



Combined Financial Statements
and Other Information

New York City Housing
Development Corporation

October 31, 2018



New York City Housing Development Corporation

**Combined Financial Statements and
Additional Information**

Year Ended October 31, 2018

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Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements 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, 2018, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2018 and the changes in financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Corporation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of the Corporation's OPEB Contributions, the Schedule of the Corporation's Proportionate Share of the Net Pension Liability and the Schedule of the Corporation's Pension Contributions, as listed in the table of contents, 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 which 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedules of Net Position for the Housing Revenue Bond Program and Multi-Family Secured Mortgage Revenue Bond Program as of October 31, 2018 and 2017 and the Schedules of Revenue, Expenses and Changes in Net Position for the years then ended, as listed in the table of contents, are presented for purposes of additional analysis and are 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Ernst + Young LLP

January 30, 2019

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Management's Discussion and Analysis
Year Ended October 31, 2018

INTRODUCTION

The New York City Housing Development Corporation (“HDC” or the “Corporation”) is a State public benefit corporation created pursuant to Article XII of the New York State Private Housing Finance Law that finances affordable housing in New York City. HDC issues tax-exempt and taxable debt (“PHFL”) 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 presented as blended component units in the financial statements. The New York City Residential Mortgage Insurance Corporation (“REMIC”) insures residential mortgages in New York City. The New York City Housing Assistance Corporation (“HAC”) made mortgage loans for affordable housing in the 1980s. Presently, it provides rental subsidy assistance to one residential development.

The Corporation’s annual financial report consists of four parts: *management’s discussion and analysis*, the basic *financial statements*, *required supplementary information*, which includes the Schedule of Changes in the net Postemployment Benefit Other Than Pensions (“OPEB”) Liability and Related Ratios, the Schedule of the Corporation’s OPEB Contributions, the Schedule of the Corporation’s Proportionate Share of the Net Pension Liability, and the Schedule of the Corporation’s Contributions, and *supplementary information*, which includes the Schedule of Net Position and Schedule of Revenues, Expenses and Changes in Net Position for the Housing Revenue Bond Program and the Multi-Family Secured Mortgage Revenue Bond Program. This 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, 2018. This period is also referred to as Fiscal Year 2018. Reported amounts have been rounded to facilitate reading.

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").

CORPORATE AND FINANCIAL HIGHLIGHTS

During fiscal year 2018 revenues of the Corporation increased from \$531.1 million to \$564.4 million, the main factors for the increase of \$33.3 million were operating revenues generated from interest on mortgage loans and related fees. Operating revenues increased from \$424.7 million to \$471.4 million, a 10.99% increase. The increase in mortgage earnings was primarily due to a \$1.9 billion increase in mortgage loans and loan participation interests. In April 2018, the Corporation issued the 2018 Series B Bonds, in the amount of \$165.5 million. The proceeds were used to purchase a 100% participation interest in a mortgage loan portfolio with an aggregate outstanding principal amount of approximately \$671.6 million. The loans were originated and owned by The City of New York acting through HPD. Investment earnings also saw a significant increase from a year ago. Total investment earnings increased from \$27.0 million to \$53.6 million, a 97.95% increase. This increase was due to the growth in the investment portfolio from \$4.1 billion to \$5.2 billion as a result of bond issuances and receipts in HPD Section 661 Funds in the amount of \$843.1 million, as well as rising interest rates on funds invested. The increases in operating income and investment income were partially offset by a decrease in grant revenues. In fiscal year 2018 grant revenues were \$42.0 million compared to \$79.4 million in 2017.

Operating expenses also increased by 18.21% from fiscal year 2017. Interest on bonds and other debt obligations increased by a net of \$50.8 million. In order to meet its commitment to the *Mayor's Housing New York Plan*, HDC's debt issuances exceed \$1.6 billion in fiscal year 2018. In addition to bond issuances the Corporation also closed two tax-exempt debt obligations to fund two mortgage loans. Draws on debt obligations this fiscal year totaled \$190.4 million. In fiscal year 2018, HDC continued to expand its relationship with the Federal Financing Bank ("FFB") by selling certificates of participation on the mortgages of three developments originated by the Corporation and are included in the FHA Risk-Sharing insured mortgage portfolio. The total principal amount of the mortgage loans as of the certificate closing dates was \$85.0 million. This program assists the Corporation in lowering the costs of funding its loans.

In fiscal year 2018, HDC closed on nineteen new bonded senior mortgages with loan commitments in excess of \$846.4 million and two debt obligation mortgages for \$133.4 million. In addition, the Corporation committed \$293.1 million of subsidy from its corporate reserves. In fiscal year 2018, the Corporation also financed ten preservation mortgages for a total of \$187.7 million, which included seven Mitchell-Lama preservation loans, as part of its Mitchell-Lama restructuring program ("MLRP"). The mortgages were funded with a combination of taxable bonds and corporate reserves. The MLRP offers a low cost solution to the rising capital needs facing an aging portfolio while requiring a long-term commitment to remain in the program and continuing to make available hundreds of affordable housing units.

CONDENSED STATEMENT OF NET POSITION

The condensed statement of net position presents the Corporation's total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of October 31, 2018 and 2017. The following table represents the changes in the Corporation's net position between October 31, 2018 and 2017 and should be read in conjunction with the financial statements. *(Dollar amounts are in thousands):*

	2018	2017	Change	Percent Change
Assets				
Cash and Investments	\$5,264,290	\$4,205,190	\$1,059,100	25.19%
Mortgage Loans	12,253,404	10,852,812	1,400,592	12.91
Loan Participation Receivable	1,092,274	595,743	496,531	83.35
Notes Receivable	589,991	626,198	(36,207)	(5.78)
Accrued Interest	80,588	58,142	22,446	38.61
Other Receivables	34,240	33,167	1,073	3.24
Capital Assets	2,165	2,338	(173)	(7.40)
Interest Rate Swaps	32,012	8,519	23,493	275.77
Other Assets	2,386	4,985	(2,599)	(52.14)
Total Assets	19,351,350	16,387,094	2,964,256	18.09
Deferred Outflows of Resources	10,189	10,931	(742)	(6.79)
Liabilities				
Bonds Payable & Debt Obligations, net	11,974,779	10,881,457	1,093,322	10.05
Interest Payable	121,416	104,916	16,500	15.73
Payable to The City of New York:				
Loan Participation Agreements	1,092,274	595,743	496,531	83.35
Housing Finance Fund Section 661	1,647,918	803,119	844,799	105.19
Other	636,759	508,640	128,119	25.19
Payable to Mortgagors	849,311	752,834	96,477	12.82
Restricted Earnings on Investments	20,728	17,783	2,945	16.56
Accounts and Other Payables	25,348	23,401	1,947	8.32
Net Pension Liability	9,325	10,991	(1,666)	(15.16)
Net OPEB Liability	13,822	12,671	1,151	9.08
Unearned Revenues and Other Liabilities	104,258	93,042	11,216	12.05
Total Liabilities	16,495,938	13,804,597	2,691,341	19.50
Deferred Inflows of Resources	34,133	9,262	24,871	268.53
Net Position				
Net Investments in Capital Assets	2,165	2,338	(173)	(7.40)
Restricted for Insurance Requirements	79,378	71,192	8,186	11.50
Restricted for Bond Obligations	1,904,075	1,537,607	366,468	23.83
Unrestricted	845,850	973,029	(127,179)	(13.07)
Total Net Position	\$2,831,468	\$2,584,166	\$247,302	9.57%

Assets of the Corporation

Assets consist largely of the following: cash and investments from bond proceeds, debt service and other reserves, funds designated for various housing programs, mortgage loans, other assets, which include participation interests in cash flows from pools of mortgage loans, housing-related notes receivable and purpose investments. At October 31, 2018, HDC's total assets were \$19.3 billion, an increase of 18.09% from fiscal year 2017. The increase was due to the mortgage lending, the securitization of a City mortgage portfolio and the increase in the HPD Section 661 Funds granted to HDC. In fiscal year 2017, total assets were \$16.4 billion, an increase of \$1.7 billion or 11.52% from fiscal year 2016.

Cash and Investments: The Corporation ended the fiscal year with \$5.3 billion in cash and investments. Other than collateralized and purpose investments, investments were recorded at fair value. Approximately \$2.8 billion of that balance was un-advanced construction loan monies already committed to fund mortgage loans that have already closed. Cash and investments under management increased by a net of \$1.1 billion from a year ago. This was mainly the result of the Corporation's bond financing and operating activities. New money raised this fiscal year from debt issuance exceeded \$1.9 billion. Additionally, the Corporation received \$843.1 million pursuant to Section 661 of the PHFL ("Section 661 Funds") to make loans on behalf of the City acting through HPD.

Mortgage Loans: Mortgage loans comprised 63.32% of the Corporation's total assets. The mortgage loan portfolio at the end of the fiscal year was \$12.2 billion, an increase of \$1.4 billion or 12.91% from the previous year. At October 31, 2017, the mortgage loan portfolio was \$10.9 billion. During fiscal year 2018, mortgage loan activities included advances of approximately \$2.0 billion and principal loan repayments of \$613.9 million. Mortgage loans assigned to the Corporation via purchase and sale agreements totaled \$98.0 million.

Loan Participation Receivable: Loan participation receivable at October 31, 2018 was \$1.1 billion, an increase of \$496.5 million from \$595.7 million a year ago. The increase was mainly due to the new loan participating agreement between the Corporation and the City as a result of the securitization of a \$671.6 million, loan portfolio in April 2018. The Mitchell Lama loan restructuring program (MLRP) decreased by a net of \$4.5 million as a result of a restructuring loan made by the Corporation.

