



Combined Financial Statements
and Other Information

New York City Housing
Development Corporation

October 31, 2012



New York City Housing Development Corporation

**Combined Financial Statements and
Additional Information**

Year Ended October 31, 2012

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Report of Independent Auditors

The Members of the
New York City Housing Development Corporation

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the New York City Housing Development Corporation (the Corporation), a component unit of the City of New York, as of and for the year ended October 31, 2012, which collectively comprise the Corporation's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2011 financial statements and, in our report dated January 18, 2012 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Corporation's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Corporation as of October 31, 2012, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2. H., the Corporation adopted Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities, during 2012.

Accounting principles generally accepted in the United States require that Management's discussion and analysis and the schedule of funding progress on pages 3 to 9 and page 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary information included in Schedule 2 on pages 68 to 70 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst + Young LLP

January 25, 2013

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Management's Discussion and Analysis
Year Ended October 31, 2012

INTRODUCTION

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

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

The Corporation’s annual financial report consists of three parts: *management’s discussion and analysis* (this section), the basic *financial statements (statements of net position)*, and *required supplementary information* which includes the schedule of funding progress and follows directly after the notes to the financial statements.

This section of the Corporation’s annual financial report presents our discussion and analysis of the Corporation’s financial performance during the fiscal year that ended on October 31, 2012. This period is also referred to as Fiscal Year 2012. Data is presented for the primary governmental entity HDC only. Reported amounts have been rounded to facilitate reading and certain fiscal year 2011 balances have been reclassified in order to conform to the current year presentation. In addition, the fiscal year 2011 balances have been restated due to the implementation of Government Accounting Standards Board (“GASB”) Statement No. 65 items previously reported as *assets and liabilities*.

FINANCIAL HIGHLIGHTS

- In spite of the current economic conditions, significant growth in assets and liabilities has continued from last fiscal year due to ongoing financing activities.
- Thirty-two bond series sold, totaling \$1.23 billion, to create and preserve affordable housing. Of the total issued, \$1.21 billion was new money and \$22.0 million was refinancing of previously issued debt.
- Total assets of \$12.24 billion increased by \$561.4 million or 4.81% from 2011 as a result of borrowing activities noted above and related mortgages.
- Total liabilities of \$10.66 billion increased by \$429.0 million or 4.19% from 2011 as a result of the bonds issued noted above.
- Total net position of \$1.58 billion increased by \$131.5 million or 9.06% from 2011 due to normal operating activities and non-operating revenue of grant income.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Enterprise fund statements offer short-term and long-term financial information about the Corporation's activities. While detailed sub-fund information is not presented in the Corporation's financial statements, separate accounts are maintained for each bond issue and component unit, as well as the Corporation's general operating fund, known as the Corporate Services Fund. These sub-funds permit HDC to control and manage money for particular purposes and to demonstrate that the Corporation is properly using specific resources. In addition, HDC also services construction and permanent loans on behalf of New York City's Department of Housing Preservation and Development ("HPD").

HDC's Assets, Liabilities and Deferred Outflows

The statement of net position presents the Corporation's assets, liabilities, and net position as of October 31, 2012. The following table represents the changes in the primary entity, HDC's, net position between October 31, 2011 and 2012 and should be read in conjunction with the financial statements. (Dollar amounts are in thousands):

	2012	2011 as restated*	Change	Percent Change
Assets				
Cash and Investments	\$2,418,087	\$2,309,485	\$108,602	4.70%
Mortgage Loans	8,516,076	8,131,798	384,278	4.73
Other	1,303,978	1,235,438	68,540	5.55
Total Assets	\$12,238,141	\$11,676,721	\$561,420	4.81%
Deferred Outflows	\$1,586	\$2,557	\$(971)	(37.97%)
Liabilities				
Bonds Payable (net)	8,805,325	8,496,704	308,621	3.63
Payable to New York City	991,226	818,311	172,915	21.13
Other	861,079	913,623	(52,544)	(5.75)
Total Liabilities	\$10,657,630	\$10,228,638	\$428,992	4.19%
Net Position				
Restricted for bond obligations	835,816	592,517	243,299	41.06
Unrestricted	746,281	858,123	(111,842)	(13.03)
Total Net Position	\$1,582,097	\$1,450,640	\$131,457	9.06%

*Restated for GASB 65 implementation – please see Note 2(H)

Assets of the Corporation consist largely of the following: mortgage loans; cash and investments from bond proceeds, debt service and other reserves; funds designated for various housing programs; and other assets, which include participation interests in cash flows from pools of mortgage loans, housing-related notes receivable and purpose investments, and working capital. Total assets grew 4.81% or \$561.4 million from 2011 due to the Corporation's ongoing debt issuances and lending activities. In the prior fiscal year, total assets increased \$544.3 million or 4.87%.

As noted above, the growth in total assets in 2012 was due primarily to the Corporation's ongoing debt issuance and lending activities. When HDC sells bonds, the bond proceeds are an investment asset until converted to a loan asset once disbursed. The asset value is generally offset by the related bond liability.

Liabilities of the Corporation can be grouped into three main categories. By far the largest is HDC bonds outstanding, which totaled almost \$8.8 billion at October 31, 2012. The second largest category is "Payable to New York City" (the "City"). This includes construction loan funds administered on behalf of HPD and other assets which will ultimately revert to the City pursuant to various loan participation and other agreements. These include loan assets which are currently held by HDC and pledged to pay HDC bonds, but transfer to the City when the related bonds are retired. The last category, "Other", includes payable to mortgagors, accounts and other payables and unearned revenue received in advance. Payable to mortgagors are funds held and administered by HDC but are the property of others, such as escrows held by HDC in the course of its loan servicing functions. Accounts and other payables mainly consist of funds held by HDC in escrow to retire certain bonds and payable to other entities as part of a participation loan agreement for short-term loan funding. Unearned revenue is where HDC receives certain prepaid fee income as cash, which will be earned over the appropriate time period. This unearned revenue is shown as a liability.

Total liabilities of the Corporation were \$10.66 billion at October 31, 2012. Liabilities grew 4.19% or \$429.0 million from the prior year, principally as a result of HDC issuing 32 new bond series during Fiscal Year 2012, net of bond redemptions and retirements. There was a net increase in the Payable to the City as a whole. Three separate transactions primarily impacted this payable during the year. First, the aforementioned origination or purchase of a participation interest with the City in Mitchell Lama subordinate loans, interest and restructured City loans caused a net increase of \$188.2 million in the Payable to the City. Second, a decline of \$18.2 million in the participation loan program with HPD due to the receipt of non-operating revenues and bond credit facility fees. Third, an increase of \$2.9 million in the administration of construction and permanent loans on behalf of the City (HPD). "Other" liabilities primarily include accounts and other payables, payable to mortgagors, and unearned revenue. Accounts and others payable decreased by \$102.9 million in fiscal year 2012 mainly due to a construction loan participating agreement between the Corporation and other entities and funds held in escrow to retire certain bonds. Payable to mortgagors and others increased by net of \$34.7 million mainly due to funds held in escrows by HDC for its loan servicing function and other payables. Unearned revenue increased by net of \$15.7 million due to construction financing fees and a fee paid for a guaranty described in the footnotes. (See Note 16: "Financial Guarantees").

Net position of the Corporation is the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources, and totaled \$1.58 billion for the Corporation as of October 31, 2012. This represents an increase of \$131.5 million or 9.1% over the prior year. In 2011, total net position increased \$143.2 million or 11.68%. The growth in net assets of \$131.5 million in 2012 includes \$85.3 million from normal operating activities and \$46.2 million from non-operating revenue grant income. A further discussion of this increase of revenues in excess of expenses is described below.

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

HDC's Revenues and Expenses

The Statement of Revenues, Expenses and Changes in Net Position presents revenues recognized in and expenses attributed to the fiscal year ended October 31, 2012. The table below summarizes the primary entity, HDC's, revenues and expenses and presents comparative data. It should be read in conjunction with the financial statements. (Dollar amounts are in thousands):

	2012	2011 as restated *	Change	Percent Change
Revenues				
Interest on Loans and Participation Interests	\$206,059	\$189,739	\$16,320	8.6%
Investment Earnings	26,486	28,486	(2,000)	(7.0)
Fees and Charges	54,947	41,823	13,124	31.4
Other Revenues	2,880	477	2,403	503.8
Total Revenues	290,372	260,525	29,847	11.5
Expenses				
Bond Interest	159,196	148,794	10,402	7.0
Operating Expenses	43,855	36,399	7,456	20.5
Other (Revenues) Expenses	(44,136)	(70,825)	26,689	37.7
Total Expenses	158,915	114,368	44,547	39.0
Change in Net Position	131,457	146,157	(14,700)	(10.1)
Net Position, Beginning of year	1,450,640	1,304,483	146,157	11.2
Net Position, End of Year	\$1,582,097	\$1,450,640	\$131,457	9.1%

*Restated for GASB 65 implementation – please see Note 2(H)

Revenues of the Corporation are classified as operating and non-operating. Interest income from mortgage and other loan-related interest represents the Corporation's major source of operating revenue, which also includes various loan and bond program fees such as commitment, financing, and mortgage insurance and servicing fees. The Corporation's non-operating revenues consist mostly of earnings on investments including purpose investments and revenues from grant income. Investment income accrues to the benefit of the program for which the underlying sources of funds are utilized.

HDC's expenses are also classified as operating and non-operating. Operating expenses consist primarily of interest on bonds, which accounted for 78.4% of operating expenses in Fiscal Year 2012. Other operating expenses include corporate operating expenses (salaries, overhead, and depreciation) and fees. Non-operating expenses are relatively minor and consist largely of amortization of the capitalized value of a purchased cash flow.

HDC's change in net position for Fiscal Year 2012 was positively or negatively affected as described below:

- Interest on loans increased by \$18.5 million or 10.0%. The increase in mortgage interest earned was mainly due to the continued increase in the mortgage loan portfolio from the prior year. Income on Participation Interest decreased by \$2.2 million in total because there were no prepayments of loans in Mitchell-Lama programs during the year. In 2011, interest on loans increased by \$18.0 million or 10.5% from the previous year.
- Earnings on investments decreased by \$2.0 million or 7.0%. In 2011, earnings on investments increased by \$1.0 million or 3.7% from the previous year.
- Fees and charges increased by a net of \$13.1 million or 31.4%. This was mainly due to a \$1.6 million increase in negative arbitrage fees earned due to the interest rate environment. Commitment fees increased by \$5.9 million due to increased loan financing activities and the implementation of the GASB 65 pronouncement. There was an increase of \$1.6 million in loan satisfaction fees due to prepayment of loans and a collection of \$3.1 million for an HDC consent fee. This fee was passed through to the City as non-operating expenses relating to a participation loan interest previously purchased by the Corporation. There was a net increase of \$0.9 million in servicing and other fees including credit fees for preservation loans enhanced by the Corporation. In 2011, fees and charges increased by \$4.7 million or 13.1%.
- Interest expense increased from \$148.8 million to \$159.2 million or 7.0%. This was mainly due to bond issuance activities during the year. In 2011, interest expense increased by \$4.5 million or 3.1% from the previous year.
- Other operating expenses increased by \$7.5 million or 20.5%. Of this increased amount, \$2.2 million relates mainly to the credit enhancement fee and mortgage insurance premium on such mortgages. Also there was an increase of \$0.9 million due to the HDC guaranty fee related charges. There was an increase of \$3.8 million in bond related operating charges. There also was a marginal increase of \$0.6 million in other operating costs in comparison to the growth in HDC's volume of business. In 2011, other operating expenses increased by \$0.1 million

or 0.4% from the previous year because of an increase in costs related to Other Post Employment Benefits (“OPEB”).

- Other revenues reported as non-operating revenue decreased by a net of \$26.7 million. This reduction reflects the accrual for the section 421-a loan fund from a grant of proceeds from the New York State Battery Park City Authority (“BPCA”) in FY 2012, which is \$46.1 million less than such amount in FY 2011. The FY 2011 number included an amount relating to FY 2010 that accrued in FY 2011, as well as the scheduled 2011 accrual. (See Note 7: “Other Receivables”). Second, \$4.0 million of non-operating revenues earned on additional principal collection which is utilized for bond interest payments was offset by a \$3.1 million HDC consent fee collection. And third, the remaining \$2.8 million value of loan spread purchased from the City was fully amortized due the redemption of the Corporation’s Multi-Family Housing Limited Obligation Bonds in its entirety. In 2011, non-operating revenue increased by a net of \$64.7 million because of the initiation of grant fund accruals for fiscal year 2010 and 2011 for the 421-a loan fund and a capital transfer of \$7.5 million by HDC to REMIC to increase the capital base of REMIC.
- As a result of the factors noted above, the Corporation’s growth in net position resulting from revenues in excess of expenses amounted to \$131.5 million, a decrease of \$14.7 million from \$146.2 million in 2011.

DEBT ADMINISTRATION

At year-end, the Corporation had approximately \$8.8 billion of bond principal outstanding, net of discount and premium, an increase of 3.6% over the prior year. The following table summarizes the changes in bonds payable between October 31, 2011 and October 31, 2012. (Dollar amounts are in thousands):

	2012	2011	Percentage Increase FY 2011 to 2012
Bonds Payable	\$8,805,325	\$8,496,704	3.6%

In Fiscal Year 2012, all “VRDO” bond series were successfully remarketed, and there were no bonds that were tendered and became Bank Bonds.

During fiscal year 2012, the Corporation adopted GASB Statement No. 65, items previously reported as *assets and liabilities* effective November 1, 2011. In connection with the implementation of this new standard all of the Corporation’s accounts were analyzed by management in order to assess the impact on the financial statements. In accordance with the requirements of this new standard, the Corporation’s Net Position as of October 31, 2010 and the Corporation’s Statement of Revenues, Expenses and Changes in Net Position for the year ended October 31, 2011 were restated to reflect the required adjustments. (See Note 2 (H): “Summary of Significant Accounting Policies”).

NEW BUSINESS

During Fiscal Year 2012, the Corporation issued 32 new taxable and tax-exempt bond series totaling \$1.23 billion. Included in this total were 27 series of Housing Revenue Bond Program bonds totaling \$1.11 billion and five series of Multi-Family Mortgage Revenue Bonds for \$117.8 million. All of these funds are being used to provide mortgage and loan financing. In further support of its affordable housing mission, the Corporation also made low interest loans from its net assets. Subsequent to October 31, 2012, HDC issued seven additional bond series totaling \$338.4 million in December 2012. (See Note 19: “Subsequent Events”.)

CONTACTING THE CORPORATION’S FINANCIAL MANAGEMENT

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

New York City Housing Development Corporation Statements of Net Position

At October 31, 2012 (with comparative summarized financial information as of October 31, 2011) (in thousands)

Discretely Presented Component Units				
New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	Total	
			2012	2011

Assets

(as restated)

Current Assets:

Cash and cash equivalents (note 3)	\$ 604,649	\$ -	\$ -	\$ 604,649	\$ 627,952
Investments (note 3)	208,850	-	-	208,850	360,922
Receivables:					
Mortgage loans (note 4)	99,356	167	-	99,523	156,582
Accrued interest	27,763	22	-	27,785	21,239
Notes (note 5)	12,330	-	-	12,330	11,730
Other (note 7)	64,528	-	13	64,541	59,710
Total Receivables	203,977	189	13	204,179	249,261
Other assets	46	-	-	46	52
Total Current Assets	1,017,522	189	13	1,017,724	1,238,187

Noncurrent Assets:

Restricted cash and cash equivalents (note 3)	687,614	2,957	4,398	694,969	694,645
Restricted investments (note 3)	916,974	10,232	77,214	1,004,420	721,030
Purpose investment (note 2C)	154,044	-	-	154,044	186,644
Mortgage loans (note 4)	485,644	-	-	485,644	671,051
Restricted receivables:					
Mortgage loans (note 4)	7,931,076	29,832	-	7,960,908	7,334,373
Loan participation receivable - The City of NY (note 6)	764,068	-	-	764,068	656,707
Accrued interest	971	2,525	-	3,496	3,356
Notes (note 5)	266,338	-	-	266,338	278,668
Other (note 7)	266	-	-	266	2,779
Total restricted receivables	8,962,719	32,357	-	8,995,076	8,275,883
Unamortized issuance costs	-	-	-	-	-
Primary government/component unit receivable (payable)	1,967	(1,948)	(19)	-	-
Capital assets	1,647	-	-	1,647	1,321
Other assets (note 8)	10,010	-	-	10,010	13,060
Total Noncurrent Assets	11,220,619	43,598	81,593	11,345,810	10,563,634

Total Assets	\$ 12,238,141	\$ 43,787	\$ 81,606	\$ 12,363,534	\$ 11,801,821
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Deferred outflows of resources

Interest rate cap	1,586	-	-	1,586	2,557
Total deferred outflows of resources	\$ 1,586	\$ -	\$ -	\$ 1,586	\$ 2,557

See accompanying notes to the basic financial statements.

