securitization and taxable financing under “Open Resolution” or “Mini-Open Resolution”
- Current Refunding Opportunities
- Recycling COBs

Questions & Answers

Please visit our website: www.nychdc.com

Contacts:

Richard Froehlich

*Chief Operating Officer,
EVP for Capital Markets and
General Counsel*

Phone: (212) 227-7435

Email: rfroehlich@nychdc.com

Ellen Duffy

*Senior Vice President for
Debt Issuance and Finance*

Phone: (212) 227-8619

Email: eduffy@nychdc.com