Notes Receivable: Notes receivable was \$589.9 million, down from \$626.2 million in 2017. The Corporation has two outstanding notes receivable that relate to the bonds issued for a military housing development at Fort Hamilton ("Military Housing") and a Capital Fund ("Capital Fund Note") financing for the New York City Housing Authority ("NYCHA"), with outstanding balances of \$43.9 million and \$546.0 million, respectively. In fiscal year 2018 there were \$36.2 million in notes repayments. The Military Housing notes are secured by pledged revenues of the development and the NYCHA Capital Fund notes are secured by payments from the United States Department of Housing and Urban Development ("HUD").

Accrued Interest: Interest receivable increased from \$58.1 million at October 31, 2017 to \$80.6 million at October 31, 2018. The 38.61% increase was due to the increases in the mortgage loan portfolio including the loan participation receivable as a result of the aforementioned securitization.

Other Receivables: Other receivables were \$34.2 million at October 31, 2018, a net increase of \$1.1 million from October 31, 2017. Other receivables are primarily comprised of the amount outstanding under a participating agreement with the CPC Special Purpose Enterprise which increased by a net of \$1.1 million, and interest and servicing fees billed on loans serviced for others which decreased by \$0.1 million.

Interest Rate Swaps: The Corporation entered into various interest rates swap contracts as a means of mitigating its exposure to its variable rate debt. As short-term rates, including the 3-month LIBOR index continue to rise, the Corporation entered into three additional interest rate swap agreements to manage the interest rate risk associated with its variable rate portfolio and further protect itself against interest rate volatility. The net change of \$23.5 million in the fair value was recorded as an asset offset by a deferred inflow. As of October 31, 2018 the fair value of the interest rate swaps amounted to \$32.0 million.

Capital and Other Assets: Other assets decreased \$2.8 million. This decrease was mainly due to a net \$2.6 million decrease relating to the amortization on the 2011 participation interest cash flow and a slight decrease in capital assets. Under the 2011 Participation Agreement, the Corporation holds a 100% participation interest in the second mortgages and related Section 236 contracts on the three remaining properties. The Corporation paid the City \$10.3 million as the purchase price, which represents the discounted value of the future cash flows (monthly interest reduction payments). The unamortized value of the 2011 Participation Interest was \$2.4 million at October 31, 2018.

Deferred Outflows of Resources

Deferred outflows of resources (deferred outflows) were \$10.2 million at October 31, 2018, a decrease of \$0.7 million from October 31, 2017 when deferred outflows were \$10.9 million. Deferred outflows consist of (a) the loss incurred on the early retirement of debt due to an advance refunding in 2013, (b) interest rate caps purchased to mitigate the Corporation's exposure to its variable rate bonds in its General Resolution, (c) deferred outflows related to the pension plan liability and (d) certain changes related to the OPEB plan liability. In fiscal year 2018, the amount amortized on the deferred loss was \$0.7 million. Included in deferred outflows related to the pension plan is the net difference between projected and actual earnings on the pension plan investments, the change in assumptions and the change in proportion related to the Corporation's pension liability as calculated by the New York City Office of the Actuary ("NYCOA"). Deferred outflows related to pensions decreased by \$0.7 million. In fiscal year 2017, HDC adopted GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" HDC reported deferred outflows of resources of \$1.1 million related to OPEB in fiscal year 2018.

Liabilities of the Corporation

Total liabilities were \$16.5 billion at October 31, 2018, an increase of \$2.7 billion or 19.50%. At October 31, 2017, total liabilities were \$13.8 billion. Liabilities are grouped into three main categories. The largest are HDC Bonds Payable and Debt Obligations, net, which were approximately \$12.0 billion, and accounted for approximately 72.59% of total liabilities. The second largest category is Payable to The City of New York. This includes the return at maturity of loans made by the Corporation with funds granted to it by the City acting through HPD under

Section 661 of the PHFL (“Section 661”). Other payables to the City include loans administered on behalf of HPD and other loans, 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. These loans are transferred back to the City when the related bonds are retired. The last category of liabilities includes Payable to Mortgagees, Accounts and Other Payables, and Unearned Revenues. The Payable to Mortgagees funds are 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.

Bonds Payable and Debt Obligations: Bonds and outstanding debt obligations were \$12.0 billion at October 31, 2018, an increase of \$1.1 billion. At October 31, 2017, bonds and outstanding debt obligations were \$10.9 billion. In fiscal year 2018, HDC issued 19 new bond series for a total of \$1.6 billion. Government debt obligation draws during fiscal year 2018 totaled \$190.4 million. In fiscal year 2018, HDC closed on three new certificates of participation with the FFB on mortgages included in the Corporation’s FHA Risk Sharing Program for a total of \$85.0 million. Total proceeds raised this fiscal year were \$1.9 billion. Bond redemptions this fiscal year amounted to \$830.9 million. The Corporation’s scheduled debt service principal payments this fiscal year were \$226.8 million and total bond redemptions were \$518.9 million. The Corporation also had an advance refunding of one series of bonds in the amount of \$3.1 million. There were \$83.0 million in debt obligation redemptions, primarily due to the conversion of two developments to permanent financing. Pursuant to the forward bond purchase agreement, the Corporation issued bonds in the Open Resolution and refunded the debt obligations. Additionally, there were \$2.2 million of FFB participation principal repayments and \$4.0 million in bond premium amortization, net. (See Note 10: “Bonds Payable and Debt Obligations”)

Interest Payable: Accrued interest payable increased by \$16.5 million to \$121.4 million at October 31, 2018 from \$104.9 million in 2017. This increase was primarily due to the \$1.0 billion increase in bonds and other debt obligations outstanding, and rising interest rates on floating rate debt.

Payable to The City of New York: Payable to The City of New York at October 31, 2018 was \$3.3 billion a net increase of \$1.4 billion from 2017. Payable to the City is grouped into three categories for reporting purposes: loan participation agreements, HPD grant programs such as Section 661 and other. The Mitchell-Lama and City loan participation program had an outstanding balance of \$1.1 billion, a net increase of \$496.5 million primarily due to the securitization of a City owned mortgage loan portfolio in April 2018. The second category, HPD grant program (Section 661) had an outstanding balance of \$1.6 billion, a net increase of \$844.8 million as a result of funds received during the fiscal year. Under the program, the City, acting through HPD, grants monies to the Corporation for making loans on its behalf to developments that are also financed by HDC. Upon maturity of the Corporation’s senior loans, the loan interest made on behalf of the City is returned to it. The Other Payable to The City of New York had a net increase of \$128.1 million. This category includes a net increase of \$131.1 million in loans assigned and loans serviced for the City. It also includes a decrease of \$6.4 million from the City’s continued repayment of the Stuyvesant Town loan made by HAC on behalf of the City in December 2015.

Payable to Mortgagors: Payable to mortgagors was \$849.3 million at October 31, 2018, an increase of \$96.5 million from \$752.8 million in 2017. There was a net increase in escrows and reserve for replacement funds of \$67.4 million, resulting from funds held in the course of the Corporation’s loan servicing function. Community Development Block Grants (“CDBG”) and other funds held on behalf of mortgagors decreased by \$18.0 million. Prepaid debt service, equity funds held and similar funds increased by \$47.1 million.

Accounts Payable: Accounts payable at fiscal year-end was \$25.3 million, up from \$23.4 million at October 31, 2017. The net increase of \$1.9 million was primarily attributable to a \$1.2 million increase in bond issuance costs and mortgage insurance premiums payable. Additionally, there was an increase of deferred interest billed and payable to other entities, and \$0.1 million in accrued salaries payable.

Restricted Earnings on Investments: Restricted earnings on investments increased by \$2.9 million due to rising interest rates on such investments. This amount was \$17.8 million at October 31, 2017 and increased to \$20.7 million as of October 31, 2018.

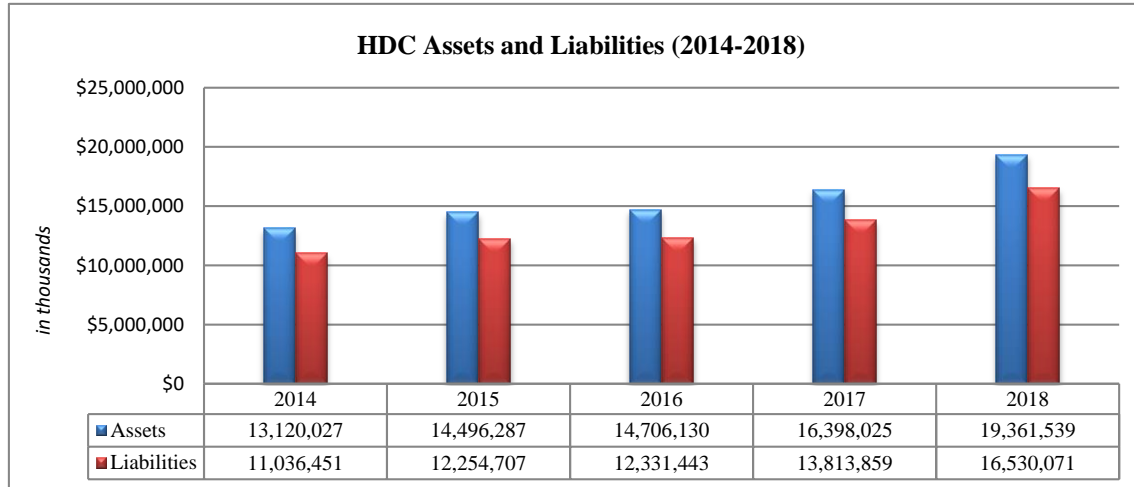
Net Pension and OPEB Liabilities: The accumulated amount of the Corporation’s net pension liability as calculated by the NYCOA was \$9.3 million as of October 31, 2018, a net decrease of \$1.7 million from 2017. Actual earnings on net pension plan assets were better than projected. In fiscal year 2017, HDC adopted GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. The Corporation recorded a net OPEB liability of \$13.8 million as of October 31, 2018, an increase of \$1.1 million from \$12.7 million recorded at October 31, 2017. The increase consisted of the Corporation’s net obligation for the fiscal year, which includes normal cost, amortization of unfunded actuarial accrued liability (“UAAL”) and interest expense.