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

At October 31, 2012 (with comparative summarized financial information as of October 31, 2011) (in thousands)

	Discretely Presented Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2012	2011 (as restated)
Liabilities and Net Position					
Current Liabilities:					
Bonds payable (net) (note 9)	\$ 392,369	\$ -	\$ -	\$ 392,369	\$ 476,641
Accrued interest payable	71,220	-	-	71,220	66,106
Payable to mortgagors	103,218	-	-	103,218	204,479
Restricted earnings on investments	9,734	39	-	9,773	8,477
Accounts and other payables	230,909	-	-	230,909	331,781
Total Current Liabilities	807,450	39	-	807,489	1,087,484
Noncurrent Liabilities:					
Bonds payable (net) (note 9)	8,412,956	-	-	8,412,956	8,020,063
Payable to The City of New York:					
Loan participation agreement (note 11)	764,068	-	-	764,068	656,707
Other	227,158	42,812	-	269,970	208,370
Payable to mortgagors	400,262	504	-	400,766	270,606
OPEB liability (note 13)	7,792	-	-	7,792	9,809
Unearned revenues, amounts received in advance and other liabilities	37,928	-	-	37,928	22,238
Due to the United States Government (note 14)	16	-	-	16	670
Total Noncurrent Liabilities	9,850,180	43,316	-	9,893,496	9,188,463
Total Liabilities	10,657,630	43,355	-	10,700,985	10,275,947
Net Position:					
Restricted for bond obligations (note 18)	835,816	432	-	836,248	593,172
Restricted for insurance requirement and others (note 18)	-	-	49,038	49,038	48,448
Unrestricted (note 18)	746,281	-	32,568	778,849	886,811
Total Net Position	1,582,097	432	81,606	1,664,135	1,528,431
Total Liabilities and Net Position	\$ 12,239,727	\$ 43,787	\$ 81,606	\$ 12,365,120	\$ 11,804,378

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Statements of Revenues, Expenses and Changes in Net Position

New York City
Housing Development
Corporation
2012 Financial Statements

Year ended October 31, 2012 (with comparative summarized financial information for the year ended October 31, 2011) (in thousands)

	Discretely Presented Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2012	2011
(as restated)					
Operating Revenues					
Interest on loans (note 4)	\$ 203,793	\$ -	\$ -	\$ 203,793	\$ 185,271
Fees and charges (note 7)	54,947	-	1,799	56,746	43,306
Income on loan participation interests (note 6)	2,266	-	-	2,266	4,468
Other	2,430	-	3	2,433	38
Total Operating Revenues	263,436	-	1,802	265,238	233,083
Operating Expenses					
Interest and amortization of bond premium and discount (note 9)	159,196	-	-	159,196	148,794
Salaries and related expenses (note 12)	21,604	-	-	21,604	20,987
Trustees' and other fees	7,443	-	-	7,443	4,399
Bond issuance costs	9,462	-	-	9,462	5,625
Corporate operating expenses (note 10)	5,346	-	-	5,346	5,388
Total Operating Expenses	203,051	-	-	203,051	185,193
Operating Income	60,385	-	1,802	62,187	47,890
Non-operating Revenues (Expenses)					
Earnings on investments (note 3)	26,486	(223)	3,118	29,381	30,751
Other non-operating revenues, net (note 7)	44,136	-	-	44,136	78,325
Payments to REMIC Subsidiary from HDC (note 1)	-	-	-	-	-
Payments from REMIC Subsidiary to HDC	450	-	(450)	-	-
Total Non-operating Revenues, net	71,072	(223)	2,668	73,517	109,076
Change in Net Position	131,457	(223)	4,470	135,704	156,966
Total net position - beginning of year as previously stated	1,450,640	655	77,136	1,528,431	1,292,865
Prior years adjustments - implementation of GASB 65	-	-	-	-	78,600
Total net position - beginning of year as restated	1,450,640	655	77,136	1,528,431	1,371,465
Total Net Position - End of Year as restated	\$ 1,582,097	\$ 432	\$ 81,606	\$ 1,664,135	\$ 1,528,431

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation Statements of Cash Flows

Years ended October 31, 2012 and 2011 (in thousands)

	2012	2011 (as restated)
Cash Flows From Operating Activities		
Mortgage loan repayments	\$ 864,790	\$ 651,587
Receipts from fees and charges	19,417	13,628
Mortgage escrow receipts	128,620	111,531
Reserve for replacement receipts	44,932	39,231
Mortgage loan advances	(1,104,437)	(1,307,305)
Escrow disbursements	(93,127)	(81,537)
Reserve for replacement disbursements	(37,820)	(30,190)
Payments to employees	(19,767)	(19,006)
Payments to suppliers for corporate operating expenses	(5,249)	(5,434)
Project contributions and funds received from NYC	112,391	95,081
Advances and other payments for NYC	(84,677)	(142,542)
Bond cost of issuance	(367)	(607)
Other receipts	363,619	488,422
Other payments	(335,273)	(149,243)
Net Cash Used in Operating Activities	(146,948)	(336,384)
Cash Flows From Non Capital Financing Activities		
Proceeds from sale of bonds	1,228,486	685,105
Retirement of bonds	(916,191)	(674,397)
Interest paid	(156,574)	(145,457)
Grant proceeds from BPCA	37,015	38,238
Payments from component units	-	440
Payments to component units	1,250	(10,200)
Net Cash (Used in) Provided by Non Capital Financing Activities	193,986	(106,271)
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(642)	(85)
Net Cash Used in Capital and Related Financing Activities	(642)	(85)
Cash Flows From Investing Activities		
Sale of investments	13,820,041	18,233,199
Purchase of investments	(13,877,049)	(17,990,826)
Interest and dividends collected	23,881	28,831
Net Cash Provided by (Used in) Investing Activities	(33,127)	271,204
Increase (Decrease) in cash and cash equivalents	13,269	(171,536)
Cash and cash equivalents at beginning of year	1,278,994	1,450,530
Cash and Cash Equivalents at End of Year	\$ 1,292,263	\$ 1,278,994

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Statements of Cash Flows (continued)

Years ended October 31, 2012 and 2011 (in thousands)

	2012	2011
		(as restated)
Reconciliation of Operating Income to Net Cash Used in Operating Activities:		
Operating Income	\$ 60,385	\$ 46,407
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expenses	316	128
Amortization of bond discount and premium	(3,674)	(1,452)
Net cash provided by non-operating activities	156,574	145,474
Changes in Assets and Liabilities:		
Mortgage loans	(450,217)	(960,624)
Accrued interest receivable	562	(21,294)
Other receivables	70,727	32,629
Primary government/component unit receivable (payable)	(106,763)	59,531
Other assets	988	(9,707)
Payable to The City of New York	178,046	20,552
Payable to mortgagors	32,356	76,687
Accounts and other payables	(106,781)	281,988
Due to the United States Government	4	-
Restricted earnings on investments	(1,209)	(6,096)
Unearned revenues, amounts received in advance and other liabilities	16,625	(4,641)
Accrued interest payable	5,113	4,034
Net Cash Used in Operating Activities	\$ (146,948)	\$ (336,384)
Non Cash Investing Activities:		
(Decrease) increase in fair value of investments	\$ 1,859	\$ (271)

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2012

Note 1: Organization

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

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

Pursuant to Governmental Accounting Standards Board Statement (“GASB”) No. 14, “The Financial Reporting Entity,” the Corporation’s financial statements are included in the City’s financial statements as a component unit for financial reporting purposes.

Primary Government Entity

For the purpose of these financial statements, the Corporation is the primary government entity. Financial activity in HDC’s bond and loan programs and in its Corporate Services Fund are aggregated and reported in the financial statements under Housing Development Corporation. The Corporation sells bonds, administers bond proceeds and manages bond revenues and repayments in accordance with bond resolutions adopted by its Board Members (See Note 9: “Bonds Payable”). Bond proceeds are used to make loans and provide for related costs and reserves, and loan repayments are applied to pay principal and interest on the related bonds (See Note 4: “Mortgage Loans”; Note 5: “Notes Receivable”; and Note 6: “Loan Participation Receivable for The City of New York”). Corporation resources that are not pledged under or governed by a bond resolution are managed in the Corporate Services Fund. This fund accounts for (1) fees and earnings transferred from the bond and loan programs; (2) fees earned on loans serviced for HDC and for the City; (3) income from Corporate Services Fund investments; (4) grant revenues; (5) payments of the Corporation’s operating expenses; (6) loan assets made with corporate funds; (7) tax credit monitoring fees; and (8) Section 8 administrative fees which will no longer be a source of income due to the expiration of the contract during fiscal year 2012.

New York City Housing Development Corporation

Notes to the Financial Statements

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The Corporation currently has two active subsidiaries that are reported as Discretely Presented Component Units in the financial statements and two inactive subsidiaries.

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

Discretely Presented Component Units

(A) Housing Assistance Corporation

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

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

(B) New York City Residential Mortgage Insurance Corporation

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

REMIC is required to maintain three reserves. The Housing Insurance Fund can be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts issued by REMIC. The Housing Insurance Fund requirement as of any particular date is established by statute and must be in an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to housing insurance contracts, plus (ii) twenty percent of the insured amounts under housing insurance contracts other than insured amounts which are due and payable pursuant to (i) above, plus

New York City Housing Development Corporation

Notes to the Financial Statements

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(iii) twenty percent of the amounts to be insured under REMIC's commitments to insure. The Housing Insurance Fund requirement at October 31, 2012 is \$48,900,000.

REMIC must also maintain a Mortgage Insurance Fund which shall be used solely for the payment of liabilities arising from mortgage insurance contracts of the Old REMIC. The Mortgage Insurance Fund requirement at October 31, 2012 is \$138,000, which constitutes one hundred percent of Old REMIC's insured mortgage loans.

Any income or interest earned on these two reserves in excess of their respective requirements is transferred at least annually to the Premium Reserve Fund. The Premium Reserve Fund must also be maintained to provide for the payment of REMIC's liabilities arising from its operations, including liabilities arising from housing and mortgage insurance contracts. REMIC also maintains an Operating Fund for operation purposes. As a subsidiary of HDC, REMIC functions are administered by the Corporation. The Premium Reserve Fund and Operating Fund have a combined balance of \$31,429,000 at October 31, 2012. REMIC is reported as a component unit because HDC's Members comprise a controlling majority of the Board and HDC's staff provides all services for REMIC.

(C) Housing New York Corporation

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

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

Blended Component Unit

(D) Real Estate Owned Corporation

The NYC HDC Real Estate Owned Corporation ("REO Subsidiary Corporation"), was established under Section 654-a of the Act on September 20, 2004. The REO Subsidiary Corporation has the power to hold property whenever, in the sole discretion of the Corporation, it has become necessary to acquire a project in the case of sale under foreclosure or in lieu of foreclosure to effectuate the purposes of the Act. There was no activity undertaken by this subsidiary during fiscal year 2012. The REO Subsidiary Corporation is treated as a blended component unit of HDC.

Note 2: Summary of Significant Accounting Policies

The Corporation follows the principles of fund accounting, with a sub-fund for each bond series, for the Corporate Services Fund, and for each component unit. Each fund's assets, liabilities and net position are accounted for as separate entities and follow enterprise fund reporting. Certain individual funds are aggregated into larger categories for the purpose of financial reporting. The accompanying financial

New York City Housing Development Corporation

Notes to the Financial Statements

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statements are presented using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred.

In its accounting and financial reporting, the Corporation follows the pronouncements of GASB.

Other significant accounting policies are:

A. Revenue and Expense Recognition

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

Operating expenses include bonding costs, expenses for administering the various bond resolutions, personnel expenses, corporate operating expenses, bond issuance and financing costs, and depreciation expense. The Corporation reports all other expenses, including distributions of first mortgage earnings to the City in connection with loan participations and the payment, if necessary, of mortgage loan principal receipts on bond payments, as non-operating expenses. Expenses are recognized as incurred. Virtually all resources are either restricted or designated. Net assets have been restricted in accordance with terms of an award, agreement or by state law. Designated assets are committed for specific purposes pursuant to HDC policy and/or Board directives. Please see Note 18: "Net Position" for more detailed information.

B. Cash Equivalents and Investments

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

Generally Accepted Accounting Principles ("GAAP") generally require that restricted assets be reported as non-current assets. In the case of cash equivalents and investments, this treatment generally causes restricted investments with maturities less than one year to be reported as non-current. However, to more accurately report the alignment of HDC's current liability for payment of bond principal and interest with funds available to satisfy these liabilities, HDC has included in Current Assets the cash, cash equivalents and investments held as of October 31, 2012 to cover \$423,698,000 for payment of bond principal and interest due in the following year.

C. Purpose Investments

As part of its financing activities, HDC has made four housing development loans that are secured by GNMA certificates rather than mortgages on the related properties. The GNMA certificates provide payments at such times and in such amounts as to fully repay the respective HDC loans, and are the only source of repayment for these loans. As such, the GNMA certificates are treated under U.S. Treasury

New York City Housing Development Corporation

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regulations as acquired program obligations. The GNMA certificates are classified in the financial statements as purpose investments and identified separately from other investments and restricted investments in the financial statements. However, interest earned on the GNMA certificate is included in investment income.

It is the Corporation's policy to record GNMA's at amortized cost, which amounted to \$154,044,000 and \$186,644,000, at October 31, 2012 and October 31, 2011, respectively. The fair value of these purpose investments amounted to \$165,926,000 and \$193,380,000, at October 31, 2012 and at October 31, 2011, respectively. In July 2012, the \$27,827,000 Carnegie East GNMA was called and the proceeds will be used to redeem related bonds in the next fiscal year.

D. Earnings on Investments

Earnings on investments include interest income and changes in fair market value. Investment earnings on monies held for the City, project reserves for replacement and certain other project escrows are not reported as revenues; rather, they are reported as payable to the City or payable to mortgagors, respectively.

E. Allowance for Credit Losses

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

F. Summarized Financial Information

The financial statements include summarized comparative information for the year ended October 31, 2011 in total but not by reporting unit. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended October 31, 2011 (which are available from the Corporation and on its website).

G. Recent Adoption of GASB Accounting Pronouncements

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre - November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements* ("GASB 62"). This Standard will improve financial reporting by incorporating into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB 62 will supersede Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. The

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provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011; however the Corporation elected to early-adopt GASB No. 62 during the year ended October 31, 2012. The adoption of GASB 62 did not have any impact on the presentation of the Corporation's financial statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"). The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Amounts that are required to be reported as deferred outflows should be reported in a statement of financial position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011; however the Corporation elected to early-adopt GASB 63 during the year ended October 31, 2012. The adoption of GASB 63 resulted in a change in the presentation of the Balance Sheets to what is now referred to as the Statements of Net Position and the term "net assets" is changed to "net position" throughout the financial statements.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments; Application of Hedge Accounting Termination Provisions* ("GASB 64"). The objective of this Statement is to clarify GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as it applies to termination provisions when a counterparty of an interest rate or commodity swap is replaced. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. The Corporation does not have significant interest rate or commodity swaps; therefore the implementation of GASB 64 did not have an impact on its financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"). The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012; however the Corporation elected to early-adopt GASB 65 during the year ended October 31, 2012. Refer to Note 2(H) "Impact of the Adoption of GASB 65" for further information regarding the impact of the adoption of GASB 65 on the financial statements.

H. Impact of the Adoption of GASB 65

In March, 2012, the GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities (GASB No. 65)". This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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The Corporation adopted GASB Statement No.65 effective November 1, 2011. In connection with the adoption of this new standard all of the Corporation's accounts were analyzed by management in order to assess the impact on the financial statements. The implementation of this new standard resulted in the modification of the method previously used to account for the cost of issuance associated with the Corporation's numerous bond issuances, commitment and financing fees received by the Corporation in connection with the issuance of project loans, and the expenses and costs incurred on bond refunding. In accordance with the requirements of this new standard, the Corporation's Net Position as of October 31, 2010 and the Corporation's Statement of Revenues, Expenses and Changes in Net Position were restated to reflect the required adjustments. As a result the following restatements have been made to the Corporation's financial statements.

	As Previously Reported	Adjustment	Restated
<u>As of October 31, 2010</u>			
Net Position	\$ 1,292,865	78,600	1,371,465
<u>For the year ended October 31, 2011</u>			
Fees and Charges	41,798	1,508	43,306
Amortization of debt issuance cost	7,038	(7,038)	—
Bond issuance costs	—	5,625	5,625
Operating Income	44,969	2,921	47,890
Changes in Net Position	154,045	2,921	156,966
<u>As of October 31, 2011</u>			
Unamortized Issuance Cost	48,451	(48,451)	—
Bonds payable, net (noncurrent)	8,007,673	12,390	8,020,063
Unearned revenues, amounts received in advance and other liabilities	164,600	(142,362)	22,238
Net Position	\$ 1,446,910	81,521	1,528,431

I. Recent and Upcoming Accounting Pronouncements

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012* (“GASB 66”). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Corporation does not anticipate the implementation of GASB 66 will have an impact on its financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (“GASB 67”). The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. The provisions of this Statement are effective

New York City Housing Development Corporation

Notes to the Financial Statements

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for financial statements for periods beginning after June 15, 2013. GASB 67 will not have an impact on the Corporation.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”). The objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Corporation has not completed the process of evaluating the impact of GASB 68 on its financial statements.

Note 3: Investments and Deposits

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation’s respective bond resolutions. Investment policies are set for the Corporation by the Members of the Corporation on an annual basis, through the annual adoption of written investment guidelines. Investments are reviewed on a periodic basis by the Corporation’s Audit Committee. Day-to-day investment decisions are made by the Corporation’s Investment Committee. The Corporation principally invests in securities of the United States and its agencies, open time deposits (“OTDs”) in the form of investment agreements, demand accounts, and repurchase agreements. In fiscal year 2012, HDC continued investing in taxable municipal bonds of New York State and New York City, consistent with the Corporation’s statute and Investment Guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2012. According to management, the Corporation is not in violation of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, are held by the Corporation or its agents in the Corporation’s name. Bond program investments are held by the trustee of the applicable program. All investment transactions are recorded on a delivery basis.

New York City Housing Development Corporation

Notes to the Financial Statements

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As of October 31, 2012, the Corporation had the following investments.

Investment Type <i>(in thousands)</i>	<u>Investment Maturities at October 31, 2012 (in Years)</u>				
	2012	Less than 1	1-5	6-10	More than 10
Money Market and NOW Accounts	\$1,042,843	1,042,843	—	—	—
U.S. Treasury (Bonds, Notes, Bills)	336,899	332,283	—	4,616	—
Open Time Deposits	217,793	255	189,170	—	28,368
Fixed Repurchase Agreements	191,999	191,999	—	—	—
FHLB	184,461	98,702	—	44,553	41,206
FHLMC	126,475	31,156	50,492	20,041	24,786
FNMA	103,053	—	—	22,183	80,870
NYS/ NYC Municipal Bonds *	78,067	5,108	44,885	—	28,074
Certificates of Deposit	68,011	68,011	—	—	—
Federal Farm Credit Bonds	33,364	—	—	33,364	—
Term Repurchase Agreements	1,190	—	1,190	—	—
Total	2,384,155	1,770,357	285,737	124,757	203,304
Less amounts classified as cash					
Equivalents	(1,258,331)	(1,258,331)	—	—	—
Total investments	\$1,125,824	512,026	285,737	124,757	203,304

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

In addition to the investments identified above, as of October 31, 2012 and 2011, the Corporation held \$33,932,000 and \$9,117,000, respectively, uninvested as cash in various trust and escrow accounts.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's Investment Guidelines charge the Investment Committee with "...determining appropriate investment instruments...based on...length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs.

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

As of October 31, 2012, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") and Federal Home Loan Bank ("FHLB") were rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae, Freddie Mac, FHLB, Farmer MAC and Federal Farm Credit Bank are collectively referred to as "Agency"). These ratings were AA+ and A-1+ by Standard & Poor's, and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. Investments in Fannie Mae, Freddie Mac and FHLB are implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings from AAA to BBB+. Money markets accounts are not rated; however the providers are rated and they are backed by either collateral held or letters of credit provided by third parties.

New York City Housing Development Corporation

Notes to the Financial Statements

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Ratings for investments in NYS/NYC municipal bonds are based on the issuers rating for its general obligation debt or the rating of their letter-of-credit providers, as the case may be. The letter-of-credit providers' ratings carried a range from BBB to AAA, and Aa1 to Baa2, by Standard & Poor's and Moody's Investors Service, respectively. The remaining investments, short term and long term, that were rated by Standard & Poor's and/or Moody's Investors Service were rated from AA+ to BBB, and Aaa to Baa2. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings from AAA to BBB+. Money Market, Open Time Deposits and Repurchase Agreements in the form of OTDs are not rated; however, the providers are rated.

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

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

As of October 31, 2012, open time deposits in the amount of \$6,588,000, repurchase agreements in the amount of \$193,189,000, certificates of deposit in the amount of \$68,011,000, and demand accounts in the amount of \$1,042,843,000 were collateralized by high quality instruments such as U.S. Treasury Notes, U.S. Treasury Bills, and Agency investments and Letter of Credits held by the Corporation's agent in the name of the Corporation. A portion of collaterals supporting the demand accounts were in the form of FHLB letters of credit. All such investments are not subject to custodial credit risk.

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposit may not be returned to it. HDC limits its deposits to highly rated institutions, and such deposits are either in trust accounts or insured through the Federal Deposit Insurance Corporation ("FDIC"). HDC bank deposits amounted to \$18,108,000 as of October 31, 2012, of which \$9,771,000 was secured in trust accounts, which are protected under state law. \$8,338,000 was held in Demand Deposit Accounts ("DDA"). Under the deposit insurance provision of the Dodd-Frank Act, all funds in a "noninterest-bearing transaction account" are insured in full by the FDIC from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. All of the Corporation's funds held in the DDA are covered under this provision.

Concentration of Credit Risk: The Corporation reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports to the Members of the Corporation's Audit Committee.

New York City Housing Development Corporation

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The following table shows issuers that represent 5% or more of total investments at October 31, 2012 (\$ in thousands):

Issuer	Dollar Amount	Percentage
Signature Bank*	\$494,581	20.74%
JP Morgan Bank	232,198	9.74
FHLB	184,461	7.74
Credit Agricole	182,937	7.67
Mizuho Securities	167,217	7.01
HSBC	157,644	6.61
FHLMC	126,475	5.30

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

Note 4: Mortgage Loans

The Corporation had outstanding, under various loan programs, mortgage loans of \$8,516,076,000 and \$8,131,798,000 as of October 31, 2012 and 2011, respectively. These amounts represent the portion of mortgage loans for which the Corporation has advanced monies. The portion of mortgage loans that has not yet been advanced is recorded as investments and this amounted to \$800,940,000 and \$671,817,000 at October 31, 2012 and October 31, 2011, respectively. (See Note 15: "Commitments".)

Changes in Mortgage Loans

The changes in Mortgage Loans are as follows:

Mortgage loans outstanding at October 31, 2010	\$7,279,644,000
Mortgage Advances	1,334,622,000
Principal Collections	(486,246,000)
Discount/Premium Amortized	3,778,000
Mortgage loans outstanding at October 31, 2011	8,131,798,000
Mortgage Advances	1,128,828,000
Principal Collections	(744,745,000)
Discount/Premium Amortized	195,000
Mortgage loans outstanding at October 31, 2012	\$8,516,076,000

(A) New York City Housing Development Corporation

The HDC mortgage loans listed above were originally repayable over terms of 5 to 50 years and bear interest at rates from 0.03% to 10.36% per annum. Almost all mortgage loans receivable are collateralized by first or second mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. The table above does not include loans which are not secured by mortgages, which include a military housing loan and a loan to the New York City Housing Authority ("NYCHA"), each of which are secured by notes (See Note 5: "Notes Receivable"), and loans secured by GNMA certificates (See Note 2C: "Purpose Investments"). Of the total HDC mortgages including those that are in the Mitchell-Lama programs held as of October 31, 2012, 79% are first mortgages and 21% are subordinate loans.

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(B) Housing Assistance Corporation

The Housing Assistance Corporation financed construction and capitalized interest costs for eight affordable housing projects during the period of 1986 to 1990. These loans, funded by the City, accrue interest at the rate of 0-1% per annum. As of October 31, 2012, there were five loans remaining and the total outstanding loan balance was \$29,999,000 and \$30,208,000 at October 31, 2012 and October 31, 2011, respectively.

Note 5: Notes Receivable

HDC has two loans outstanding that are secured by notes and pledged revenues. Military Housing Notes Receivable of \$46,290,000 was received in connection with the 2004 Series A Class I & II Military Housing Revenue Bond (Fort Hamilton LLC Project) issuance. The notes are secured by pledged revenues of the development under a Master Trust Indenture. The interest rate on the mortgage loan is a blended rate of 6.32% which is equal to the bond interest rate. The interest on the mortgage is collected semi-annually on the debt service date.

In addition, notes receivable from NYCHA in connection with the Corporation's 2005 Series A Capital Fund Program Revenue Bond issuance was \$232,378,000 at October 31, 2012. This note is secured under a Master Trust Indenture by NYCHA's pledge of HUD's annual appropriation of public housing capital funds to NYCHA.

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

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

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

At issuance, the 2002 Series D and 2003 Series D bonds were substantially over collateralized by their respective total loan assets. In April 2006, the Corporation issued its Multi-Family Housing Revenue Bonds, "2006 Series A" bonds to refinance the 2002 Series D and 2003 Series D bonds. At the time, the principal amount of the Sheridan Trust II had a balance of \$211,455,000 that was transferred to the 2006 Series A bond program. As of October 31, 2012, the principal amount was \$70,271,000. The remaining \$693,797,000 in "Loan Participation Receivable - The City of New York" represents the excess face

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amount of collateral over the related bonds. In each case, the “Loan Participation Receivable - The City of New York” are pledged to the associated bonds but revert to the City when such bonds are retired. (See Note 11: “Payable to The City of New York”.)

Note 7: Other Receivables

Other Receivables of \$18,651,000 represent mortgage related fees, servicing fees receivable and Corporate Services Fund loans not secured by mortgages on the properties, interest and servicing fees receivable on HPD loans serviced (but not owned) by HDC, and 421-A grant funds due to be received from the Battery Park City Authority (“BPCA”).

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

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

On June 6, 2012, the Corporation received the second grant installment of \$37,015,000 from BPCA and recognized the third grant revenue installment in the amount of \$46,143,000 in fiscal year 2012, which is expected to be received in fiscal year 2013.

Note 8: Other Non Current Assets and Deferred Outflow of Resources

(A) Other Non Current Assets

Other non-current assets totaled \$10,010,000 at October 31, 2012, and consist of the unamortized value of the “2011 Participation Interest”. On June 27, 2011, a trust created by the City was dissolved and the Corporation and the City entered into the 2011 Participation Agreement. The trust when created consisted of a trust of the pledge of the income from Interest Reduction Payment Contracts (“Section 236 Contracts”) from the Federal government on 32 developments. Under the 2011 Participation Agreement, the Corporation holds a 100% participation interest in the second mortgages and related Section 236 Contracts on the remaining nine properties. The Corporation paid the City \$10,266,000 as the purchase price, which represents the discounted value of the future cash flows (monthly interest reduction payments).

The “2012 Participation Interest”, described further in Note 11, relates to other assets and was recorded as other assets and will be amortized over the period until 2025. During fiscal year 2012, \$198,000 was amortized and was recorded as a non-operating expense. The unamortized value of the 2012

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Participation Interest was \$10,010,000 at October 31, 2012.

The value of purchased cash flows relating to the 223(f) Program was fully amortized by October 31, 2012. These cash flows were purchased by the Corporation from The City of New York in fiscal year 1996. The purchase price amounts, representing the discounted value of the future cash flows, were recorded as an asset and have been amortized over the remaining mortgage life. In October 2012, the Corporation issued its Multi-Family Housing Revenue Bonds 2012 Series H and its bond proceeds were used to repay the City for money used to redeem the remaining 223(f) outstanding bonds. The underlying mortgages in the 223(f) bond series were transferred to the 2012 Series H bonds, and as a result, the remaining unamortized value of \$2,852,000 purchased cash flow was fully recognized.

(B) Deferred Outflow of Resources

Interest rate caps are used to mitigate the Corporation's exposure to rising interest rates on its variable rate debt. At October 31, 2012, the value of the interest rate cap for the Open Resolution was \$1,586,000.

Note 9: Bonds Payable

The Corporation's authority to issue bonds and notes for any corporate purpose is limited by the Act to the extent that (i) the aggregate principal amount outstanding may not exceed \$10.25 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not exceed \$85 million. No bonds are currently subject to the Capital Reserve Fund requirement. These limits may be changed from time to time through State legislation. During the year ended October 31, 2012, the limit on the aggregate principal amount outstanding remains unchanged at \$10.25 billion.

Bond Programs

The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the bond programs described below. As of October 31, 2012, the Corporation had bonds outstanding in the aggregate principal amount of \$8,796,629,000. All of the bonds are separately secured, except for the bonds issued under the General Resolution which are equally and ratably secured by the assets pledged under the General Resolution (See "*C. Housing Revenue Bond Program*" below). None of the bonds under the bond programs described in "*A. Multi-Family Mortgage Revenue Bond Program*", "*D. Liberty Bond Program*", and "*E. Section 223(f) Refinancing Bond Program*" provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

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

(1) Rental Projects; Fannie Mae or Freddie Mac Enhanced: The Corporation has issued tax-exempt and/or taxable bonds which either (i) are secured by mortgage loan payments, which payments are secured by obligations of Fannie Mae under various collateral agreements, (ii) are secured by a Direct

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Pay Credit Enhancement Instrument issued by Fannie Mae or (iii) are secured by a Direct Pay Credit Enhancement Agreement with Freddie Mac.

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

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

(4) Senior Housing; Letter of Credit Enhanced: The Corporation has issued tax-exempt obligations to finance a mortgage loan for low-income senior housing, which obligations are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(5) Cooperative Housing; Letter of Credit Enhanced: The Corporation has issued taxable obligations in order to fund underlying mortgage loans to cooperative housing developments, which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(6) Rental Projects; Not Rated: The Corporation has issued bonds to provide financing for rental projects, which bonds are not rated by a rating agency and are directly purchased by a qualified financial institution which is obligated to purchase the underlying note and mortgage in the event of non-payment by the mortgagor, resulting in the redemption of the related bonds.

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

C. Housing Revenue Bond Program. Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under its General Resolution which include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, SONYMA-insured mortgage loans, GNMA mortgage-backed securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments. As of October 31, 2012, one hundred and sixty-eight (168) series of bonds have been issued under the Housing Revenue Bond Program including the Corporation's Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), 2009 Series 1 and 2009 Series 2, which are separately secured and then by the General Resolution.

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

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E. Section 223(f) Refinancing Bond Program. Under this program, the Corporation acquired mortgages originally made by the City, obtained federal insurance thereon and either sold such insured mortgages or issued its obligations secured by said insured mortgages and paid the net proceeds of the sale of such mortgages or issuance of obligations to the City. Each series of bonds issued under this program was secured by a mortgage loan insured by FHA pursuant to Section 223(f) of Title II of the National Housing Act of 1934, as amended (the “National Housing Act”). Debt service on each series of bonds is paid only from monies received on account of the applicable mortgage loan securing such series, including, with respect to certain projects, interest reduction subsidy payments received by the Corporation pursuant to Section 236 of the National Housing Act. All bonds under this program have now been redeemed.

F. Capital Fund Revenue Bond Program. Under this program, the Corporation has issued tax-exempt obligations in order to assist the New York City Housing Authority with the execution of a multi-year construction initiative that addressed critical capital improvement needs of their aging housing portfolio.