Unearned Revenues and Other Liabilities: Unearned revenues and other liabilities increased by \$11.2 million to \$104.3 million at October 31, 2018. There was a net increase of \$13.5 million mainly due to the receipt of construction and bond financing fees on mortgage closings, which will be earned over the construction period of the related mortgages. Other unearned revenues including deferred guaranty and other fees received in advance, decreased by \$2.3 million due to amortization.

Deferred Inflows of Resources

Deferred inflows of resources (deferred inflows) increased from \$9.3 million at October 31, 2017 to \$34.1 million as of October 31, 2018. The deferred inflows related to interest rate swaps agreements had a fair value of \$32.0 million in favor of HDC. The deferred inflows related to the Corporation’s pension liability were \$1.3 million and the deferred inflows related to OPEB were \$0.8 million.

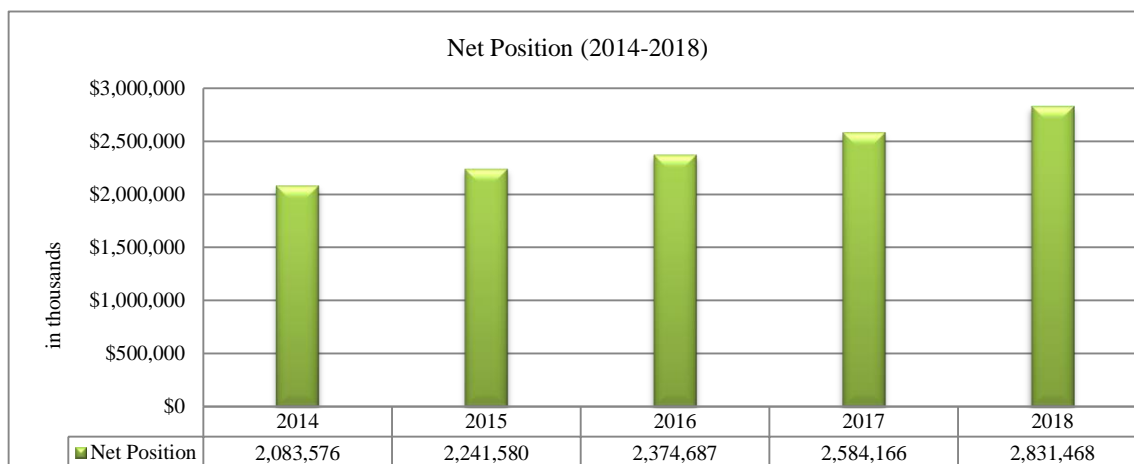
The following chart presents the comparative data of the Corporation’s assets including deferred outflows, and liabilities including deferred inflows, over the last five years:



Net Position

Net position, the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources, totaled \$2.8 billion as of October 31, 2018. This represents an increase of \$247.3 million or 9.57% over the balance from the previous year. In 2017, net position increased by \$209.5 million. The \$247.3 million increase in 2018 includes \$184.2 million from net income, and \$63.1 million from proceeds on the loan participation securitization.

Net position is classified as either restricted or unrestricted net position, with restricted net position being committed by law or contract for 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 *Housing New York Plan* and working capital. Virtually all of the Corporation’s net position is either restricted or designated. The following chart presents the comparative data of the Corporation’s net position over the last five years:



Condensed Statement of Revenues, Expenses and Changes in Net Position

The condensed Statement of Revenues, Expenses and Changes in Net Position presents total revenues recognized in and expenses attributed to the fiscal year ended October 31, 2018. The table below summarizes the Corporation's revenues and expenses and presents comparative data. It should be read in conjunction with the financial statements. (*Dollar amounts are in thousands*):

	2018	2017	Change	Percent Change
Revenues				
Interest on Loans	\$398,559	\$342,577	\$55,982	16.34%
Fees and Charges	66,294	70,688	(4,394)	(6.22)
Income on Loan Participation Interests	4,624	8,996	(4,372)	(48.60)
Other Income	1,887	2,426	(539)	(22.22)
Total Operating Revenues	471,364	424,687	46,677	10.99
Expenses				
Bond Interest and Amortization	325,384	274,545	50,839	18.52
Salaries and Related Expenses	26,282	23,145	3,137	13.55
Trustees and Other Fees	8,981	7,966	1,015	12.74
Bond Issuance Costs	12,735	9,696	3,039	31.34
Corporate Operating Expenses	6,824	6,290	534	8.49
Total Operating Expenses	380,206	321,642	58,564	18.21
Operating Income	91,158	103,045	(11,887)	(11.54)
Non-Operating Revenues (Expenses)				
Earnings on Investments	64,434	33,595	30,839	91.80
Unrealized (Losses) on Investments	(10,879)	(6,541)	(4,338)	66.32
Other Non-Operating Revenues (Expenses)	39,472	79,380	(39,908)	(50.27)
Total Non-Operating Revenues (Expenses), net	93,027	106,434	(13,407)	(12.60)
Income before Special Item	184,185	209,479	(25,294)	(12.07)
Loan Securitization Proceeds	63,117	-	63,117	100.00
Change in Net Position	247,302	209,479	37,823	18.06
Net Position, Beginning of the Year	2,584,166	2,374,687	209,479	8.82
Net Position, End of the Year	\$2,831,468	\$2,584,166	\$247,302	9.57%

Revenues of the Corporation are classified as operating and non-operating. Interest income from mortgages represents the Corporation's major source of operating revenue. It also includes various loan and bond program fees such as commitment, bond financing, mortgage insurance and servicing fees. The Corporation's non-operating revenues consist mostly of grants and earnings on investments and purpose investments. Investment income accrues to the benefit of

the program for which the underlying sources of funds are utilized. Also reported separately as part of non-operating revenues (expenses) is the amount of unrealized appreciation or (depreciation) on investments reported by the Corporation during the year.

HDC's expenses are also classified as operating and non-operating. Operating expenses consist primarily of interest on bonds, which accounted for 85.58% of operating expenses in fiscal year 2018. Other operating expenses include corporate operating expenses (salaries, overhead and depreciation) and fees. Non-operating expenses consist largely of the fair value adjustment of interest rate caps, loss on the early retirement of debt and the amortization of the capitalized value of a purchased cash flow.

RESULTS OF OPERATIONS

Revenues

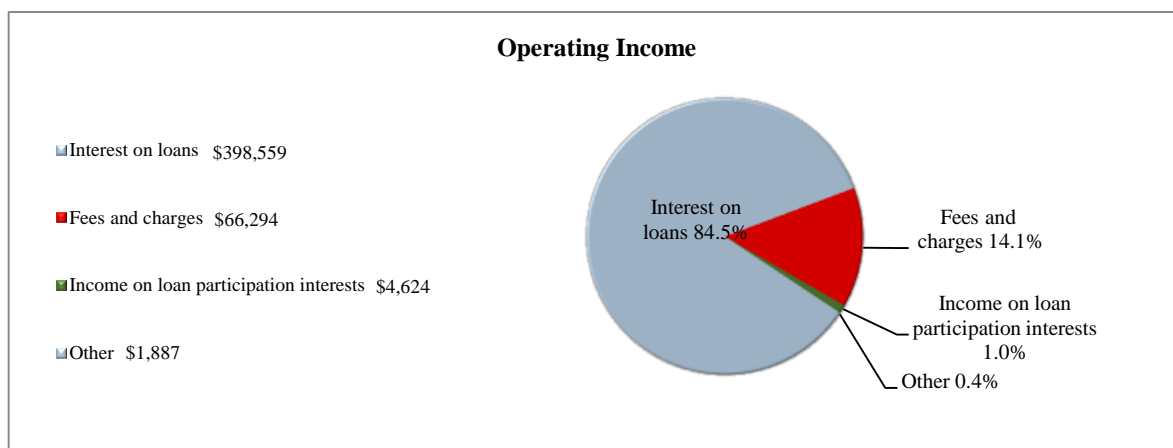
The Corporation had total revenues of \$564.4 million, an increase of \$33.3 million from a year ago. Operating revenues were \$471.4 million in 2018 compared to \$424.7 million in fiscal year 2017, an increase of \$46.7 million or 10.99%. Operating revenues were approximately 83.52% of total revenues in fiscal year 2018. Net operating income for the fiscal year was \$91.2 million. In fiscal year 2018, HDC recorded non-operating revenues of \$93.0 million, which included \$53.6 million of net investment earnings and \$42.0 million from grants.

Interest on Loans: Interest on loans, the largest component of operating revenues, was \$398.6 million, an increase of \$56.0 million or 16.34% from 2017. In fiscal year 2017, interest on loans was \$342.6 million. The increase in 2018 was a result of the higher mortgage and notes receivable balances consistent with an increase in the Corporation's mortgage closings, the City loan securitization in the year and higher interest rates on floating rate loans.

Fees and Charges: Fees and charges, which are mainly comprised of loan origination and servicing related fees, was \$66.3 million in 2018, a decrease of \$4.4 million from 2017. Loan satisfaction and restructuring fees this fiscal year were minimal compared to \$3.9 million in 2017.

Income on Loan Participation Interests: Loan participation income in fiscal year 2018 was \$4.6 million, compared to \$9.0 million the previous year. Loan participation income is driven by prepayments or restructuring of the second mortgage loans in the MLRP. Although the number of loans restructured or paid off in the MLRP were about the same, the outstanding balances in 2017 were higher than 2018.

Other Income: Other income in fiscal year 2018 was \$1.9 million compared to \$2.4 million in 2017. Other income is mainly comprised of a receivable setup for debt service on the NYCHA Capital Fund Grant program bonds ("NYCHA Bonds"), income on mortgage participations, and administrative fees on the CDBG Superstorm sandy related loans.