Changes in Bonds Payable:

The summary of changes in Bonds Payable was as follows:

Bonds Payable outstanding at October 31, 2010 (as restated)	\$8,487,448,000
Bonds Issued	684,995,000
Bond Principal Retired	(674,397,000)
Net Premium/Discount on Bonds Payable	(1,342,000)
<hr/>	
Bonds Payable outstanding at October 31, 2011	\$8,496,704,000
Bonds Issued	1,228,510,000
Bond Principal Retired	(916,191,000)
Net Premium/Discount on Bonds Payable	(3,698,000)
<hr/>	
Bonds Payable outstanding at October 31, 2012	<u>\$8,805,325,000</u>

Details of changes in HDC bonds payable for the year ended October 31, 2012 were as follows:

Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<hr/>					
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					

MULTI-FAMILY MORTGAGE REVENUE BOND PROGRAM:

*Multi-Family Rental Housing Revenue Bonds –
Rental Projects; Fannie Mae or Freddie Mac
Enhanced*

1997 Series A Related-Carnegie Park Project— 0.03% to 0.24% Variable Rate Bonds due upon demand through 2019.....	\$ 66,800	—	—	66,800	—
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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
1997 Series A Related-Monterey Project— 0.03% to 0.24% Variable Rate Bonds due upon demand through 2019.....	104,600	—	—	104,600	—
1997 Series A Related-Tribeca Tower Project— 0.04% to 0.26% Variable Rate Bonds due upon demand through 2019.....	55,000	—	—	55,000	—
1998 Series A Jane Street Development— 0.06% to 0.28% Variable Rate Bonds due upon demand through 2028.....	16,450	—	—	16,450	—
1998 Series A One Columbus Place Project— 0.06% to 0.28% Variable Rate Bonds due upon demand through 2028.....	142,300	—	—	142,300	—
1999 Series A West 43rd Street Project—0.06% to 0.30% Variable Rate Bonds due upon demand through 2029.....	51,900	—	—	51,900	—
1999 Series A Brittany Development Project— 0.06% to 0.30% Variable Rate Bonds due upon demand through 2029.....	57,000	—	—	57,000	—
2000 Series A Related West 89 th Street Development—0.05% to 0.24% Variable Rate Bonds due upon demand through 2029.....	53,000	—	—	53,000	—
2001 Series A Queenswood Refunding—0.03% to 0.24% Variable Rate Bonds due upon demand through 2031.....	10,800	—	—	10,800	—
2001 Series A Related Lyric Development— 0.06% to 0.28% Variable Rate Bonds due upon demand through 2031.....	85,000	—	—	85,000	—
2001 Series B (Federally Taxable) Related Lyric Development—0.13% to 0.19% Variable Rate Bonds due upon demand through 2031.....	4,000	—	—	4,000	—
2002 Series A James Tower Development— 0.03% to 0.24% Variable Rate Bonds due upon demand through 2032.....	20,220	—	(335)	19,885	—
2002 Series A The Foundry—0.06% to 0.28% Variable Rate Bonds due upon demand through 2032.....	55,100	—	—	55,100	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2012)</i>	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
2003 Series A Related-Sierra Development— 0.06% to 0.28% Variable Rate Bonds due upon demand through 2033.....	56,000	—	—	56,000	—
2004 Series A West End Towers—0.06% to 0.28% Variable Rate Bonds due upon demand through 2034.....	135,000	—	—	135,000	—
2004 Series A Related-Westport Development—0.06% to 0.28% Variable Rate Bonds due upon demand through 2034.....	110,000	—	—	110,000	—
2004 Series B (Federally Taxable) Related- Westport Development—0.13% to 0.19% Variable Rate Bonds due upon demand through 2034.....	13,800	—	—	13,800	—
2005 Series A Royal Charter Properties— 0.03% to 0.24% Variable Rate Bonds due upon demand through 2035.....	89,200	—	—	89,200	—
2005 Series A Atlantic Court Apartments— 0.06% to 0.28% Variable Rate Bonds due upon demand through 2035.....	83,700	—	—	83,700	—
2005 Series B (Federally Taxable) Atlantic Court Apartments—0.13% to 0.22% Variable Rate Bonds due upon demand through 2035.....	16,600	—	(1,000)	15,600	—
2005 Series A The Nicole Development— 0.06% to 0.28% Variable Rate Bonds due upon demand through 2035.....	54,600	—	—	54,600	—
2005 Series B (Federally Taxable) The Nicole Development—0.13% to 0.20% Variable Rate Bonds due upon demand through 2035.....	7,900	—	(600)	7,300	—
2005 Series B Progress of People Development—3.50% to 4.95% Term Bonds maturing in varying installments through 2036	50,925	—	(950)	49,975	995
2006 Series A Rivereast Apartments – 0.04% to 0.26% Variable Rate Bonds due upon demand through 2036.....	50,000	—	—	50,000	—
2006 Series B (Federally Taxable) Rivereast Apartments – 0.21% to 0.26% Variable Rate Bonds due upon demand through 2036.....	5,200	—	(600)	4,600	—

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2006 Series A Seaview Towers – 3.70% to 4.75% Serial & Term Bonds maturing in varying installments through 2039.....	22,400	—	(1,015)	21,385	1,055
2007 Series A Ocean Gate Development – 0.04% to 0.26% Variable Rate Bonds due upon demand through 2040.....	8,445	—	—	8,445	—
2007 Series B Ocean Gate Development – 4.80% to 5.35% Term Bonds maturing in varying installments through in 2025.....	13,630	—	(650)	12,980	690
2007 Series A West 61 st Street Apartments — 0.05% to 0.24% Variable Rate Bonds due upon demand through 2037.....	54,000	—	—	54,000	—
2007 Series B (Federally Taxable) West 61 st Street Apartments — 5.63% Fixed Rate Term Bonds due 2019.....	10,795	—	(1,055)	9,740	1,125
2007 Series A 155 West 21 st Street Apartments —0.05% to 0.24% Variable Rate Bonds due upon demand through 2037	37,900	—	—	37,900	—
2007 Series B (Federally Taxable) 155 West 21 st Street Apartments —0.12% to 0.24% Variable Rate Bonds due upon demand through 2037.....	13,600	—	(500)	13,100	300
2008 Series A Linden Plaza — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2043.....	69,615	—	(1,375)	68,240	1,455
2009 Series A Gateways Apartments – 2.65% to 4.5% Term Bonds due upon demand through 2025.....	21,820	—	(215)	21,605	225
2009 Series A Lexington Courts — 0.03% to 0.24% Variable Rate Bond due upon demand through 2039.....	25,500	—	—	25,500	—
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>					
1995 Series A Columbus Apartments Development—0.03% to 0.24% Variable Rate Bonds maturing in varying installments through 2025.....	21,870	—	(21,870)	—	—

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2001 Series A West 48th Street— 0.06% to 0.28% Variable Rate Bonds due upon demand through 2034.....	20,000	—	—	20,000	—
2002 Series A First Ave Development — 0.06% to 0.28% Variable Rate Bond due upon demand through 2035.....	44,000	—	—	44,000	—
2004 Series A Aldus Street Apartments— 0.04% to 0.26% Variable Rate Bonds due upon demand through 2037.....	8,100	—	—	8,100	—
2004 Series A 941 Hoe Avenue Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2037.....	6,660	—	—	6,660	—
2004 Series A Peter Cintron Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2037.....	7,840	—	—	7,840	—
2004 Series A State Renaissance Court—0.04% to 0.26% Variable Rate Bonds due upon demand through 2037.....	35,200	—	—	35,200	—
2004 Series A Louis Nine Boulevard Apartments —0.05% to 0.24% Variable Rate Bonds due upon demand through 2037.....	7,300	—	—	7,300	—
2004 Series A Courtlandt Avenue Apartments —0.05% to 0.24% Variable Rate Bonds due upon demand through 2037.....	7,905	—	—	7,905	—
2004 Series A Ogden Avenue Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2038.....	4,760	—	—	4,760	—
2004 Series A Nagle Courtyard Apartments — 0.04% to 0.260% Variable Rate Bonds due upon demand through 2038.....	4,200	—	—	4,200	—
2005 Series A Morris Avenue Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2038.....	14,700	—	—	14,700	—
2005 Series A Vyse Avenue Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2038.....	4,335	—	—	4,335	—

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2005 Series A —33 West Tremont Avenue Apartments —0.04% to 0.26% Variable Rate Bonds due upon demand through 2038.....	3,490	—	—	3,490	—
2005 Series A Ogden Avenue Apartments II — 0.08% to 0.29% Variable Rate Bonds due upon demand through 2038.....	2,500	—	—	2,500	—
2005 Series A White Plains Courtyard Apartments — 0.07% to 0.29% Variable Rate Bonds due upon demand through 2038.....	4,900	—	—	4,900	—
2005 Series A Highbridge Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2039.....	13,600	—	—	13,600	—
2005 Series A 89 Murray Street Development — 0.06% to 0.28% Variable Rate Bonds due upon demand through 2039.....	49,800	—	—	49,800	—
2005 Series A 270 East Burnside Avenue Apartments — 0.05% to 0.24% Variable Rate Bonds due upon demand through 2039.....	6,400	—	—	6,400	—
2006 Series A Reverend Ruben Diaz Gardens Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2038.....	6,400	—	—	6,400	—
2006 Series A Villa Avenue Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2039.....	5,990	—	—	5,990	—
2006 Series A Bathgate Avenue Apartments — 0.04% to 0.26% Variable Rate Bonds due upon demand through 2039.....	4,435	—	—	4,435	—
2006 Series A Spring Creek Apartments I & II — 0.06% to 0.28% Variable Rate Bonds due upon demand through 2039.....	24,000	—	—	24,000	—
2006 Series A Linden Boulevard Apartments — 3.90% to 4.75% Serial and Term Bonds maturing in varying installments through 2039	13,610	—	(210)	13,400	220
2006 Series A Markham Garden Apartments — 0.06% to 0.28% Variable Rate Bond due upon demand through 2040.....	16,000	—	—	16,000	—

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2008 Series A 245 East 124 th Street – 0.03% to 0.24% Variable Rate Bonds due upon demand through 2046.....	40,000	—	(4,600)	35,400	—
2008 Series A Hewitt House Apartments — 0.05% to 0.24% Variable Rate Bonds due upon demand through 2048.....	4,100	—	—	4,100	—
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>					
2003 Series A (AMT) Related-Upper East — 0.17% to 0.39% Variable Rate Bonds due upon demand through 2036.....	67,000	—	—	67,000	—
2003 Series B (Federally Taxable) Related-Upper East — 0.33% to 0.50% Variable Rate Bonds due upon demand through 2036.....	3,000	—	—	3,000	—
2004 Series A Manhattan Court Development — 0.08% to 0.30% Variable Rate Bonds due upon demand through 2036.....	17,500	—	—	17,500	—
2004 Series A East 165 th Street Development — 0.08% to 0.30% Variable Rate Bonds due upon demand through 2036.....	7,665	—	—	7,665	—
2004 Series A Parkview Apartments — 0.07% to 0.35% Variable Rate Bonds due upon demand through 2036.....	5,935	—	—	5,935	—
2004 Series A Thessalonica Court Apartments — 0.07% to 0.28% Variable Rate Bonds due upon demand through 2036.....	18,200	—	(300)	17,900	—
2004 Series A Brookhaven Apartments — 0.07% to 0.28% Variable Rate Bonds due upon demand through 2036.....	8,500	—	(100)	8,400	—
2004 Series A Marseilles Apartments — 0.05% to 0.29% Variable Rate Bonds due upon demand through 2034.....	12,225	—	(300)	11,925	—
2005 Series A 2007 LaFontaine Avenue Apartments — 0.08% to 0.30% Variable Rate Bonds due upon demand through 2037.....	3,825	—	—	3,825	—

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2005 Series A La Casa del Sol Apartments — 0.07% to 0.28% Variable Rate Bonds due upon demand through 2037.....	4,850	—	—	4,850	—
2005 Series A 15 East Clarke Place Apartments —0.06% to 0.24% Variable Rate Bonds due upon demand through 2037.....	5,430	—	—	5,430	—
2005 Series A Urban Horizons II Development — 0.07% to 0.28% Variable Rate Bonds due upon demand through 2038.....	5,865	—	(100)	5,765	—
2005 Series A 1090 Franklin Avenue Apartments — 0.08% to 0.31% Variable Rate Bonds due upon demand through 2037.....	2,320	—	—	2,320	—
2005 Series A Parkview II Apartments — 0.08% to 0.31% Variable Rate Bonds due upon demand through 2037.....	4,255	—	—	4,255	—
2005 Series A Grace Towers Development — 0.07% to 0.28% Variable Rate Bonds due upon demand through 2037.....	10,700	—	(200)	10,500	—
2006 Series A Granville Payne Apartments — 0.08% to 0.30% Variable Rate Bonds due upon demand through 2039.....	5,560	—	—	5,560	—
2006 Series A Target V Apartments — 0.07% to 0.28% Variable Rate Bonds due upon demand through 2038.....	6,900	—	(100)	6,800	—
2006 Series A Beacon Mews Development — 0.07% to 0.29% Variable Rate Bonds due upon demand through 2039.....	23,500	—	—	23,500	—
2006 Series A Granite Terrace Apartments – 0.08% to 0.30% Variable Rate Bonds due upon demand through 2038.....	4,060	—	—	4,060	—
2006 Series A Intervale Gardens Apartments – 0.07% to 0.30% Variable Rate Bonds due upon demand through 2038.....	3,115	—	—	3,115	—
2006 Series A 500 East 165 th Street Apartments – 0.09% to 0.33% Variable Rate Bonds due upon demand through 2039.....	7,255	—	—	7,255	—

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2006 Series A 1405 Fifth Avenue Apartments – 0.08% to 0.30% Variable Rate Bonds due upon demand through 2039.....	14,190	—	—	14,190	—
2007 Series A 550 East 170 th Street Apartments – 0.08% to 0.30% Variable Rate Bonds due upon demand through 2042.....	5,500	—	—	5,500	—
2007 Series A Susan’s Court – 0.08% to 0.31% Variable Rate Bonds due upon demand through 2039.....	24,000	—	—	24,000	—
2007 Series A The Dorado Apartments – 0.08% to 0.31% Variable Rate Bonds due upon demand through 2040.....	3,470	—	—	3,470	—
2007 Series A The Plaza – 0.08% to 0.30% Variable Rate Bonds due upon demand through 2039.....	11,800	—	(100)	11,700	—
2007 Series A Queens Family Courthouse Apartments – 0.05% to 0.27% Variable Rate Bonds due upon demand through 2042.....	78,190	—	(78,190)	—	—
2007 Series A Queens Family Courthouse Apartments – 1.88% to 2.01% Variable Rate Bonds due upon demand through 2047.....	40,000	—	—	40,000	—
2007 Series A Boricua Village Apartments Site A-2 – 0.07% to 0.35% Variable Rate Bonds due upon demand through 2042.....	4,250	—	—	4,250	—
2007 Series A Boricua Village Apartments Site C – 0.07% to 0.40% Variable Rate Bonds due upon demand through 2042.....	6,665	—	—	6,665	—
2007 Series A Cook Street Apartments – 0.07% to 0.30% Variable Rate Bonds due upon demand through 2040.....	4,680	—	—	4,680	—
2008 Series A Las Casas Development –0.11% to 0.29% Variable Rate Bonds due upon demand through 2040.....	36,880	—	(17,680)	19,200	—
2008 Series A Bruckner by the Bridge — 0.07% to 0.37% Variable Rate Bonds due upon demand through 2048.....	68,500	—	(31,700)	36,800	—

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2008 Series A Sons of Italy Apartments — 0.07% to 0.25% Variable Rate Bonds due upon demand through 2048.....	7,670	—	—	7,670	—
2009 Series A-1 Beekman Tower— 0.17% to 0.23% Variable Rate Bonds due upon demand through 2048.....	123,350	—	—	123,350	—
2009 Series A-2 Beekman Tower— 0.18% to 0.24% Variable Rate Bonds due upon demand through 2048.....	61,700	—	—	61,700	—
2010 Series A (Federally Taxable) Via Verde Apartments — 0.12% to 0.30% Variable Rate Bond due upon demand through 2016.....	33,690	—	—	33,690	—
2010 Series A-1 Beekman Tower— 0.15% to 0.23% Variable Rate Bonds due upon demand through 2048.....	76,200	—	—	76,200	—
2010 Series A-2 Beekman Tower— 0.18% to 0.24% Variable Rate Bonds due upon demand through 2048.....	73,850	—	—	73,850	—
2010 Series A 101 Avenue D Apartments — 0.05% to 0.30% Variable Rate Bonds due upon demand through 2043.....	25,000	—	—	25,000	—
2010 Series A Elliot Chelsea Development — 0.05% to 0.27% Variable Rate Bonds due upon demand through 2043.....	41,440	—	—	41,440	—
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>					
2009 Series A The Balton — 0.04% to 0.36% Variable Rate Bonds due upon demand through 2049.....	29,750	—	—	29,750	—
<i>Residential Revenue Bonds – Residential Housing; Letter of Credit Enhanced</i>					
1993 Series A Montefiore Medical Center— 0.06% to 0.29% Variable Rate Term Bonds maturing in varying installments through 2030..	7,000	—	(200)	6,800	200
2009 Series A Queens College Residence — 0.11% to 0.28% Variable Rate Bonds due upon demand through 2043.....	69,295	—	(605)	68,690	725

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2012 Series A (College of Staten Island Residences) — 2.00% to 4.15% Fixed Rate Serial and Term Bonds due 2046.....	—	65,800	—	65,800	—
2012 Series B (College of Staten Island Residences) (Federally Taxable) — 1.39% to 2.44% Fixed Rate Serial Bonds due 2017.....	—	2,000	—	2,000	—
<i>Mortgage Revenue Bonds – Cooperative Housing; Letter of Credit Enhanced</i>					
2008 Series A Coop-HMRB Prospect Macy (Federally Taxable) — 0.12% to 0.24% Variable Rate Bonds due upon demand through 2013.....	8,565	—	(8,565)	—	—
2008 Series A Coop-HMRB East Harlem South Development (Federally Taxable) — 0.12% to 0.30% Variable Rate Bonds due upon demand through 2013.....	7,440	—	(7,440)	—	—
<i>Multi-Family Mortgage Revenue Bonds Rental Projects; Not Rated</i>					
2011 Series A (West 26 th Street Development) — 2.26% to 2.46% Index Floating Rate Bond due upon demand through 2044 (secured by MPA by Citibank).....	30,000	—	—	30,000	—
2011 Series B (West 26 th Street Development) — 2.26% to 2.46% Index Floating Rate Bond due upon demand through 2045 (secured by MPA by Citibank).....	—	8,470	—	8,470	—
2012 Series A (West 26 th Street Development) — 2.26% to 2.46% Index Floating Rate Bond due upon demand through 2044 (secured by MPA by Citibank).....	—	41,530	—	41,530	—
Total Multi-Family Mortgage Revenue Bonds	3,175,630	117,800	(180,555)	3,112,875	6,990
<u>MILITARY HOUSING REVENUE BOND PROGRAM:</u>					
2004 Series A Class I & II Fort Hamilton Housing LLC Project—5.60% to 6.72% Term Bonds maturing in varying installments through 2049.....	46,600	—	(310)	46,290	325

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2012)</i>	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
Total Military Housing Revenue Bond Program	46,600	—	(310)	46,290	325
<u>HOUSING REVENUE BOND PROGRAM:</u>					
<i>Multi-Family Housing Revenue Bonds Under the Corporation's General Resolution, assets pledged to bondholders include a pool of mortgage loans.</i>					
1998 Series A (Federally Taxable) — 6.84% Term Bonds maturing in varying installments through 2030.....	2,500	—	(2,200)	300	—
1998 Series B — 3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031.....	1,000	—	(700)	300	—
1999 Series A-1 — 5.83% to 6.06% Term Bonds maturing in varying installments through 2022	16,500	—	(4,000)	12,500	2,515
1999 Series B-2 (Federally Taxable) — 6.83% to 7.32% Term Bonds maturing in varying installments through 2022	20,200	—	(1,400)	18,800	1,400
1999 Series C — 4.40% to 5.70% Serial and Term Bonds maturing in varying installments through 2031.....	400	—	—	400	—
1999 Series E — 4.40% to 6.25% Serial and Term Bonds maturing in varying installments through 2036.....	400	—	—	400	—
2001 Series A Carnegie East — 3.70% to 5.60% Serial and Term Bonds maturing in varying installments through 2042.....	22,005	—	(22,005)	—	—
2001 Series C-2 — 2.85% to 5.40% Serial and Term Bonds maturing in varying installments through 2033.....	15,390	—	(15,390)	—	—
2002 Series A (AMT) — 2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2034.....	31,660	—	(31,510)	150	—
2002 Series B (AMT) — 2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2032.....	6,100	—	(5,950)	150	—

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2002 Series C (Federally Taxable) — 0.36% to 0.46% Variable Rate Index Bonds maturing in varying installments through 2034.....	45,145	—	(790)	44,355	845
2002 Serial E-2 (AMT) — 2.00% to 5.20% Serial and Term Bonds maturing in varying installments through 2034.....	16,950	—	(385)	16,565	16,565
2002 Series F (AMT) — 2.00% to 5.20% Serial and Term Bonds maturing in varying installments through 2032.....	3,970	—	(105)	3,865	3,865
2003 Series B-2 (AMT) — 2.00% to 4.60% Serial and Term Bonds maturing in varying installments through 2036.....	26,085	—	(810)	25,275	840
2003 Series E-2 (AMT) — 2.25% to 5.05% Serial and Term Bonds maturing in varying installments through 2036.....	26,795	—	(465)	26,330	475
2004 Series A (Non-AMT)—1.85% to 5.25% Serial and Term Bonds maturing through 2030	125,195	—	(3,900)	121,295	4,080
2004 Series B-2 (AMT) —2.00% to 5.30% Serial and Term Bonds maturing in varying installments through 2036.....	20,860	—	(500)	20,360	525
2004 Series C-2 (Federally Taxable) — 5.52% to 6.34% Serial and Term Bonds maturing in varying installments through 2036.....	45,760	—	(790)	44,970	825
2004 Series E-1 (Non-AMT) 4.95% Term Bonds maturing in varying installments through 2033.....	39,595	—	—	39,595	—
2004 Series E-2 (Federally Taxable) — 5.75% Term Bonds maturing in varying installments through 2024.....	8,980	—	—	8,980	—
2004 Series F (Federally Taxable) — 3.68% to 5.70% Serial and Term Bonds maturing in varying installments through 2035.....	24,840	—	(2,370)	22,470	2,500
2004 Series G (Federally Taxable) — 5.63% Term Bonds maturing in varying installments through 2029.....	10,245	—	(80)	10,165	80

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2012)</i>	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
2004 Series H (AMT) — 2.70% to 5.25% Serial and Term Bonds maturing in varying installments through 2046.....	8,915	—	(100)	8,815	100
2004 Series I-2 (AMT) — 2.50% to 5.20% Serial and Term Bonds maturing in varying installments through 2038.....	24,255	—	(480)	23,775	495
2004 Series J (Federally Taxable) — 2.95% to 5.70% Serial and Term Bonds maturing in varying installments through 2036.....	21,640	—	(1,085)	20,555	1,110
2005 Series A-1 (Non-AMT) — 4.50% to 4.60% Term Bonds maturing in 2027 and 2035, respectively.....	9,735	—	—	9,735	—
2005 Series C (AMT) — 3.10% to 4.80% Serial and Term Bonds maturing in varying installments through 2037.....	4,120	—	(85)	4,035	95
2005 Series D (AMT) — 3.10% to 4.80% Serial and Term Bonds maturing in varying installments through 2047.....	5,585	—	(65)	5,520	70
2005 Series E (AMT) — 2.90% to 4.75% Serial and Term Bonds maturing in varying installments through 2035.....	3,015	—	(205)	2,810	210
2005 Series F-1 (Non-AMT) — 4.65% to 4.75% Term Bonds maturing in 2025 and 2035, respectively.....	65,410	—	—	65,410	—
2005 Series F-2 (Federally Taxable) — 4.66% to 5.43% Term Bonds maturing in 2010 and 2017, respectively.....	49,575	—	(6,745)	42,830	7,125
2005 Series G (Non-AMT) — 3.35% to 4.35% Serial and Term Bonds maturing in varying installments through 2018.....	3,250	—	(380)	2,870	390
2005 Series J-1 (Non-AMT) — 4.65% to 4.85% Term Bonds maturing in 2036.....	20,495	—	—	20,495	—
2005 Series K (AMT) — 3.60% to 5.00% Serial and Term Bonds maturing in 2037.....	12,145	—	(190)	11,955	205
2005 Series L (AMT) — 3.85% to 5.05% Serial and Term Bonds maturing in 2039.....	12,510	—	(205)	12,305	215

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2012)</i>	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
2006 Series A (Federally Taxable) — 6.42% Term Bonds maturing in 2027.....	142,030	—	(65,475)	76,555	23,260
2006 Series B (AMT) —5.35% Term Bonds maturing in varying installments through 2049	31,100	—	(530)	30,570	570
2006 Series C (AMT) — 4.05% to 5.13% Serial and Term Bonds maturing in varying installments through 2040.....	38,075	—	(535)	37,540	570
2006 Series D-1 (Non-AMT) — 4.95% Term Bonds maturing in 2036.....	2,510	—	—	2,510	—
2006 Series G-1 (AMT) — 3.80% to 4.88% Serial and Term Bonds maturing in 2039	24,905	—	(405)	24,500	420
2006 Series H-1 (AMT) — 3.85% to 4.70% Serial and Term Bonds maturing in 2040.....	25,005	—	(405)	24,600	425
2006 Series I (Federally Taxable) — 5.33% to 5.96% Term Bonds maturing in varying installments through 2040.....	6,665	—	(90)	6,575	95
2006 Series J-1 — 1.06% to 1.09% Index Floating Rate Term Bonds due 2046.....	100,000	—	—	100,000	—
2006 Series J-2-A (AMT) — 3.95% to 4.85% Serial and Term Bonds maturing in variable installments through 2040.....	10,900	—	(175)	10,725	180
2006 Series J-2-C (AMT) — 4.40% to 5.20% Serial and Terms Bonds maturing in variable installments through 2040.....	17,925	—	(285)	17,640	295
2007 Series A (Federally Taxable) — 5.26% to 5.52% Term Bonds maturing in 2041.....	25,690	—	(315)	25,375	330
2007 Series B-1 (AMT) — 4.40% to 5.25% Serial and Term Bonds maturing in varying installments through 2045	34,610	—	(500)	34,110	525
2007 Series C (Federally Taxable) — 6.02% to 6.56% Term Bonds maturing in 2040.....	5,345	—	(65)	5,280	70
2007 Series D (Federally Taxable) —5.95% Terms Bonds maturing in 2039.....	27,565	—	(385)	27,180	410

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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2007 Series E-1 (AMT) – 3.90% to 5.45% Serial and Term Bonds maturing in varying installments through 2040.....	24,035	—	(345)	23,690	370
2008 A-2 (AMT) – 4.35% to 5.00% Fixed Rate Serial Bonds maturing in varying installments through 2018.....	3,405	—	—	3,405	—
2008 Series C-2 (Federally Taxable) – 3.55% to 5.69% Serial & Term Bonds maturing in varying installments through 2018.....	6,275	—	(700)	5,575	745
2008 Series E (Federally Taxable) – 0.36% to 0.46% Index Floating Rate Terms Bonds maturing in 2037.....	97,295	—	(1,230)	96,065	1,325
2008 Series F (Federally Taxable) – 0.36% to 0.46% Index Floating Rate Term Bonds maturing in 2041.....	86,825	—	(410)	86,415	9,395
2008 Series H-1 (AMT) – 4.50% to 5.50% Serial and Term Bonds maturing in varying installments through 2028.....	8,060	—	—	8,060	—
2008 Series J (Federally Taxable) —1.23% to 1.35% Index Floating Rate Term Bonds due 2043.....	34,450	—	(120)	34,330	150
2008 Series K (Federally Taxable) — 1.13% to 1.25% Index Floating Rate Term Bonds due 2043.....	102,375	—	(1,925)	100,450	3,860
2008 Series L (Non-AMT) — 2.25% to 6.50% Fixed Rate Serial and Term Bonds due 2028...	4,960	—	(260)	4,700	260
2008 Series M (Non-AMT) — 3.15% to 6.88% Fixed Rate Serial and Term Bonds due 2038...	30,375	—	(410)	29,965	615
2009 Series A (Non-AMT) — 2.00% to 4.20% Term Bonds maturing in varying installments through 2019.....	16,100	—	(12,460)	3,640	230
2009 Series C-1 (Non-AMT) — 2.50% to 5.70% Serial and Term Bonds due 2046.....	118,200	—	(2,500)	115,700	2,500
2009 Series C-2 (Non-AMT) — 2.30% to 5.00% Serial Bonds due 2013.....	79,145	—	(79,145)	—	—

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2009 Series C-4 (Non-AMT) — 0.05% to 0.23% Variable Rate Bonds due 2015.....	13,045	—	(13,045)	—	—
2009 Series D (Non-AMT) — 3.45% Fixed Rate Serial Bonds due 2013.....	9,500	—	(3,900)	5,600	5,600
2009 Series F (Non-AMT) — 1.95% to 4.85% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041.....	9,000	—	(3,180)	5,820	—
2009 Series I-1 (Federally Taxable) — 5.63% to 6.42% Fixed Rate Term Bonds maturing in varying installments through 2039.....	50,000	—	—	50,000	—
2009 Series I-2 (Federally Taxable) — 0.91% to 1.03% Index Floating Rate Term Bonds due 2039.....	25,000	—	—	25,000	—
2009 Series J (Non-AMT) — 0.70% to 4.80% Fixed Rate Serial and Term Bonds maturing in varying installments through 2036.....	24,795	—	(800)	23,995	810
2009 Series K (Non- AMT) — 1.95% to 4.95% Fixed Rate Serial and Term Bonds due 2039....	102,615	—	(395)	102,220	27,940
2009 Series M (Non- AMT) — 1.85% to 5.15% Fixed Rate Serial and Term Bonds due 2045....	30,945	—	—	30,945	100
2009 Series L-1 (Non- AMT) — 1.65% to 4.95% Fixed Rate Serial and Term Bonds due 2043.....	23,590	—	—	23,590	—
2009 Series L-2 (Non- AMT) — 2.00% Fixed Rate Term Bonds mandatory tender due 2013..	68,000	—	—	68,000	68,000
2010 Series A-1 (Non- AMT) — 3.35% to 4.90% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041	25,325	—	—	25,325	—
2010 Series A-2 (Federally Taxable) — 3.67% to 4.97% Fixed Rate Term Bonds maturing in varying installments through 2019.....	3,000	—	—	3,000	—
2010 Series B (Non- AMT) — 2.13% Fixed Rate Serial Bonds maturing 2014.....	150,000	—	(67,830)	82,170	—
2010 Series C (Non- AMT) — 1.50% to 4.95% Fixed Rate Serial and Term Bonds due 2047....	14,815	—	—	14,815	100