Expenses

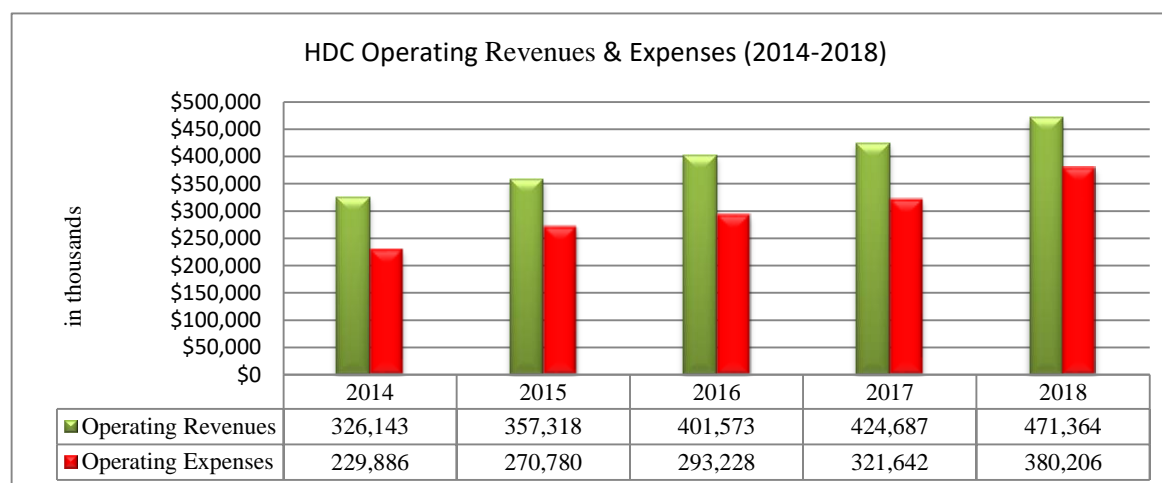
Operating expenses in fiscal year 2018 were \$380.2 million, an increase of \$58.6 million or 18.21% compared to the previous year, when operating expenses amounted to \$321.6 million. This increase was mainly attributable to bond interest expense due to the Corporation's issuances during the year and rising interest rates on variable rate bonds. Debt issuance costs and trustee fees increased by \$4.1 million. Salaries and related expenses, the second largest operating expense after interest on bonds, increased by \$3.1 million which is 13.55% higher than fiscal year 2017.

Bond Interest and Amortization: Interest expense constituted 85.58% of the total operating expenses. Total interest, net of amortization, was \$325.4 million, an 18.52% increase from 2017 when it was \$274.5 million. Interest on bonds increased by \$41.4 million and interest expense on the "Back to Back" debt obligation portfolio increased by \$6.8 million this fiscal year as the outstanding balance increased from \$307.8 million to \$415.1 million. Interest on the FFB loan participation agreements also increased by \$3.4 million, as three new loans were added to the portfolio in 2018 bringing the outstanding loan amount to \$284.8 million.

Salaries and Related Expenses: Salaries and related expenses were \$26.3 million in fiscal year 2018, a \$3.2 million increase from \$23.1 million in fiscal year 2017. \$1.5 million of the increase amount was attributed to the Corporation's recognition of pension and other "*Postemployment Benefits Other Than Pensions*" (OPEB) expenses for the fiscal year. Actual salaries were up by \$1.0 million as the Corporation filled some vacancies and the cost of fringe benefits increased by \$0.7 million compared to a year ago.

Bond Issuance and Other Expenses: Trustees' and other fees, bond issuance costs and corporate operating expenses increased by \$4.6 million. Bond issuance costs were \$12.7 million this fiscal year compared to \$9.7 million in 2017. The \$3.0 million increase is directly related to the \$1.6 billion in bond issuance this year. Corporate operating expenses increased from \$6.3 million to \$6.8 million this year.

The following chart presents the comparative data of the Corporation's operating revenues and expenses over the last five years:



Non-Operating Revenues (Expenses)

Earnings on Investments and Unrealized Losses: Earnings on investments are recognized as non-operating income. Investment income, including the fair value adjustment on outstanding investments was \$53.6 million compared to \$27.1 million in fiscal year 2017. The increase was primarily due to the higher investment outstanding balance and higher interest rates. The Corporation ended the fiscal year with \$5.3 billion of investments and cash equivalents on hand. Additionally, as interest rates continue to rise the Corporation has diligently tried to balance maintaining liquidity and maximizing its return on investments. Realized investment income was \$64.4 million, an increase of \$30.8 million from a year ago. The Corporation reported a \$10.9 million unrealized loss on investments this fiscal year compared to a \$6.5 million loss in fiscal year 2017.

Other Non Operating Revenues: Other non-operating revenues include \$42.0 million in 421-A Grant Revenue from the BPCA, \$2.6 million of amortization on the 2011 participation interests purchased cash flow, as a result of prepayments and restructuring of loans in the portfolio, and \$0.2 million in pass-through related revenue on the City loan sale participation programs.

Change in Net Position

Change in net position for fiscal year 2018 was \$247.3 million, up from \$209.5 million the previous year. The increase is comprised of net income for the year of \$184.2 million, and \$63.1 million from the City loan securitization proceeds, which was recorded as a special item due to the infrequent nature of the transaction. The City agreed to provide a portion of the loan securitization proceeds to the Corporation for use in furtherance of its commitment to the Housing New York Plan principally through the making of subordinate loans.

DEBT ADMINISTRATION

At year-end, the Corporation had approximately \$11.9 billion of bond principal and debt obligations outstanding, net of discount and premium, an increase of 10.05% over the prior year. The following table summarizes the changes in bonds payable and debt obligations between October 31, 2017 and October 31, 2018. (Dollar amounts are in thousands):

	2018	2017	Percentage increase FY 2017 to 2018
Bonds Payable & Debt Obligations	\$11,974,779	\$10,881,457	10.05%

In fiscal year 2018, all variable rate demand obligations (“VRDO”) bond series were successfully remarketed and there were no bonds that were tendered to become bank bonds. Additional information about HDC’s debt is presented in Note 10 to the financial statements.

NEW BUSINESS

In fiscal year 2018, the Corporation issued 19 new Housing Revenue Bonds series totaling \$1.6 billion. Included in this total were 15 series of tax-exempt bonds totaling \$1.3 billion and 4 series of taxable bonds totaling \$365.5 million. The Corporation also made low interest loans from its net position.

Subsequent to October 31, 2018, bonds and debt obligations, issued in the course of the Corporation’s normal business activities were \$478,845,000 and \$24,000,000, respectively.

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 on its website at www.nychdc.com.

New York City Housing Development Corporation Statements of Net Position

At October 31, 2018 (with comparative summarized financial information as of October 31, 2017) (\$ in thousands)

HDC and Component Units				
New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	Total	
			2018	2017

Assets

Current Assets:

Cash and cash equivalents (note 3)	\$ 765,088	\$ -	\$ -	\$ 765,088	\$ 607,232
Investments (note 3)	135,589	-	-	135,589	116,134
Receivables:					
Mortgage loans (note 4)	294,485	-	-	294,485	120,215
Accrued interest	38,532	-	-	38,532	33,666
Notes (note 5)	37,529	-	-	37,529	36,208
Other (note 7)	13,527	-	-	13,527	11,977
Total Receivables	384,073	-	-	384,073	202,066
Other assets	16	-	-	16	17
Total Current Assets	1,284,766	-	-	1,284,766	925,449

Noncurrent Assets:

Restricted cash and cash equivalents (note 3)	1,799,440	12,195	5,435	1,817,070	1,196,982
Restricted investments (note 3)	2,395,168	-	122,294	2,517,462	2,255,059
Purpose investments (note 2)	29,081	-	-	29,081	29,783
Mortgage loans (note 4)	340,502	-	-	340,502	476,779
Restricted receivables:					
Mortgage loans (note 4)	11,207,353	129,121	-	11,336,474	10,055,830
Mortgage loan participation - Federal Financing Bank (note 4)	281,943	-	-	281,943	199,988
Loan participation receivable - The City of NY (note 6)	1,092,274	-	-	1,092,274	595,743
Accrued interest	42,056	-	-	42,056	24,476
Notes (note 5)	552,462	-	-	552,462	589,990
Other (note 7)	20,713	-	-	20,713	21,190
Total Restricted Receivables	13,196,801	129,121	-	13,325,922	11,487,217
Primary government/component unit receivable (payable)	20	(1)	(19)	-	-
Capital assets	2,165	-	-	2,165	2,338
Interest rate swaps (note 9)	32,012	-	-	32,012	8,519
Other assets (note 8)	2,370	-	-	2,370	4,968
Total Noncurrent Assets	17,797,559	141,315	127,710	18,066,584	15,461,645

Total Assets	19,082,325	141,315	127,710	19,351,350	16,387,094
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Deferred Outflows of Resources

Interest rate caps (note 9)	1,880	-	-	1,880	1,262
Deferred loss on early retirement of debt (note 9)	5,660	-	-	5,660	6,366
Deferred outflows related to pensions (note 13)	1,588	-	-	1,588	2,241
Deferred outflows related to OPEB (note 14)	1,061	-	-	1,061	1,062
Total Deferred Outflows of Resources	\$ 10,189	\$ -	\$ -	\$ 10,189	\$ 10,931

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Statements of Net Position (continued)

At October 31, 2018 (with comparative summarized financial information as of October 31, 2017) (\$ in thousands)

HDC and Component Units				
New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	Total	
			2018	2017

Liabilities

Current Liabilities:

Bonds payable (net) (note 10)	\$ 627,161	\$ -	\$ -	\$ 627,161	\$ 296,575
Debt obligations payable	94	-	-	94	66
Loan participation payable to Federal Financing Bank	2,826	-	-	2,826	1,954
Accrued interest payable	121,416	-	-	121,416	104,916
Payable to mortgagors	182,299	-	-	182,299	162,992
Restricted earnings on investments	20,728	-	-	20,728	17,783
Accounts and other payables	25,348	-	-	25,348	23,401
Total Current Liabilities	979,872	-	-	979,872	607,687

Noncurrent Liabilities:

Bonds and debt obligations payable:					
Bonds payable (net) (note 10)	10,647,712	-	-	10,647,712	10,075,122
Debt obligations payable	415,043	-	-	415,043	307,730
Loan participation payable to Federal Financing Bank	281,943	-	-	281,943	200,010
Payable to The City of New York:					
Loan participation agreements (note 12)	1,092,274	-	-	1,092,274	595,743
Housing finance fund (Section 661)	1,647,918	-	-	1,647,918	803,119
Other	495,444	141,315	-	636,759	508,640
Payable to mortgagors	667,012	-	-	667,012	589,842
Net pension liabilities (note 13)	9,325	-	-	9,325	10,991
OPEB liability (note 14)	13,822	-	-	13,822	12,671
Unearned revenues and other liabilities	104,258	-	-	104,258	93,042
Total Noncurrent Liabilities	15,374,751	141,315	-	15,516,066	13,196,910
Total Liabilities	16,354,623	141,315	-	16,495,938	13,804,597

Deferred Inflows of Resources

Deferred inflows related to pensions (note 13)	1,356	-	-	1,356	743
Deferred inflows related to OPEB (note 14)	765	-	-	765	-
Interest rate swap fair value (note 9)	32,012	-	-	32,012	8,519
Total Deferred Inflows of Resources	34,133	-	-	34,133	9,262

Net Position

Net investment in capital assets	2,165	-	-	2,165	2,338
Restricted for bond obligations (note 19)	1,904,075	-	-	1,904,075	1,537,607
Restricted for insurance requirement and others	-	-	79,378	79,378	71,192
Unrestricted (note 19)	797,518	-	48,332	845,850	973,029
Total Net Position	\$ 2,703,758	\$ -	\$ 127,710	\$ 2,831,468	\$ 2,584,166

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
2018 Financial Statements

Year ended October 31, 2018 (with comparative summarized financial information for the year ended October 31, 2017) (\$ in thousands)

	HDC and Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2018	2017
Operating Revenues					
Interest on loans (note 4)	\$ 398,558	\$ 1	\$ -	\$ 398,559	\$ 342,577
Fees and charges (note 7)	62,488	-	3,806	66,294	70,688
Income on loan participation interests (note 6)	4,624	-	-	4,624	8,996
Other	1,887	-	-	1,887	2,426
Total Operating Revenues	467,557	1	3,806	471,364	424,687
Operating Expenses					
Interest and amortization of bond premium and discount (note 10)	325,384	-	-	325,384	274,545
Salaries and related expenses	26,282	-	-	26,282	23,145
Trustees' and other fees	8,981	-	-	8,981	7,966
Bond issuance costs	12,735	-	-	12,735	9,696
Corporate operating expenses (note 11)	6,824	-	-	6,824	6,290
Total Operating Expenses	380,206	-	-	380,206	321,642
Operating Income	87,351	1	3,806	91,158	103,045
Non-operating Revenues (Expenses)					
Earnings on investments (note 3)	62,277	5	2,152	64,434	33,595
Unrealized (losses) on investments (note 3)	(10,879)	-	-	(10,879)	(6,541)
Loss on early retirement of debt, net	(129)	-	-	(129)	-
Other non-operating revenues, net (note 7)	39,601	-	-	39,601	79,380
Payments from REMIC Subsidiary to HDC	545	-	(545)	-	-
Other	6	(6)	-	-	-
Total Non-operating Revenues, net	91,421	(1)	1,607	93,027	106,434
Income (Loss) before Special Item	178,772	-	5,413	184,185	209,479
Loan participation agreement securitization 2018 Series B-1 and B-2	63,117	-	-	63,117	-
Changes in Net Position	241,889	-	5,413	247,302	209,479
Total net position - beginning of year	2,461,869	-	122,297	2,584,166	2,374,687
Total Net Position - End of Year	\$ 2,703,758	\$ -	\$ 127,710	\$ 2,831,468	\$ 2,584,166

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation Statements of Cash Flows

New York City
Housing Development
Corporation
2018 Financial Statements

Year ended October 31, 2018 (with comparative summarized financial information for the year ended October 31, 2017) (\$ in thousands)

	HDC and Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2018	2017
Cash Flows From Operating Activities					
Mortgage loan repayments	\$ 949,784	\$ -	\$ -	\$ 949,784	\$ 958,815
Note repayments	62,790	-	-	62,790	61,506
Receipts from fees and charges	69,973	-	96	70,069	79,387
Mortgage escrow receipts	214,604	-	-	214,604	196,643
Reserve for replacement receipts	81,934	-	-	81,934	93,883
Mortgage loan advances	(1,746,162)	(199)	-	(1,746,361)	(1,528,915)
Note advances	-	-	-	-	(36,776)
Escrow disbursements	(173,354)	-	-	(173,354)	(180,144)
Reserve for replacement disbursements	(62,649)	-	-	(62,649)	(22,484)
Payments to employees	(24,614)	-	-	(24,614)	(24,111)
Payments to suppliers for corporate operating expenses	(6,208)	-	-	(6,208)	(5,640)
Project contributions and funds received from NYC	956,679	-	-	956,679	763,065
Advances and other payments for NYC	(214,247)	-	-	(214,247)	(162,360)
Bond cost of issuance	(12,233)	-	-	(12,233)	(9,511)
Other receipts	127,766	-	-	127,766	243,399
Other payments	(57,478)	(2,597)	-	(60,075)	(303,218)
Net Cash Provided by (Used in) Operating Activities	166,585	(2,796)	96	163,885	123,539
Cash Flows From Non Capital Financing Activities					
Proceeds from sale of bonds	1,655,994	-	-	1,655,994	1,475,379
Proceeds from loan participation - FFB	85,025	-	-	85,025	103,030
Proceeds from debt obligations	190,382	-	-	190,382	160,784
Retirement of bonds	(834,101)	-	-	(834,101)	(965,502)
Interest paid	(313,323)	-	-	(313,323)	(270,903)
Grant proceeds from BPCA	41,964	-	-	41,964	79,364
Hunters Point Cost Share savings and DOJ funds	-	-	-	-	27,447
Payments to component units	(2,978)	(187)	3,165	-	-
Net Cash Provided by (Used in) Non Capital Financing Activities	822,963	(187)	3,165	825,941	609,599
Cash Flows From Capital and Related Financing Activities					
Purchase of capital assets	(442)	-	-	(442)	(515)
Net Cash (Used in) Capital and Related Financing Activities	(442)	-	-	(442)	(515)
Cash Flows From Investing Activities					
Sale of investments	17,555,424	(4,451)	110,303	17,661,276	25,152,029
Purchase of investments	(17,833,241)	4,466	(112,376)	(17,941,151)	(25,723,411)
Interest and dividends collected	66,084	211	2,140	68,435	37,054
Net Cash (Used in) Provided by Investing Activities	(211,733)	226	67	(211,440)	(534,328)
Increase (decrease) in cash and cash equivalents	777,373	(2,757)	3,328	777,944	198,295
Cash and cash equivalents at beginning of year	1,787,155	14,952	2,107	1,804,214	1,605,919
Cash and Cash Equivalents at End of Year	\$ 2,564,528	\$ 12,195	\$ 5,435	\$ 2,582,158	\$ 1,804,214

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Statements of Cash Flows (continued)

Year ended October 31, 2018 (with comparative summarized financial information for the year ended October 31, 2017) (\$ in thousands)

HDC and Component Units				
New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	Total	
			2018	2017

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:

Operating Income	\$	87,351	\$	1	\$	3,806	\$	91,158	\$	103,045
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Adjustments to reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:

Depreciation expense		616		-		-		616		651
Amortization of bond discount and premium		(3,978)		-		-		(3,978)		(4,220)
Amortization of deferred loss on early retirement of debt		706		-		-		706		673
Amortization of bond issuance costs		-		-		-		-		-
Nonoperating bond interest payment		313,194		-		-		313,194		270,903

Changes in Assets & Liabilities:

Mortgage loans	(1,919,363)	6,963	-	(1,912,400)	(953,155)
Loan participation receivable - NYC	11,227	-	-	11,227	6,633
Accrued interest receivable	(18,250)	(146)	-	(18,396)	(10,254)
Notes receivables	36,208	-	-	36,208	(1,827)
Other receivables	(1,073)	-	-	(1,073)	(453)
Primary government/component unit receivable (payable)	3,528	182	(3,710)	-	-
Other assets	(23,456)	-	-	(23,456)	(8,422)
Payable to The City of New York	1,539,183	(9,607)	-	1,529,576	684,388
Payable to mortgagors	87,829	(144)	-	87,685	154,640
Accounts and other payables	264	-	-	264	(145,958)
Restricted earnings on investments	(1,138)	(45)	-	(1,183)	(1,056)
Unearned revenues and other liabilities	37,238	-	-	37,238	20,702
Accrued interest payable	16,499	-	-	16,499	7,249

Net Cash Provided by (Used in) Operating Activities	\$	166,585	\$	(2,796)	\$	96	\$	163,885	\$	123,539
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Non Cash Investing Activities:

(Decrease) increase in fair value of investments	\$	(10,879)	\$	-	\$	-	\$	(10,879)	\$	(6,541)
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See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

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, notes and debt obligations. The bonds, notes and debt obligations of the Corporation are not debts of either the State or The City of New York (the “City”).

Pursuant to Governmental Accounting Standards Board (“GASB”) Codification 2100, *Defining 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 10: “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) compliance monitoring fees; (4) income from Corporate Services Fund investments; (5) grant revenues; (6) payments of the Corporation’s operating expenses; and (7) loans made with corporate funds.