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2010 Series L-3 (Non- AMT) — 2.50% Fixed Rate Term Bonds mandatory tender due 2013....	27,745	—	—	27,745	—
2010 Series L-4 (Non- AMT) — 2.00% Fixed Rate Term Bonds mandatory tender due 2012....	10,200	—	(10,200)	—	—
2010 Series D-1-A (Non- AMT) — 1.60% to 5.00% Fixed Rate Serial and Term Bonds mandatory tender due 2042.....	43,475	—	—	43,475	10,990
2010 Series D-2 (Non- AMT) — 0.07% to 0.25% Variable Rate Term bond due 2015.....	11,190	—	(11,190)	—	—
2010 Series E (Non- AMT) — 0.80% to 3.85% Fixed Rate Serial and Term Bonds due 2013.....	10,345	—	(3,495)	6,850	655
2010 Series F (Non- AMT) — 1.70% to 4.75% Fixed Rate Serial and Term Bonds due 2030.....	4,130	—	—	4,130	—
2010 Series A-1-A (AMT) — 5.00% to 5.45% Fixed Rate Term Bonds due 2046.....	15,665	—	—	15,665	—
2010 Series H-2-A (AMT) — 5.00% to 5.35% Fixed Rate Term Bonds due 2041.....	14,540	—	—	14,540	—
2010 Series G (Non- AMT) — 0.40% to 4.75% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041.....	49,860	—	(2,290)	47,570	2,245
2010 Series H (Federally Taxable) — 0.97% to 1.09% Variable Rate Term Bonds due 2040.....	72,005	—	(2,510)	69,495	2,600
2010 Series I (Non- AMT) — 2.05% Fixed Rate Serial Bonds due 2014.....	8,115	—	—	8,115	—
2010 Series J-1 (Non- AMT) — 0.75% to 5.00% Fixed Rate Serial Bonds due 2022.....	21,560	—	(705)	20,855	1,310
2010 Series J-2 (Non- AMT) — 1.15% to 2.15% Fixed Rate Term Bonds due 2014.....	25,510	—	(2,720)	22,790	—
2010 Series J-3 (Non- AMT) — 2.05% Fixed Rate Term Bonds due 2014.....	11,240	—	—	11,240	—
2010 Series K-1 (Non- AMT) — 2.05% to 5.25% Fixed Rate Serial and Term Bonds due 2032.....	5,165	—	—	5,165	—

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2010 Series K-2 (Non- AMT) — 2.05% Fixed Rate Term Bonds due 2014.....	23,175	—	—	23,175	—
2010 Series N (Non- AMT) — 0.60% to 4.25% Fixed Rate Serial Bonds due 2021.....	5,575	—	(545)	5,030	545
2010 Series L-1 (Non- AMT) — 2.35% to 5.00% Fixed Rate Serial and Term Bonds due 2026.....	12,620	—	—	12,620	—
2010 Series L-2-A (Non- AMT) — 2.70% Fixed Rate Term Bonds due 2015.....	12,400	—	—	12,400	—
2011 Series B-1 (Non- AMT) — 0.50% to 3.65% Fixed Rate Serial and Term Bonds due 2018.....	21,240	—	(455)	20,785	530
2011 Series B-2 (Non- AMT) — 2.05% Fixed Rate Term Bonds due 2014.....	5,100	—	—	5,100	—
2011 Series C (Non- AMT) — 2.25% to 4.50% Fixed Rate Serial and Term Bonds due 2022.....	1,980	—	—	1,980	—
2008 Series H-2-A (AMT) — 0.55% Fixed Rate Term Bonds mandatory tender due 2012....	6,120	—	(6,120)	—	—
2008 Series H-2A (AMT) — 0.32% Fixed Rate Term Bonds due 2013.....	12,220	—	(12,220)	—	—
2008 Series H-2-B (AMT) — 0.55% Fixed Rate Term Bonds due 2012.....	11,370	—	(11,370)	—	—
2008 Series H-2-B (AMT) — 0.32% Fixed Rate Term Bonds due 2013.....	20,840	—	(20,840)	—	—
2009 Series C-3 (Non- AMT) — 0.55% Fixed Rate Term Bonds mandatory tender due 2012....	41,665	—	(41,665)	—	—
2011 Series D (Non- AMT) — 0.28% to 3.37% Fixed Rate Serial and Term Bonds due 2020.....	23,645	—	(55)	23,590	115
2011 Series E (Non- AMT) — 1.40% to 4.93% Fixed Rate Serial and Term Bonds due 2036.....	72,030	—	—	72,030	—
2011 Series F-1 (Taxable) — 0.29% to 3.47% Fixed Rate Serial Bonds due 2018.....	31,000	—	(4,370)	26,630	3,195
2011 Series F-2 (Taxable) — 0.91% to 1.03% Index Floating Rate Term Bonds due 2040.....	56,460	—	—	56,460	—

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2011 Series F-3 (Taxable) — 0.91% to 1.03% Index Floating Rate Term Bonds due 2040.....	12,540	—	—	12,540	—
2010 Series L-2-B (Non- AMT) — 1.90% Fixed Rate Term Bonds due 2015.....	37,600	—	—	37,600	—
2009 Series H-2 (Non- AMT) — 0.25% Fixed Rate Term Bonds mandatory tender due June 2013.....	26,570	—	—	26,570	—
2010 Series M (Non- AMT) — 0.30% Fixed Rate Term Bonds mandatory tender due 2012...	34,595	—	(34,595)	—	—
2009 Series E-2-A (Non- AMT) — 0.25% Fixed Rate Term Bonds mandatory tender due Dec 2011.....	40,000	—	(40,000)	—	—
2011 Series A (Non- AMT) — 3.25% Fixed Rate Term Bonds due 2014.....	140,000	—	(68,885)	71,115	46,070
2011 Series I (Non- AMT) — 0.32% Fixed Rate Term Bonds mandatory tender due Dec 2012.....	68,770	—	(68,770)	—	—
2008 Series M (Non-AMT) —0.30% Fixed Rate Term Bonds mandatory tender due Dec 2012.....	9,455	—	(9,455)	—	—
2011 Series G-1(Non-AMT) — 2.50% Fixed Rate Term Bonds due 2015.....	—	63,630	—	63,630	—
2011 Series G-2-A (Non- AMT) — 0.35% to 3.10% Fixed Rate Serial and Term Bonds due 2021.....	—	38,925	(360)	38,565	1,400
2011 Series G-2-B (Non- AMT) — 1.39% Fixed Rate Term Bonds due 2017.....	—	7,235	(310)	6,925	960
2011 Series G-3 (Non- AMT) — 1.32% Fixed Rate Term Bonds due 2015.....	—	22,180	—	22,180	—
2011 Series H-1 (Non- AMT) — 2.50% Fixed Rate Term Bonds due 2015.....	—	6,035	—	6,035	—
2011 Series H-2-A HRB (Non- AMT) — 1.10% to 4.40% Fixed Rate Serial and Term Bonds due 2031.....	—	22,890	—	22,890	—

New York City Housing Development Corporation
Notes to the Financial Statements
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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2011 Series H-2-B (Non- AMT) — 4.00% to 4.40% Fixed Rate Term Bonds due 2031.....	—	15,970	—	15,970	—
2011 Series H-3-A (Non- AMT) —1.32% Fixed Rate Term Bonds due 2015.....	—	8,620	—	8,620	—
2011 Series H-3-B (Non- AMT) — 2.51% Fixed Rate Term Bonds due 2022.....	—	11,685	—	11,685	—
2011 Series J-1 (Non- AMT) — 4.00% to 4.85% Fixed Rate Term Bonds due 2044.....	—	38,345	—	38,345	—
2011 Series J-2 (Non- AMT) — 1.55% to 2.55% Fixed Rate Term Bonds due 2022.....	—	25,550	—	25,550	100
2011 Series J-3 (Non- AMT) — 1.65% Fixed Rate Term Bonds mandatory tender due 2015..	—	16,940	—	16,940	—
2011 Series J-4 (Non- AMT) — 1.20% to 1.65% Fixed Rate Term Bonds due 2015.....	—	21,580	—	21,580	—
2012 Series A (Non- AMT) — 1.23% to 1.36% Index Floating Rate Term Bonds due 2014.....	—	67,540	—	67,540	—
2012 Series B (Federally Taxable) — 0.66% to 3.93% Fixed Rate Serial Bonds due 2025.....	—	42,650	—	42,650	2,495
2012 Series C (Non- AMT) — 0.27% Fixed Rate Term Bonds mandatory tender due Feb 2013.....	—	72,065	—	72,065	72,065
2012 Series D-1-A (Non- AMT) — 0.80% to 4.30% Fixed Rate Serial and Term Bonds due 2045.....	—	48,725	—	48,725	—
2012 Series D-1-B (Non- AMT) — 0.35% to 4.30% Fixed Rate Serial and Term Bonds due 2045.....	—	85,450	—	85,450	270
2012 Series D-2-A (Non- AMT) — 0.90% to 1.15% Fixed Rate Term Bonds due 2015.....	—	71,855	—	71,855	—
2012 Series D-2-B (Non- AMT) — 0.90% to 1.15% Fixed Rate Term Bonds due 2015.....	—	17,780	—	17,780	—
2012 Series D-2-C (Non- AMT) — 0.90% to 1.15% Fixed Rate Term Bonds due 2015.....	—	25,000	—	25,000	—

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Notes to the Financial Statements
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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2012 Series E (Federally Taxable) — 0.34% to 4.40% Fixed Rate Serial and Term Bonds due 2032.....	—	72,000	—	72,000	1,235
2012 Series F (Non- AMT) — 0.80% to 3.90% Fixed Rate Serial and Term Bonds due 2045....	—	80,330	—	80,330	—
2012 Series G (Non- AMT) — 0.95% to 3.90% Fixed Rate Serial and Term Bonds due 2045....	—	31,960	—	31,960	—
2012 Series H (Non- AMT) — 0.25% to 1.60% Fixed Rate Serial Bonds due 2018.....	—	21,995	—	21,995	1,455
2012 Series I (Federal Taxable) — 0.40% to 4.49% Fixed Rate Serial and Term Bonds due 2044.....	—	89,175	—	89,175	2,740
2012 Series J (Non- AMT) — 1.05% Fixed Rate Term Bonds mandatory tender due 2015...	—	31,600	—	31,600	—
<i>Multi-Family Secured Mortgage Revenue Bonds</i>					
2005 Series A-1 Secured Mortgage Revenue Bonds — 5.65% Term Bonds due upon demand through 2031.....	5,930	—	(60)	5,870	60
2005 Series A-2 Secured Mortgage Revenue Bonds — 6.32% Term Bonds due upon demand through 2037.....	4,295	—	(70)	4,225	70
2005 Series B — Secured Mortgage Revenue Bonds— 6.35% Term Bonds due upon demand through 2038.....	3,330	—	(50)	3,280	50
2011 Series A (Taxable) — 1.26% to 4.78% Fixed Rate Serial and Term Bonds due 2026....	—	53,000	(1,720)	51,280	3,465
<i>Federal New Issue Bond Program (NIBP)</i>					
2009 Series 1-1 HRB (NIBP) (Non-AMT) — 3.96% Fixed Rate Term Bonds due 2043	41,850	—	—	41,850	—
2009 Series 2-1 HRB (NIBP) (Non-AMT) — 3.96% Fixed Rate Term Bonds due 2043	16,460	—	(260)	16,200	280
2009 Series 1-2 HRB (NIBP) (Non-AMT) — 3.16% Fixed Rate Term Bonds due 2043	89,600	—	—	89,600	—

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2012

Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2009 Series 2-2 HRB (NIBP) (Non-AMT) — 3.16% Fixed Rate Term Bonds due 2043	10,830	—	—	10,830	—
2009 Series 1-3-A HRB (NIBP) (Non-AMT) — 3.70% Fixed Rate Term Bonds due 2043	53,000	—	—	53,000	—
2009 Series 1-3-B HRB (NIBP) (AMT) — 3.70% Fixed Rate Term Bonds due 2031	10,180	—	—	10,180	—
2009 Series 2-3 HRB (NIBP) (Non-AMT) — 3.70% Fixed Rate Term Bonds due 2043	3,120	—	(230)	2,890	240
2009 Series 1-4 HRB (NIBP) (Non-AMT) — 3.68% Fixed Rate Term Bonds due 2051	29,640	—	—	29,640	—
2009 Series 2-4-A HRB (NIBP) (Non-AMT) — 3.68% Fixed Rate Term Bonds due 2044.....	9,550	—	(100)	9,450	130
2009 Series 2-4-B HRB (NIBP) (Non-AMT) — 3.68% Fixed Rate Term Bonds due 2041.....	2,620	—	(40)	2,580	60
2009 Series 1-5-A HRB (NIBP) (Non-AMT) — 2.47% Fixed Rate Term Bonds due 2048.....	158,800	—	—	158,800	—
2009 Series 1-5-B HRB (NIBP) (Non-AMT) — 2.47% Fixed Rate Term Bonds due 2041.....	31,930	—	—	31,930	—
2009 Series 2-5 HRB (NIBP) (Non-AMT) — 2.47% Fixed Rate Term Bonds due 2048.....	42,290	—	—	42,290	1,530
Total Housing Revenue Bond Program	3,975,820	1,110,710	(716,365)	4,370,165	350,540

LIBERTY BOND PROGRAM:

Multi-Family Mortgage Revenue Bonds

2005 Series A 90 Washington Street — 0.03% to 0.24% Variable Rate Bonds due upon demand through 2035.....	74,800	—	—	74,800	—
2005 Series A The Crest— 0.16% to 0.40% Variable Rate Bonds due upon demand through 2036.....	132,500	—	—	132,500	—
2005 Series B (Federally Taxable) The Crest— 0.17% to 0.50% Variable Rate Bonds due upon demand through 2036.....	9,200	—	(900)	8,300	—

New York City Housing Development Corporation
Notes to the Financial Statements
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Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
2006 Series A 90 West Street — 0.05% to 0.24% Variable Rate Bonds due upon demand through 2036.....	104,000	—	—	104,000	—
2006 Series B (Federally Taxable) 90 West Street — 0.12% to 0.24% Variable Rate Bonds due upon demand through 2036.....	8,000	—	—	8,000	—
2006 Series A - 2 Gold Street — 0.05% to 0.24% Variable Rate Bonds due upon demand through 2036.....	162,000	—	—	162,000	—
2006 Series B (Federally Taxable) - 2 Gold Street — 0.12% to 0.24% Variable Rate Bonds due upon demand through 2036.....	49,500	—	(1,500)	48,000	—
2006 Series A - 20 Exchange Place — 0.16% to 0.40% Variable Rate Bonds due upon demand through 2039.....	66,400	—	—	66,400	—
2006 Series B (Federally Taxable) 20 Exchange Place— 0.17% to 0.50% Variable Rate Bonds due upon demand through 2039.....	135,100	—	(2,000)	133,100	—
2006 Series A 201 Pearl Street — 0.05% to 0.24% Variable Rate Bonds due upon demand through 2041.....	65,000	—	—	65,000	—
2006 Series B (Federally Taxable) 201 Pearl Street — 0.12% to 0.24% Variable Rate Bonds upon demand through 2041.....	25,000	—	(200)	24,800	—
2008 Series A Beekman Tower – 0.11% to 0.29% Variable Rate Bonds due upon demand through 2048.....	203,900	—	—	203,900	—
Total Liberty Bond Program	1,035,400	—	(4,600)	1,030,800	—
<u>SECTION 223(f) REFINANCING BOND PROGRAM:</u>					
Multi-Family Housing Bond Program—6.50% to 7.25% Bonds maturing in varying installments through 2019.....	25,450	—	(2,941)	22,509	22,509
Total Section 223(f) Refinancing Bond Program	25,450	—	(2,941)	22,509	22,509

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2012

Description of Bonds as Issued	Balance at Oct. 31, 2011	Issued	Retired	Balance at Oct. 31, 2012	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2012)</i>					
CAPITAL FUND PROGRAM REVENUE					
BOND (New York City Housing Authority					
("NYCHA"))					
2005 Series A Capital Fund Program—3.00% to 5.00% Serial and Term Bonds maturing in varying installments through 2025.....	225,410	—	(11,420)	213,990	12,005
Total Capital Fund Program Revenue Bonds	225,410	—	(11,420)	213,990	12,005
Total Bonds Payable Prior to Net Premium (Discount) on Bonds Payable	\$8,484,310	1,228,510	(916,191)	8,796,629	392,369
Net Premium (Discount) on Bonds Payable	12,394	(24)	(3,674)	8,696	—
Total Bonds Payable (Net)	\$8,496,704	1,228,486	(919,865)	8,805,325	392,369

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

Bonds issued in Fiscal Year 2012

(A) New York City Housing Development Corporation

On November 22, 2011, the fixed rate Multi-Family Secured Mortgage Revenue Bonds 2011 Series A were issued in the amount of \$53,000,000 to finance the acquisition of certain permanent mortgage loans and to pay certain other related costs.