The Corporation currently has four blended component units, two of which are inactive.

The New York City Housing Assistance Corporation (“HAC”) and the New York City Residential Mortgage Insurance Corporation (“REMIC”) are active subsidiaries and together with HDC, the Housing New York Corporation (“HNYC”) and the Real Estate Owned Corporation comprise the reporting entity. HAC and REMIC have been included in the Corporation’s financial statements as blended component

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

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.

Component Units

(A) New York City Housing Assistance Corporation

HAC 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 blended component unit in HDC's financial statements.

(B) New York City Residential Mortgage Insurance Corporation

REMIC 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 currently maintains two reserves, the Housing Insurance Fund and the Premium Reserve Fund. 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 (iii) twenty percent of the amounts to be insured under REMIC's commitments to insure. The Housing Insurance Fund requirement at October 31, 2018 is \$79,378,000.

Any income or interest earned on the Housing Insurance Fund in excess of its 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

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

Fund for operation purposes. As a component unit of HDC, REMIC functions are administered by the Corporation. The Premium Reserve Fund and Operating Fund have a combined balance of \$48,332,000 at October 31, 2018. REMIC is a blended component unit because HDC's Members comprise a controlling majority of the Board and HDC's staff provides all services for REMIC.

(C) 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 2018, and did not have any assets or liabilities at October 31, 2018. The REO Subsidiary Corporation is treated as a blended component unit of HDC.

Inactive Component Unit

(D) 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.

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 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 the 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

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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 position has been restricted in accordance with terms of an award, agreement or by state law. Designated net position is committed for specific purposes pursuant to HDC policy and/or Board directives (see Note 19: “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 certificates of deposit and 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”) 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 totaling \$587,935,000 at October 31, 2018, to cover the payment of bond principal and interest due in the following year.

C. Purpose Investments

As part of its financing activities, HDC has made three 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. The GNMA certificates are treated under U.S. Treasury 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 certificates is included in investment income.

It is the Corporation’s policy to record GNMA certificates at amortized cost, which amounted to \$29,081,000 and \$29,783,000 at October 31, 2018 and October 31, 2017, respectively. The fair value of these purpose investments amounted to \$29,067,000 and \$29,812,000 at October 31, 2018 and at October 31, 2017, respectively.

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D. Mortgage Loans

As part of the Corporation's major financing activities, mortgage loans are funded from bond and debt obligation proceeds and corporate reserves. The mortgage loans funded from bond proceeds and debt obligations are generally classified as restricted receivables because the loan repayments of all such loans are pledged to cover the debt service on the related bonds and obligations. The loans funded from corporate reserves are not restricted but designated for a specific purpose.

E. Earnings on Investments

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.

F. 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. Therefore, HDC believes that the likelihood of experiencing material credit losses relating to its bonded mortgage programs is remote. Management has determined that current charges against income are not required.

G. Summarized Financial Information

The basic financial statements include summarized comparative information as of and for the year ended October 31, 2017 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, 2017, from which the summarized information was derived (which are available from the Corporation and on its website).

H. Recent and Upcoming Accounting Pronouncements

Accounting Standards Issued and Adopted

GASB Statement No. 85, *Omnibus 2017*, was issued in March 2017. The primary objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). Among the various topics that may pertain to the Corporation's financial reporting include; blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, measuring certain money market investments and participating interest-earning investment contracts at amortized cost, timing of the measurement of pension or liabilities and expenditures recognized in financial statements prepared using

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the current financial resources measurement focus, and classifying employer-paid member contributions for OPEB. The Corporation adopted this statement in fiscal year 2018 and there was no significant impact on the Corporation's financial statements.

Accounting Standards Issued and Not Yet Adopted

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued in March 2016. The primary objective of this statement is to provide financial statement users with information about asset retirement obligations (ARO's) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for those obligations. The requirements of this statement apply to financial statements of all state and local governments. For purposes of applying this statement, an ARO is a legally enforceable liability associated with the retirement of a tangible capital asset (that is, the tangible capital asset is permanently removed from service). The retirement of a tangible capital asset encompasses its sale, abandonment, recycling, or disposal in some other manner; however, it does not encompass the temporary idling of a tangible capital asset. This statement also applies to legally enforceable liabilities of a lessor in connection with the retirement of its leased property if those liabilities meet the definition of an ARO.

The statement is effective for fiscal years beginning after June 15, 2018. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The statement is effective for fiscal years beginning after December 15, 2018. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued in May 2017. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole-purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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The statement is effective for fiscal years beginning after June 15, 2017. The Corporation adopted this statement in fiscal year 2018, and there was no significant impact on the financial statements.

GASB Statement No. 87, *Leases*, was issued in June 2017. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The statement is effective for fiscal years beginning after December 15, 2019. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, was issued in April 2018. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this statement are effective for reporting periods beginning after June 15, 2018. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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This statement establishes accounting requirements for interest cost as incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 90, *Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61, was issued in August 2018. The primary objectives of this statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented in statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be

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applied on a prospective basis. The Corporation is in the process of evaluating the impact of its adoption on the 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 2018, HDC continued investing in taxable municipal bonds of New York State and New York City, consistent with the Corporation's enabling statute and Investment Guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2018. The Corporation is not aware of any violations of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, were 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 the trade date. Investments, other than purpose investments, which are reported at fair value at October 31, 2018, were as follows:

Investment Type	<u>Investment Maturities at October 31, 2018 (in Years)</u>				
	2018	Less than 1	1-5	6-10	More than 10
<i>(in thousands)</i>					
Money Market and NOW Accounts	\$2,403,444	2,403,444	—	—	—
FHLMC Bonds	760,661	395,379	313,326	25,013	26,943
FHLB	612,832	42,840	569,992	—	—
U.S. Treasury (Bonds, Notes, Bills)	335,398	331,839	3,559	—	—
NYS/NYC Municipal Bonds *	184,583	12,904	119,576	—	52,103
FFCB	180,297	98,757	81,540	—	—
Fixed Repurchase Agreements	147,752	147,752	—	—	—
FNMA Bonds	132,087	24,694	107,393	—	—
Term Repurchase Agreements	14,249	14,249	—	—	—
Total	\$4,771,303	3,471,858	1,195,386	25,013	79,046
Less amounts classified as cash equivalents	(2,565,163)	(2,565,163)	—	—	—
Total investments	\$2,206,140	\$906,695	\$1,195,386	\$25,013	\$79,046

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

Total investments recorded on the Statement of Net Position at October 31, 2018 of \$2,653,051,000 is made up the following: (a) investments recorded at fair value of \$2,206,140,000, (b) certificates of deposits in the amount of \$254,994,000 and (c) OTDs in the amount of \$191,917,000.

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As required by GASB No. 31, the Corporation has recorded a fair value adjustment in its investment portfolio. HDC recorded a net depreciation of \$10,879,000 for the year ended October 31, 2018.

Under Statement No. 72, *Fair Value Measurement and Application*, HDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of October 31, 2018:

- NYC/NYS Municipal securities of \$184,583,000 are valued using quoted market prices. (Level 1 inputs)
- U.S. Treasury securities of \$335,398,000 are valued based on models using observable inputs. (Level 2 inputs)
- U.S. Agency securities of \$1,685,877,000 are valued based on models using observable inputs. (Level 2 inputs)

Money Market and Now accounts of \$2,403,444 are valued at cost. In addition to the investments identified above, as of October 31, 2018 and 2017, the Corporation held \$16,995,000 and \$13,982,000, 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. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in long-term securities that carry a higher yield, with the intent to hold the investments to maturity.

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, 2018, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"), Federal Home Loan Bank ("FHLB") and Federal Farm Credit Bank ("FFCB") were rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae, Freddie Mac, FHLB and FFCB are collectively referred to as "Agency"). Standard & Poor's ratings for long-term and short-term were AA+ and A-1+, respectively. Moody's long-term and short terms ratings were Aaa and P-1, respectively. Investments in Fannie Mae, Freddie Mac, FHLB and FFCB 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 of AAA for long-term and F2 for short-term. Money market accounts are either backed by collateral held by the provider or letters of credit provided by third parties.

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NYS/NYC municipal bonds are usually the highest rated securities held at HDC. The ratings by Standard & Poor are ranged from AAA to A; Moody's ranged from Aaa to Aa2 and Fitch Ratings Service ranged from AAA to AA. 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.

As of October 31, 2018, open time deposits in the amount of \$30,093,000, repurchase agreements in the amount of \$162,001,000, certificates of deposits in the amount of \$254,994,000 and demand accounts in the amount of \$2,246,336,000 were collateralized by high quality instruments such as U.S. Treasury Notes, U.S. Treasury Bills, and Agency investments and letters of credits held by the Corporation's agent in the name of the Corporation. A portion of collateral supporting the demand accounts was in the form of FHLB letters of credit.

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 bank deposits amounted to \$25,494,000 at October 31, 2018, of which \$24,664,000 was uninsured by the Federal Deposit Insurance Corporation ("FDIC") and uncollateralized. Correspondingly, \$15,159,000 was secured in trust accounts, which are protected under state law and \$10,334,000 was held in demand deposit accounts ("DDA"). HDC limits its deposits to highly rated institutions, and such deposits are either in trust accounts or partially insured through the FDIC. The maximum coverage of \$250,000 is available to depositors under the FDIC's general deposit insurance rules. All of the Corporation's funds held in the DDA are subject to this provision.

Concentration of Credit Risk: The Corporation follows its annually adopted investment guidelines in accordance with concentration limits and reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation's Audit Committee.