On December 22, 2011, thirteen Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$299,585,000. The fixed rate 2011 Series G-1 Bonds were issued in the amount of \$63,630,000, the 2011 Series G-2-A Bonds were issued in the amount of \$38,925,000, the 2011 Series G-2-B Bonds were issued in the amount of \$7,235,000, the 2011 Series G-3 Bonds were issued in the amount of \$22,180,000, the 2011 Series H-1 Bonds were issued in the amount of \$6,035,000, the 2011 Series H-2-A Bonds were issued in the amount of \$22,890,000, the 2011 Series H-2-B Bonds were issued in the amount of \$15,970,000, the 2011 Series H-3-A Bonds were issued in the amount of \$8,620,000, the 2011 Series H-3-B Bonds were issued in the amount of \$11,685,000, the 2011 Series J-1 Bonds were issued in the amount of \$38,345,000, the 2011 Series J-2 Bonds were issued in the amount of \$25,550,000, the 2011 Series J-3 Bonds were issued in the amount of \$16,940,000 and the 2011 Series J-4 Bonds were issued in the amount of \$21,580,000. The 2011 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for the new construction or rehabilitation of certain developments and to refund certain outstanding bonds of the Corporation.

On December 29, 2011, the variable rate Multi-Family Mortgage Revenue Bonds, 2011 Series B (West 26th Street Development) were issued in the amount of \$8,470,000 to finance an additional

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2012

portion of a mortgage loan for a project located in the borough of Manhattan, New York, and to pay certain other related costs.

On March 1, 2012, two Residential Revenue Bonds (College of Staten Island Residences) series were issued in the amount totaling \$67,800,000. The fixed rate 2012 Series A Bonds were issued in the amount of \$65,800,000 and the 2012 Series B (Federally Taxable) Bonds were issued in the amount of \$2,000,000. The 2012 Bonds were issued to finance a mortgage loan for the purpose of paying a portion of the cost of constructing, furnishing and equipping a new student housing facility located in the borough of Staten Island, New York, and to pay certain other related costs.

On March 7, 2012, the variable rate Multi-Family Housing Revenue Bonds 2012 Series A were issued in the amount of \$67,540,000 to directly finance construction and permanent mortgage loans for the acquisition and rehabilitation of certain developments located in the borough of Manhattan, New York, and to pay certain other related costs.

On May 3, 2012, two Multi-Family Housing Revenue Bonds were issued in the amount totaling \$114,715,000. The fixed rate 2012 Series B (Federally Taxable) Bonds were issued in the amount of \$42,650,000 and the term rate 2012 Series C (Non-AMT) Bonds were issued in the amount of \$72,065,000. The 2012 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for the new construction or rehabilitation of certain developments and to refund certain outstanding bonds of the Corporation.

On June 13, 2012, the variable rate Multi-Family Mortgage Revenue Bonds, 2012 Series A (West 26th Street Development) were issued in the amount of \$41,530,000 to finance an additional portion of a mortgage loan for a project located in the borough of Manhattan, New York, and to pay certain other related costs.

On June 28, 2012, five Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$248,810,000. The fixed rate 2012 Series D-1-A Bonds were issued in the amount of \$48,725,000, the 2012 Series D-1-B Bonds were issued in the amount of \$85,450,000, the 2012 Series D-2-A Bonds were issued in the amount of \$71,855,000, the 2012 Series D-2-B Bonds were issued in the amount of \$17,780,000 and the 2012 Series D-2-C Bonds were issued in the amount of \$25,000,000. The 2012 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for the new construction or rehabilitation of certain developments and to pay certain other related costs.

On August 3, 2012, the fixed rate 2012 Series E (Federally Taxable) Bonds were issued in the amount of \$72,000,000 to reimburse the Corporation for financing a portion of one mortgage loan, to acquire certain other mortgage loans and to refund certain outstanding bonds of the Corporation.

On October 11, 2012, three Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$134,285,000. The fixed rate 2012 Series F Bonds were issued in the amount of \$80,330,000, the 2012 Series G Bonds were issued in the amount of \$31,960,000 and the 2012 Series H Bonds were issued in the amount of \$21,995,000. The 2012 Bonds were issued and combined with other available monies to acquire certain mortgage loans of the Corporation, to finance directly or indirectly

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2012

construction and permanent mortgage loans for the new construction or rehabilitation of certain developments and to refund certain outstanding bonds of the Corporation.

On October 25, 2012, two Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$120,775,000. The fixed rate 2012 Series I (Federally Taxable) Bonds were issued in the amount of \$89,175,000 and the term rate 2012 Series J Bonds were issued in the amount of \$31,600,000. The 2012 Bonds were issued and combined with other available monies to acquire certain mortgage loans of the Corporation, to finance construction and permanent mortgage loans for the new construction or rehabilitation of certain developments and to refund certain outstanding bonds of the Corporation.

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

During fiscal year 2010, as part of the Housing Finance Agency (“HFA”) initiative using authority provided to Treasury by the Housing and Economic Recovery Act of 2008 (“HERA”) to help support low mortgage rates and expand resources to provide affordable mortgages for low and middle income households, and to support the development and rehabilitation of affordable housing units, the Corporation was allocated \$500,000,000 by Treasury to issue bonds under the New Issue Bond Program (“NIBP”). HDC has issued two Multi-Family Housing Revenue Bonds under the NIBP. The variable rate 2009 Series 1 (Federally Taxable) Bonds were issued in the amount of \$415,000,000 and the 2009 Series 2 (Federally Taxable) Bonds were issued in the amount of \$85,000,000 on December 23, 2009.

On June 29, 2010, \$41,850,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$16,590,000 principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These Bonds were designated as the 2009 Series 1-1 (Non-AMT) and the 2009 Series 2-1 (Non-AMT) (the “Converted Bonds”), respectively.

On December 22, 2010, \$89,600,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$10,830,000 principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These Bonds were designated as the 2009 Series 1-2 (Non-AMT) and 2009 Series 2-2 (Non-AMT) (the “Converted Bonds”), respectively.

On April 28, 2011, \$63,180,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$3,120,000 principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These Bonds were designated as the 2009 Series 1-3-A (Non-AMT), the 2009 Series 1-3-B (AMT), and the 2009 Series 2-3 (Non-AMT) (the “Converted Bonds”), respectively.

On June 29, 2011, \$29,640,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$12,170,000 of the principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These Bonds were designated as the 2009 Series 1-4 (Non-AMT), the 2009 Series 2-4-A and the 2009 Series 2-4-B (Non-AMT) (the “Converted Bonds”), respectively.

On December 22, 2011, \$190,730,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$42,290,000 of the principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax

New York City Housing Development Corporation

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exempt bonds. These Bonds were designated as the 2009 Series 1-5-A (Non-AMT), the 2009 Series 1-5-B (AMT) and the 2009 Series 2-5 (Non-AMT) (the “Converted Bonds”), respectively.

As of October 31, 2012, all the principal amount of the 2009 Series 1 (NIBP) Bonds and the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds.

Since fiscal year 2005, the Corporation has defeased several series of bonds. The table below lists those series as well as the amount outstanding as of October 31, 2012. These bonds are held with an escrow agent.

Detail of Defeased Bonds outstanding as of October 31, 2012:

Bond issues	Date Defeased	Amount Defeased	Bonds Outstanding 10/31/12
2003 Series C Multi-Family Housing Revenue Bond	April 3, 2006	\$ 4,175,000	\$ 1,900,000
2004 Series D Multi-Family Housing Revenue Bond	October 24, 2006	18,000,000	18,000,000
2004 Series E-2 Multi-Family Housing Revenue Bond	October 24, 2006	19,720,000	19,720,000
Total		\$41,895,000	\$39,620,000

Future Debt Service:

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

<u>Year Ending October 31,</u> <i>(in thousands)</i>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013.....	\$392,369	166,418	558,787
2014.....	323,115	161,992	485,107
2015.....	311,770	153,518	465,288
2016.....	440,085	145,677	585,762
2017.....	126,410	138,776	265,186
2018 – 2022.....	862,740	624,452	1,487,192
2023 – 2027.....	654,425	501,007	1,155,432
2028 – 2032.....	1,143,335	364,161	1,507,496
2033 – 2037.....	2,022,675	248,507	2,271,182
2038 – 2042.....	1,454,615	123,732	1,578,347
2043 – 2047.....	434,470	34,343	468,813
2048 – 2052.....	630,620	1,768	632,388
Total	\$ 8,796,629	2,664,351	11,460,980

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2012

Changes in Long Term Liabilities:

Long term liability activities for the year ended October 31, 2012, are as follows:

Descriptions	Balance at Oct. 31, 2011	Additions	Deductions	Balance at Oct. 31, 2012	Due Within 1 Year
<i>(in thousands)</i>					
Bonds Payable, (net) as restated	\$8,496,704	1,228,486	(919,865)	8,805,325	392,369
Payable to The City of New York	818,311	342,622	(169,707)	991,226	—
Payable to Mortgageors & Restricted Earnings on Investments	483,019	736,318	(706,123)	513,214	112,952
Others	430,603	258,856	(341,594)	347,865	302,129
Total Long Term Liabilities	\$10,228,637	2,566,282	(2,137,289)	10,657,630	807,450

Note 10: Consultant's Fees

The fees paid by the Corporation for legal, accounting and consulting services in fiscal year 2012 for HDC include \$600,000 to Carreden Group, Inc.; \$230,000 to Holland & Knight, LLP; \$99,425 to Citibank, N.A.; \$109,173 to Epstein, Becker & Green, P.C.; \$27,239 to Seyfarth Shaw, LLP; \$25,000 to Thompson Coburn, LP; \$4,421 to The City of New York Law Department; \$2,000 to Tao Lin Esq.; and \$1,650 to US Department of Homeland Security. Auditing fees of \$243,400 was paid to Ernst & Young, LLP.

The Corporation paid consulting fees in the amount of \$344,304 to Quest America, Inc.; \$105,128 to Hawkins, Delafield & Wood; \$103,632 to Finsoft Consultant, Inc.; \$31,000 to Cristo Rey New York High School; \$26,506 to Buck Consultants, LLC; \$20,552 to Carlton Architecture, PC; \$19,100 to Bartley & Dick Advertising/Design; \$8,872 to Dyntek Services, Inc.; \$5,250 to Enid Harlow; \$3,000 to Insurance Advisors, LLC; \$1,000 to Steven Winter Associates; and \$250 to Search Technologies.

In addition, the Corporation paid legal, accounting and consulting fees for services provided in connection with bond financings which have been reimbursed either from bond proceeds or from project developers. Fees of \$945,988 to Hawkins, Delafield & Wood; \$72,935 to Ballard Spahr, LLP; \$44,000 to Ernst & Young, LLP; \$35,105 to Carter Ledyard & Milburn, LLP; \$30,000 to Orrick, Herrington & Sutcliffe, LLP; \$20,000 to Caine Mitter & Associates, Inc.; \$4,000 to Causey Demgen & Moore; \$2,500 to Dewey & LeBoeuf, LLP; and \$1,500 to Pillsbury Winthrop Shaw Pittman, LLP.

Note 11: Payable to The City of New York

(A) New York City Housing Development Corporation

Since fiscal year 2002, the Corporation has entered into various agreements with the City whereby HDC sold bonds and used the bond proceeds to purchase from the City interests in various mortgage loans and pools of mortgage loans. Additionally, starting from fiscal year 2005 and 2006 and onward, HDC originated second mortgage loans in which it sold a residual interest to the City. Cash flow derived from these loan interests is pledged to the repayment of the related HDC bonds. At such time as these HDC bonds are retired, ownership of the associated loan interests transfers to the City. The excess of such

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2012

interest over the amount of the related bonds, which totaled \$764,068,000 as of October 31, 2012 is reported in the Corporation Balance Sheet as “Loan participation receivable - The City of NY” in the Noncurrent Assets section and “Payable to The City of New York: Loan participation agreement” in the Noncurrent Liabilities section. The related details are described in the next three paragraphs.

In fiscal years 2002 and 2003, the Corporation issued its Multi-Family Housing Revenue Bonds, 2002 Series D and Multi-Family Housing Revenue Bonds, 2003 Series D (the “2002 Series D Bonds” and “2003 Series D Bonds”, respectively). In each case, HDC used the bond proceeds to purchase from the City a 100% participation interest in the cash flow of a portfolio of mortgage loans and a 100% participation interest in the cash flows of a loan pool securitized by the City in 1996 and known as the Sheridan Trust II. As noted in Note 6: “Loan Participation Interest Receivable”, in fiscal year 2006 the Corporation issued the Multi-Family Housing Revenue Bonds 2006 Series A (the “2006 Series A Bonds”) to refinance the 2002 Series D Bonds and 2003 Series D Bonds. At October 31, 2012, the Corporation’s payable to the City relating to the 2006 Series A Bonds was \$237,687,000.

The Corporation has completed numerous transactions as part of its Mitchell-Lama Restructuring Program, an affordable housing preservation program. The following Multi-Family Housing Revenue Bonds were issued prior to the current fiscal year as part of the Mitchell Lama Restructuring Program: 2004 Series D, 2004 Series E-1, 2004 Series E-2, 2005 Series A-1, 2005 Series A-2, 2005 Series F-1, 2005 Series F-2, 2005 Series J-1, 2005 Series J-2, 2006 Series D-1, 2006 Series D-2, 2008 Series C-1, 2008 Series C-2, 2008 Series G-1, 2008 Series G-2, 2008 Series J, 2008 Series L, 2010 Series G and a portion of 2010 Series H, 2011 Series F-1, F-2 and in this fiscal year, 2012 Series G, 2012 Series H, 2012 Series I and 2012 Series J were issued as Mitchell-Lama Restructuring Bonds. Under this program the Corporation has funded various new first and second mortgage loans as well as the acquisition of participation interests in City-owned second mortgages and associated cash flows. As long as any Mitchell-Lama Restructuring Bonds are outstanding, all cash flows from the purchased interests must be applied to debt service on such bonds. Once all such bonds are retired, HDC’s participation interests revert to the City. HDC also has sold to the City a residual interest in the second mortgage loans the Corporation originated. These loans also transfer to the City when the Mitchell-Lama Restructuring Bonds are retired. As of October 31, 2012, the Corporation’s payable to the City under the Mitchell-Lama Restructuring Bonds program was \$526,381,000.

As previously noted, during fiscal year 2012, the Corporation and the City entered into the 2012 Participation Agreement. Under the agreement, the Corporation agreed to make a new subordinate mortgage loan and the City sold, assigned and transferred an existing subordinate mortgage loan to the Corporation. The Corporation purchased the existing subordinate mortgage loan from the City, at a price equal to ten dollars (\$10.00) and a residual interest in ownership of and title to the new subordinate mortgage loan. The new subordinate mortgage loan will be transferred to the City when bonds are retired. As of October 31, 2012, the second mortgage loan underlying the 2012 Participation Interest had an aggregate outstanding principal balance of \$147,802,000.

In 2009, HPD and HDC entered into a Memorandum of Understanding (“MOU”), which provides for the granting of funds by HPD to HDC pursuant to Section 661 of the Act, to make subordinate loans for affordable housing. At October 31, 2012, the total related payable to the City relating to this MOU was \$31,289,000.

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The Corporation also administers construction loans on behalf of HPD, using funds provided by HPD. All such funds are the property of HPD and thus are reported as due to the City in the Corporation's financial statements. At October 31, 2012, the total related payable to the City was \$195,869,000.

On April 20, 2011, the Corporation entered into a "421-Fund Agreement" with HPD as presented in Note 7. HDC will treat funding pursuant to the 421-A Fund Agreement as funds received from the City and will be reported as payable to the City. As of October 31, 2012 the Corporation did not receive any of HPD's 421-A funds.

(B) Housing Assistance Corporation

Funding for HAC was received through the City in 1985. All of HAC's assets, after repayment of HDC advances to HAC and if unused for HAC purposes, will revert back to the City. At October 31, 2012, total resources payable to the City amounted to \$42,812,000. The resources held for the City are primarily the mortgage loans described in Note 4, "Mortgage Loans," and the investments held to fund tenant assistance payments.

Since fiscal year 2009, the Corporation has been transferring funds to HAC in monthly increments in an original amount not to exceed \$5,000,000 to provide funds for the tenant assistance ("TAC") payments for Ruppert/Yorkville pursuant to an agreement made by the City for the benefit of such residents. On March 10, 2011 the Corporation's Members approved an additional \$5,000,000 for Ruppert/Yorkville. The total debt to HDC is not to exceed \$10,000,000. As of October 31, 2012, the TAC advances from HDC to HAC reached \$9,400,000 but it was reduced down to \$5,900,000 by payments from HAC to the Corporation in fiscal year 2012. HAC is obligated to repay the Corporation for all funds advanced by HDC, without interest, at such time as funds become available to HAC.