The following table shows issuers that represent 5% or more of total investments at October 31, 2018 (\$ in thousands):

Issuer	Dollar Amount	Percentage
FHLMC	\$760,661	14.58%
NY Community Bank	675,319	12.94
FHLB	612,832	11.74
Signature Bank	513,613	9.84
Sterling National Bank (*)	399,627	7.66
Customers Bank (*)	338,055	6.48

*Note: Either fully or partially covered by FHLB securities and/or FHLB letter of credit collateral held at FHLB as the Corporation's collateral agent.

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Note 4: Mortgage Loans

The Corporation had outstanding, under various loan programs, mortgage loans of \$12,253,404,000 and \$10,852,812,000 as of October 31, 2018 and 2017, respectively. These amounts represent the portion of mortgage loans for which the Corporation has advanced monies. Of the total loans outstanding above, \$340,502,000 of loans funded from corporate reserves were not restricted assets as they were not pledged to any specific bonds or under any bond resolutions. However, they are considered designated as defined under Note 19: Net Position. The portion of mortgage loans that have not yet been advanced is recorded as investments and amounted to \$2,781,199,000 and \$2,174,675,000 at October 31, 2018 and October 31, 2017, respectively (see Note 16: “Commitments”).

Changes in Mortgage Loans

The changes in Mortgage Loans are as follows:

Mortgage loans outstanding at October 31, 2017	\$10,852,812,000
Mortgage Advances	2,014,508,000
Principal Collections	(613,923,000)
Discount/Premium Amortized	7,000
Mortgage loans outstanding at October 31, 2018	\$12,253,404,000

(A) New York City Housing Development Corporation

(i) The HDC mortgage loans listed above were originally repayable over terms of 2 to 50 years and bear interest at rates from 0.87% 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 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, 2018, 68% are first mortgages and 32% are subordinate loans.

(ii) In fiscal year 2014, the Corporation entered into a new financing agreement with the FFB for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured with mortgage insurance provided by the Federal Housing Administration (“FHA”) pursuant to a risk sharing agreement between FHA and such housing finance agency like the Corporation. The Corporation was selected to be the first housing finance agency to participate in this new Federal initiative to reduce the costs of capital for affordable housing. The Corporation acts as servicer of the loans and receives the monthly mortgage payments from the borrower as per the schedule of the Certificates of Participation. The monthly loan principal and interest payment will be remitted to the FFB as per the schedule of the Certificates of Participation.

During fiscal year 2018, HDC closed three additional loan participation agreements for the Independence House, Carol Gardens and La Cabana Houses developments. HDC sold a participating interest in the

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respective mortgages to the FFB in the total amount of \$85,025,000. The mortgage loan participation program with the FFB had a payable balance of \$284,769,000 and \$201,964,000 at October 31, 2018 and October 31, 2017, respectively. For more details on the loans included in the FFB Loan Participation program, see Note 10: "Bonds Payable and Debt Obligations".

(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.

The cash flows from these loans were used to provide funding for City directed subsidy programs. Beginning in 2003, the cash flows from mortgage loan interest and the investment portfolio were not sufficient to meet the payment requirements for the subsidy program. HDC's Members approved fund transfers from the Corporation to HAC for an amount at any one time not to exceed \$10,000,000 in total to cover the shortfall of payments required.

In order to continue to fund the City subsidy program for the project named Ruppert/Yorkville ("RY Subsidy Program") and to repay HDC for the obligations, HAC's Board Members approved the sale of the remaining five mortgage loans in the HAC loan portfolio to HDC at its meeting on September 19, 2017. The total outstanding balance on these loans at the time of the loan sale was \$32,400,000. The sale raised \$23,800,000 for HAC. This amount represented the discounted value of the future cash flow on the purchased loans. A portion of the sale proceeds was used to repay HDC for outstanding obligations and the remainder should be sufficient to continue to provide funds for the RY Subsidy Program through 2022.

In fiscal year 2016, The City of New York requested that the Corporation help facilitate the implementation of the new affordable housing regime for Stuyvesant Town-Peter Cooper Village. On December 15, 2015, HDC and Wells Fargo Bank entered into a Participation Agreement whereby HDC funded a \$143,236,000 subordinate loan to the purchasers of Stuyvesant Town-Peter Cooper Village. The Corporation executed this transaction through its subsidiary HAC. This subordinate loan bears no interest and is forgiven at the rate of 1/20th per annum over its 20 year term. HDC will be reimbursed for this transaction pursuant to a memorandum of understanding with the City. In fiscal year 2018, \$7,162,000 of the Stuyvesant Town-Peter Cooper Village loan was forgiven according to the 20 year term stated in the Participation Agreement. As of October 31, 2018, the outstanding mortgage loan balance was \$128,912,000 and HDC has received a total of \$97,576,000 in Stuyvesant Town fund reimbursements from the City to date.

In fiscal year 2017, a construction loan was closed for a project named BEC Continuum Resyndication. One building at 145 Hart Street, Brooklyn, New York, with a loan commitment in the amount of \$335,000 was financed by HAC. The mortgage loan had a balance of \$209,000 as of October 31, 2018.

The total loan outstanding balance in HAC was \$129,121,000 and \$136,083,000 at October 31, 2018 and October 31, 2017, respectively.

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Note 5: Notes Receivable

HDC has loans outstanding that are secured by notes and pledged revenues. Military Housing notes receivable of \$44,850,000 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. As of October 31, 2018, the outstanding Military Housing notes receivable was \$43,995,000.

During fiscal year 2013, notes receivable from NYCHA received in connection with the Corporation's 2005 Series A Capital Fund Program Revenue Bonds were replaced upon the issuance of the Corporation's 2013 Series A Capital Fund Program Revenue Bonds. As of October 31, 2018, the outstanding NYCHA notes receivable relating to the 2013 Series A Bonds was \$128,587,000.

In addition to the NYCHA notes receivable of the 2013 Series A Bonds, the Corporation also agreed to provide additional funds for a second note from NYCHA for the purpose of modernizing and making capital improvements at NYCHA projects across the City. The Corporation issued the 2013 Series B Capital Fund Program Revenue Bonds for this purpose. As of October 31, 2018, the outstanding NYCHA notes receivable relating to the 2013 Series B Bonds was \$417,409,000.

The 2013 Series A and B notes receivables are secured by a first priority pledge of NYCHA's capital grant money provided by the United States Department of Housing and Urban Development ("HUD").

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 (the "2002 Series D Bonds"), and Multi-Family Housing Revenue Bonds, 2003 Series D (the "2003 Series D Bonds"), 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 Sheridan Trust II Class B Certificate. Upon completion of the 2003 transaction, HDC's participation interest covered all of the City's cash flows from the Sheridan Trust II. In September 2005, the senior lien interests were satisfied and HDC became the primary beneficiary of the Sheridan Trust II. At that time, therefore, the loan asset was added to HDC's statement of net position and was valued at its principal amount.

In 2006, the Corporation issued its Multi-Family Housing Revenue Bonds, 2006 Series A, which refinanced its 2002 Series D and 2003 Series D Bonds. On May 1, 2014, the 2006 Series A bonds were fully redeemed. Simultaneously, the Corporation issued the Multi-Family Housing Revenue Bonds, 2014 Series B-1 and 2014 Series B-2 (collectively, the "2014 Series B Bonds") to re-securitize the remaining

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underlying loan portfolio, which included the Sheridan Trust II Class B Certificate. At that time, the Sheridan Trust II had a balance of \$57,372,000. The Sheridan Trust II, along with the other remaining underlying loans under the 2006 Series A Bonds totaling \$246,698,000, were transferred to the 2014 Series B Bonds.

In April 2018, the Corporation issued its Multi-Family Housing Revenue Bonds, 2018 Series B Bonds. The proceeds were used to purchase and securitize a 100% participation interest in various pools of City mortgage loans totaling \$671,611,000.

As of October 31, 2018, the balance in the Sheridan Trust II was \$17,573,000. This balance is included under “Loan Participation Receivable – The City of New York” which totaled \$1,092,274,000 at October 31, 2018. 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 12: “Payable to The City of New York”).

Note 7: Other Receivables

Other Receivables of \$34,240,000 represent mortgage related fees, servicing fees receivable, Corporate Services Fund loans not secured by mortgages on the properties, bond interest receivable from HUD, and interest and servicing fees receivable on Department of Housing Preservation and Development (“HPD”) loans serviced (but not owned) by HDC.

The Corporation continues to receive funds from the BPCA under the “Pay-as-You-Go” capital funds program as directed by the City. The Corporation received \$41,964,000 during this past fiscal year. As of October 2018, the Corporation received a total of \$131,321,000 from the BPCA.

Note 8: Other Non-Current Assets

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 pledge of the income from Interest Reduction Payment Contracts (“Section 236 Contracts”) from HUD 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 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). During fiscal year 2018, \$2,598,000 was amortized and was recorded as a non-operating expense. The unamortized value of the 2011 Participation Interest was \$2,370,000 at October 31, 2018.

Note 9: Deferred Inflows/Outflows of Resources

(A) Interest Rate Caps

The Corporation uses interest rate caps to mitigate its exposure to rising interest rates on its variable rate debt.

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At October 31, 2018, the fair values of all the interest rate caps were:

Trade Date	Bonds	Current Notional Amount	Counterparty	Effective Date	Termination Date	Cap Strike	Cap Ceiling	Fair Value at 10/31/18
11/29/2005	2008 Series K, as well as similar outstanding variable rate bonds	\$153,585,000	Goldman Sachs	12/2/2005	11/1/2032	7.35%	14.85%	\$129,000
10/23/2014	2014 Series B-2, as well as similar outstanding variable rate bonds	50,000,000	PNC	11/1/2014	11/1/2033	4.50%	7.50%	\$1,030,000
7/30/2015	2002 Series C, as well as similar outstanding variable rate bonds	150,000,000	Barclays Bank	8/3/2015	11/1/2020	3.50%	8.00%	\$209,000
10/16/2017	2017 Series A-2, as well as similar outstanding variable rate bonds	39,825,000	U.S. Bank	2/1/2018	02/1/2023	3.25%	7.50%	\$512,000
Total Caps		\$393,410,000						\$1,880,000

(B) Interest Rate Swaps

HDC has entered into certain interest rate swap contracts to manage the risk associated with the variable rate bonds in its portfolio.