Note 12: Retirement Programs

The Corporation is a participating employer in the New York City Employees' Retirement System ("NYCERS"), a cost sharing multi-employer plan, of which 115 employees of the Corporation are members. The Corporation made contributions to NYCERS of \$1,269,287, \$1,181,481 and \$898,559 during fiscal years 2012, 2011 and 2010, respectively. Copies of NYCERS' financial statements can be obtained by writing to 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751.

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

Note 13: Postemployment Benefits Other Than Pensions

The Corporation sponsors a single employer defined benefit health care plan that provides postemployment medical benefits for eligible retirees and their spouses. The Corporation does not issue a publicly available financial report for the plan.

New York City Housing Development Corporation

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Benefit provisions for the plan are established and amended by actions taken by the Corporation's Members and there is no statutory requirement for HDC to continue this plan for future HDC employees. The plan is currently a non-contributory plan with all payments for plan benefits being funded by HDC on a pay-as-you-go-basis.

HDC follows the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement establishes guidelines for reporting costs associated with "other postemployment benefits" ("OPEB"). HDC's annual OPEB cost for the plan is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC includes interest of \$78,000 on the net OPEB obligation. HDC's annual OPEB cost for the current year and the related information for the plan are as follows (dollar amounts in thousands):

Annual required contribution	\$2,033
Contributions made	(4,050)
Decrease in net OPEB obligation	(2,017)
Net OPEB obligation—beginning of year	9,809
Net OPEB obligation—end of year	\$7,792

HDC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the previous three years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
10/31/12	\$2,033	199.23%	\$7,792
10/31/11	\$2,033	12.75%	\$9,809
10/31/10	\$1,643	2.24%	\$8,035

As of October 31, 2012, the actuarial accrued liability for benefits was \$20,440,000. The covered payroll (annual payroll of active employees covered by the plan) was \$13,259,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 154%. Actual benefit payments made during Fiscal Year 2012 amounted to \$50,683.

The actuarial valuation date was October 31, 2010. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and

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plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between HDC and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the October 31, 2006 and October 31, 2008 actuarial valuation, the frozen entry age actuarial cost method was used. For the October 31, 2010 actuarial valuation the Corporation changed to the entry age normal cost method. The actuarial assumptions included a 4% discount rate, 3% wage inflation rate and an annual healthcare cost trend rate of 9.5% grading down to an ultimate rate of 5%. The unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. The remaining amortization period was 23 years.

On October 29, 2012, the Corporation established an irrevocable trust that was funded with an initial contribution in the amount of \$4,000,000 to provide for the payment of retirees postemployment medical benefits. At October 31, 2012, the fair value of this trust fund was \$4,001,000 and the actuarial liability for benefits was \$11,792,000. Due to the establishment of the trust, the actuarial for benefits is now approximately 33.9% funded. The difference of 66.1% or \$7,792,000 is reported as a liability on the Corporation's financial statements.

Note 14: Due to the United States Government – Non Current Liabilities

The amount reported in this classification is made up of two major components.

A. Due to HUD

The Corporation had entered into contracts with HUD to administer housing assistance payment contracts with housing projects occupied by tenants qualifying for Section 8 housing assistance payments. Pursuant to the contracts, HUD makes annual contributions to the Corporation in an amount equal to the annual assistance payments plus an administrative fee, if applicable, for the Corporation.

The Corporation received the annual contract contributions periodically during the year and disbursed funds monthly for the benefit of the covered projects. Related fees earned during fiscal year 2012 amounted to \$74,000 and are included in operating income. On December 31, 2011, the Section 8 contracts of the six remaining projects for which the Corporation was the contract administrator expired and were reassigned by HUD to consolidate administration of the program, to HUD's designated "New York State Performance Based Contract Administrator". The remaining fund of \$654,000 was remitted back to HUD by the Corporation.

B. Rebate Fund

In order to maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the Corporation established a separate fund, the Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Code are deposited. In general, the Code requires the payment to the U.S. Treasury of the excess of the amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue

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were invested at a rate equal to the yield on the issue. Project or construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within the required time period after the date of issue and debt service funds with annual gross earnings of less than \$100,000 are exempt from this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. At October 31, 2012, HDC had set aside \$1,437,000 to make future rebate payments when due.

Note 15: Commitments

(A) New York City Housing Development Corporation

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

Year Ending October 31,	
2013.....	\$1,837,000
2014.....	1,837,000
2015.....	1,810,000
2016.....	1,801,000
2017.....	1,801,000
2018—2022.....	10,405,000
Total	\$19,491,000

For fiscal year 2012, the Corporation's rental expense amounted to \$2,177,000.

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

(iii.) The portion of closed construction loans that had not yet been advanced as of October 31, 2012 is as follows:

<u>Programs:</u>	
Multi-Family Bond Programs	
Housing Revenue	\$552,135,000
Liberty Bond	11,909,000
New Housing Opportunity Program (New HOP)	10,605,000
Loans Secured by 80/20 Certificates	28,565,000
Section 8	288,000
Corporate Services Fund Loans	81,886,000
421-A Housing Trust Fund	20,310,000
501 C (3)	36,057,000
Unadvanced Construction Loans (closed loans)	\$741,755,000

New York City Housing Development Corporation

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As of October 31, 2012 the Corporation had executed commitment letters for several loans that had not yet closed in the amount totaling \$184,708,000.

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

- The Corporation entered into a MOU with HPD dated as of May 5, 2004 that outlines the Corporation's obligations to purchase participations totaling up to \$55,632,000 in affordable housing loans for various HPD programs during fiscal years 2004 to 2006, and HPD's commitment to purchase these loans extend back to that period with accrued interest in 2007 and 2008. As of October 31, 2012, loans totaling \$27,208,000 had been closed and \$27,208,000 had been advanced. The Corporation's commitment to purchase loans under the MOU has expired. Out of the total loans advanced through FY 2012, \$9,992,000 in loans were assigned back to HPD after repayment to HDC of the same amount.

(B) New York City Residential Mortgage Insurance Corporation

As of October 31, 2012, REMIC insured loans with coverage totaling \$142,552,000 and had outstanding commitments to insure loans with a maximum insurance coverage of \$101,947,000.

Note 16: Financial Guarantees

On April 2, 2012, the Corporation entered into a Guaranty Agreement with Citibank, N.A. ("Citibank") to guaranty the yield on Citibank's investment in the Low Income Housing Tax Credit ("LIHTC") created pursuant to the New York City Housing Authority Tax Credit Transaction ("NYCHA Tax Credit Transaction"). In return, the Corporation received \$16.0 million as a guaranty fee from Citibank.

The Corporation agreed to guaranty the obligation that Citibank is entitled to receive as a minimum return on its investment in the NYCHA Tax Credit Transaction. As per the initial calculation schedule assumptions, Citibank will receive on an after-tax basis, an internal rate of return on its investment of 14.33%. The Corporation is guarantying that the internal rate of return will be no less than 10.5%. The NYCHA Tax Credit Transaction required the establishment and funding of several project reserves and guaranties in order to ensure timely completion of rehabilitation, which has in fact proceeded on time and within budget, and the overall success of the transaction. The reserves and guaranties decrease the likelihood that HDC will be required to make a payment under the Guaranty Agreement. If it is determined that Citibank had not obtained the minimum return through the coverage period, the Corporation as guarantor would be obligated to pay Citibank the amount on an after tax basis equal to the minimum return deficiency payment, subject to the cap amount. (See Note 17: "Contingencies".)

Note 17: Contingencies

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

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2012

During the current fiscal year on April 2, 2012, the Corporation entered into a guaranty agreement with Citibank to guaranty the yield on Citibank's investment in the LIHTC created pursuant to the NYCHA Tax Credit Transaction. (See Note 16: "Financial Guarantees".) The Corporation's maximum obligation is capped at \$96.0 million over the compliance period. The compliance period of these tax credits is 15 taxable years beginning with the first taxable year of the credit period. During the compliance period, from time to time NYCHA LLC-I will determine that the total benefits allocated or paid to Citibank through such date, together with the tax benefits projected to be received by Citibank thereafter through the coverage period termination date, are sufficient to keep Citibank on track to achieve the minimum return. If it is determined that Citibank is not on track to achieve the minimum return through the coverage period termination date, the Corporation shall have the option, but not the obligation, subject to the cap amount to make a payment to Citibank under the guaranty agreement in an amount equal to the optional minimum return deficiency amount. The NYCHA Tax Credit Transaction required the establishment and funding of several project reserves and guaranties in order to ensure timely completion of rehabilitation, which has in fact proceeded on time and within budget, and the overall success of the transaction. The reserves and guaranties decrease the likelihood that HDC will be required to make a payment under the Guaranty Agreement.

Note 18: Net Position

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

- Restricted Net Position are net assets that have been restricted in use in accordance with the terms of an award, agreement or by State law. This includes net assets restricted by bond resolutions, contractual obligations with HPD and HUD, and REMIC reserves that are required by statute, among other items (see chart below).
- Unrestricted Net Position are the remaining net position, which can be further categorized as Designated or Undesignated. Designated Net Position is not governed by statute or contract but is committed for specific purposes pursuant to HDC policy and/or Board directives. Designated Net Position includes funds and assets committed to various housing initiatives, reserves to maintain HDC's credit ratings, and working capital.

Changes in Net Position

The changes in Net Position are as follows:

	Restricted	Unrestricted	Total
Net position at October 31, 2010 (as restated)	\$525,372,000	779,111,000	1,304,483,000
Income	138,512,000	7,645,000	146,157,000
Transfers	(71,367,000)	71,367,000	—
Net position at October 31, 2011 (as restated)	\$592,517,000	858,123,000	1,450,640,000
Income	108,997,000	22,460,000	131,457,000
Transfers	134,302,000	(134,302,000)	—
Net position at October 31, 2012	\$835,816,000	746,281,000	1,582,097,000

New York City Housing Development Corporation

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October 31, 2012

Summary of Restricted Position	2012	2011
Multi-Family Bond Programs	\$710,078,000	\$508,728,000
421-A Housing Trust Fund	121,859,000	75,582,000
Corporate Debt Service Reserve 2006 Series A Purchase Bonds	2,278,000	5,860,000
Claim Payment Fund for 223(f) Program	1,601,000	2,347,000
Total Restricted Net Position	\$835,816,000	\$592,517,000

Of the total Unrestricted Net Position listed below, \$452,383,000 is existing mortgages and other loans. An additional \$177,262,000 has been designated by the Members of the Corporation for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has \$1,647,000 in capital assets.

Summary of Unrestricted Net Position	2012	2011
Designated Position:		
Housing Programs	\$177,262,000	\$91,362,000
Existing Mortgages	452,383,000	671,051,000
Working Capital	19,989,000	19,037,000
Rating Agency Reserve Requirement	80,000,000	72,500,000
Financial Guaranty Reserve	15,000,000	—
Total Designated Net Position	744,634,000	853,950,000
Undesignated Position:		
Loan spread purchased from New York City	—	2,852,000
Capital Assets	1,647,000	1,321,000
Total Undesignated Net Position	1,647,000	4,173,000
Total Unrestricted Net Position	\$746,281,000	\$858,123,000

In fiscal year 2012, net position transferred \$134,302,000 from unrestricted to restricted primarily due to the transfer of mortgage loans originated with corporate reserves. The mortgage loans were transferred into the corporation open resolution programs as the result of securitizations.

Note 19: Subsequent Events

Subsequent to October 31, 2012, a total of \$338,360,000 of bonds were issued in the course of the Corporation's normal business activities.

On November 28, 2012, the Corporation entered into a credit support agreement with the United States Department of Urban Development (HUD). Pursuant to the agreement between HDC and HUD, HDC has agreed to provide a \$15,000,000 top loss guarantee to HUD for securing a mortgage loan issued by Wells Fargo to the Co-op City Development. HDC has designated \$15,000,000 in assets to fully reserve for the guarantee.

New York City Housing Development Corporation Required Supplementary Information

October 31, 2012

Schedule 1:

The following schedule is being presented to provide information on the funding progress of the OPEB Plan.

Schedule of Funding Progress For the Retiree Healthcare Plan (\$ in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10-31-2010	0	\$16,374	\$16,374	0%	\$12,484	131.2%
10-31-2008	0	\$17,050	\$17,050	0%	\$11,260	151.0%
10-31-2006	0	\$13,779	\$13,779	0%	\$9,097	151.0%

New York City Housing Development Corporation

Other Information

October 31, 2012

Schedule 2:

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

Housing Revenue Bond Program Schedule of Net Position October 31, 2012 and 2011 (in thousands)

	2012	2011
		(as restated)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 304,014	\$ 308,301
Investments	17,852	175,131
Receivables:		
Mortgage loans	92,464	138,838
Accrued interest	19,956	14,071
Other	713	314
Total Receivables	113,133	153,223
Other assets	26	34
Total Current Assets	435,025	636,689
Noncurrent Assets:		
Restricted cash and cash equivalents	440,503	507,215
Restricted investments	521,616	307,750
Purpose investment (note 2C)	154,044	186,644
Restricted receivables:		
Mortgage loans	3,683,618	3,069,651
Loan participation receivable - The City of NY (note 6)	764,068	656,707
Accrued interest	370	292
Other	-	258
Total restricted receivables	4,448,056	3,726,908
Primary government/component unit receivable (payable)	(13,241)	(45,749)
Other assets	10,010	10,208
Total Noncurrent Assets	5,560,988	4,692,976
Total Assets	\$ 5,996,013	\$ 5,329,665
Deferred outflows of resources		
Interest rate cap	1,586	2,557
Total deferred outflows of resources	\$ 1,586	\$ 2,557

New York City Housing Development Corporation

Other Information

October 31, 2012

Schedule 2 (cont'd):

**Housing Revenue Bond Program
Schedule of Net Position
October 31, 2012 and 2011 (in thousands)**

	2012	2011
Liabilities and Net Position		(as restated)
Current Liabilities:		
Bonds payable (net)	\$ 346,895	\$ 448,915
Accrued interest payable	61,900	57,933
Payable to mortgagors	1,355	-
Restricted earnings on investments	1,002	(558)
Accounts and other payables	68,351	69,733
Total Current Liabilities	479,503	576,023
Noncurrent Liabilities:		
Bonds payable (net) (note 9)	3,959,004	3,516,237
Loan participation due to The City of New York (note 11)	764,068	656,707
Others due to The City of New York	84,960	22,439
Payable to mortgagors	36,456	68,700
Unearned revenues, amounts received in advance and other liabilities	10,602	7,425
Due to the United States Government	16	670
Total Noncurrent Liabilities	4,855,106	4,272,178
Total Liabilities	5,334,609	4,848,201
Net Position:		
Restricted for bond obligations	662,990	484,021
Total Net Position	662,990	484,021
Total Liabilities and Net Position	\$ 5,997,599	\$ 5,332,222

New York City Housing Development Corporation

Other Information

October 31, 2012

Schedule 2 (cont'd):

Housing Revenue Bond Program Schedule of Revenues, Expenses and Changes in Net Position Fiscal Years ended October 31, 2012 and 2011 (in thousands)

	2012	2011
		(as restated)
Operating Revenues		
Interest on loans	\$ 161,444	\$ 144,056
Fees and charges	37,471	26,688
Income on loan participation interests	2,266	4,468
Other	7	9
Total Operating Revenues	201,188	175,221
Operating Expenses		
Interest and amortization of bond premium and discount	125,810	116,425
Trustees' and other fees	4,458	1,788
Bond issuance costs	8,138	5,189
Total Operating Expenses	138,406	123,402
Operating Income (Loss)	62,782	51,819
Non-operating Revenues (Expenses)		
Earnings on investments	18,680	21,950
Other non-operating revenues (expenses), net	845	3,174
Total Non-operating Revenues	19,525	25,124
Income (Loss)	82,307	76,943
Operating transfers to Corporate Services Fund	(21,553)	(14,866)
Capital transfers	118,215	(59,020)
Change in Net Position	178,969	3,057
Total net position - beginning of year	484,021	480,964
Total Net Position - End of Year	\$ 662,990	\$ 484,021