As of October 31, 2018, the fair value balances of the interest rate swaps were recognized as either an asset or a liability, with the offsetting gains or losses recognized as deferred inflows or deferred outflows. The fair value for the derivative instruments is the estimated exit price that assumes a transaction takes place in the market. The fair value recorded was derived from a third party source as listed below as of October 31, 2018.

Description	Classification	Fair Value Amount	Classification	Notional Amount
Cash flow hedges:				
Pay-Fixed interest rate swap	Deferred Inflow	\$9,034,000	Debt	\$65,630,000
Pay-Fixed interest rate swap	Deferred Inflow	12,407,000	Debt	85,000,000
Pay-Fixed interest rate swap	Deferred Inflow	738,000	Debt	50,000,000
Pay-Fixed interest rate swap	Deferred Inflow	2,916,000	Debt	54,126,000
Pay-Fixed interest rate swap	Deferred Inflow	3,612,000	Debt	100,000,000
Pay-Fixed interest rate swap	Deferred Inflow	2,018,000	Debt	75,000,000
Pay-Fixed interest rate swap	Deferred Inflow	1,287,000	Debt	75,000,000
Total Swaps		\$32,012,000		\$504,756,000

At October 31, 2018, the total fair value of the interest rate swaps amounted to \$32,012,000 and were valued using other significant observable inputs (Level 2 inputs).

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The following table displays the objectives and terms of HDC's interest rate swaps outstanding at October 31, 2018.

Trade Date	Type	Objective	Notional Amount	Counter-party	Term	Effective Date	Termination Date	Counter-party Rating Moody's /S&P
7/26/2016	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2016 Series A draw down bonds (FFB 148 th Street Jamaica) and bank loan funded by Wells Fargo in accordance with the participation agreement.	\$65,630,000	Wells Fargo	Pay 2.24%; receive 100% 3M LIBOR; CXL-8/1/2031	8/1/2019	5/1/2047	Aa2/A+
11/2/2016	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2016 Series G-2 bonds , as well as similar outstanding variable rate bonds	85,000,000	PNC Bank	Pay 2.029%; receive 100% 3M LIBOR; 7.50% Ceiling	5/1/2018	11/1/2035	A2/A
4/4/2017	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2017 Series A-3 bonds	50,000,000	PNC Bank	Pay 1.2028%; receive 70% 1M LIBOR	6/1/2017	8/1/2020	A2/A
7/5/2017	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2017 Series C-4 bonds (FFB Lexington Gardens)	54,126,000	Wells Fargo	Pay 2.984%; receive 100% 3M LIBOR; CXL-2/1/2033	2/1/2021	5/1/2048	Aa2/A+
4/5/2018	Pay-Fixed interest rate swap	Hedge of changes in cash flows for 2018 Series B-2 bonds	100,000,000	PNC Bank	Pay 3.0949%; receive 100% 3M LIBOR; CXL-2/1/2034	2/1/2019	5/1/2046	A2/A
8/10/2018	Pay-Fixed interest rate swap	Hedge of changes in cash flows for overall FHLB variable rate bonds	75,000,000	Wells Fargo	Pay 3.022%; receive 100% 3M LIBOR	2/1/2019	2/1/2036	Aa2/A+
8/10/2018	Pay-Fixed interest rate swap	Hedge of changes in cash flows for variable rate SIFMA index bonds	75,000,000	Wells Fargo	Pay 2.538%; receive 100% SIFMA; CXL-5/1/2034	5/1/2019	11/1/2043	Aa2/A+
Total Swaps			\$504,756,000					

Credit Risk: HDC is exposed to credit risk on hedging derivative instruments. To mitigate the risk, HDC requires the swap be collateralized by the counterparty if the counterparty's credit rating falls below Baa1/BBB+. At October 31, 2018, the counterparty ratings were above the threshold; therefore, no collateral was required.

Termination Risk: HDC or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If at the time of the termination, the fair value of the swap is negative, HDC would be liable to the counterparty for a payment equal to the fair value of the instrument. To mitigate this termination risk, the swap agreement provides that the counterparty may terminate the swap only if HDC's rating falls below investment grade (Baa3 or BBB-) for PNC and Baa2 or BBB for Wells Fargo. HDC's current ratings are Aa1 and AA+, respectively.

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Interest Rate Risk: HDC is exposed to interest rate risk on the pay-fixed variable rate swaps. As LIBOR decreases, HDC's net payments on such swaps increase.

Basis Risk: Of the seven interest rate swaps outstanding, HDC has basis risk exposure on two interest rate swaps because the variable rate interest payments received from the counterparty is indexed to LIBOR and the hedging item is indexed to a rate determined by the U.S. Treasury.

Rollover Risk: HDC is exposed to rollover risk on hedging derivative instruments should a termination event occur prior to the maturity of the hedged debt.

(C) Deferred Loss on Early Retirement of Debt

On September 10, 2013, the 2005 Series A Capital Fund Program Revenue Bonds (NYCHA) were retired through an advance refunding and the Corporation incurred a loss in the amount of \$8,958,000 which will be amortized over the shorter of the life of the old bonds or the new bonds. At October 31, 2018, the balance of the unamortized deferred loss on early retirement of debt was \$5,660,000. This loss was covered by NYCHA as a part of this transaction.

(D) Pension

At October 31, 2018, the Corporation's pension contribution after the measurement date was \$1,821,000. In addition, as calculated by the NYCOA, the Corporation recorded a net decrease in Deferred Outflows of Resources in the amount of \$750,000 (as per New York City Employees' Retirement System ("NYCERS") pension report). This amount represents the net difference between projected and actual investment earnings on pension plan investments, the change in assumptions and change in proportion. The outstanding balance of Deferred Outflows of Resources was \$1,588,000 and \$2,241,000 at October 31, 2018 and at October 31, 2017, respectively.

(E) OPEB

As of November 1, 2016, HDC adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". HDC reported Deferred Outflows of Resources of \$1,061,000 and Deferred Inflows of Resources of \$765,000 related to OPEB as of October 31, 2018 (see Note 14 for more details).

Note 10: Bonds Payable and Debt Obligations

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 \$13.5 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not exceed \$85 million. No bonds are currently subjected to the Capital Reserve Fund requirement. These limits may be changed from time to time through State legislation. During the fiscal year, the limit on the aggregate principal amount outstanding was increased from \$12.5 billion to \$13.5 billion, where it remains as of October 31, 2018.

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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, 2018, the Corporation had bonds outstanding in the aggregate principal amount of \$11,249,310,000. 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*”, “*B. Military Housing Revenue Bond Program*”, “*D. Liberty Bond Program*”, “*E. Capital Fund Revenue Bond Program*” and, “*F. Multi-Family Housing Pass-Through Revenue Bond Program*” provide security under the General Resolution, and none of the bonds under these programs are secured by the General Resolution.

A. Multi-Family Mortgage Revenue Bond Program. The Corporation established its Multi-Family 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 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 Pay Credit Enhancement Instrument issued by Fannie Mae or (iii) are secured by a Direct Pay Credit Enhancement Agreement with Federal Home Loan Mortgage Corporation (“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) Rental Projects; Not Rated: The Corporation has issued bonds and obligations to provide financing for rental projects, which bonds and obligations are not rated by a rating agency and were not publicly offered.

(5) Commercial Mortgage Backed Security Program: Under this program, the Corporation has issued bonds structured as commercial mortgage backed securities to refinance a multi-family housing development.

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

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mortgage loans, REMIC-insured mortgage loans, State of New York Mortgage Agency (“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.

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 to finance the development of multi-family housing within an area of lower Manhattan designated in such legislation as the “Liberty Zone”.

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

F. Pass-Through Revenue Bond Program. Under this program, the Corporation has issued bonds to finance loans evidenced by a note and secured by a mortgage of privately owned multi-family housing. All repayments and prepayments derived from the associated mortgage loans, including a payment of insurance, if any, are passed through to the bondholder to redeem the bonds on a monthly basis.

Changes in Bonds Payable:

(in thousands)

The summary of changes in Bonds Payable was as follows:

Bonds Payable outstanding at October 31, 2017	\$10,371,697
Bonds Issued	1,655,994
Bond Principal Retired	(748,840)
Net Premium/Discount on Bonds Payable	(3,978)
Bonds Payable outstanding at October 31, 2018	\$11,274,873

Details of changes in HDC bonds payable for the year ended October 31, 2018 were as follows:

Description of Bonds as Issued (in thousands)	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
MULTI-FAMILY MORTGAGE REVENUE BOND PROGRAM:				
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>				
1999 Series A (AMT) Brittany Development Project – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2029	\$51,300	\$ —	\$(2,000)	\$49,300

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2000 Series A (AMT) Related West 89th Street Development – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2029	53,000	—	—	53,000
2001 Series A Queenswood Refunding – 0.91% to 1.80% Variable Rate Bonds due upon demand through 2031	10,800	—	(200)	10,600
2001 Series A (AMT) Related Lyric Development – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2031	85,000	—	—	85,000
2001 Series B (Federally Taxable) Related Lyric Development – 1.08% to 2.22% Variable Rate Bonds due upon demand through 2031	4,000	—	(300)	3,700
2002 Series A (AMT) The Foundry – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2032	55,100	—	—	55,100
2003 Series A (AMT) Related-Sierra Development – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2033	56,000	—	—	56,000
2004 Series A (AMT) Related-Westport Development – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2034	110,000	—	—	110,000
2004 Series B (Federally Taxable) Related – 1.08% to 2.22% Variable Rate Bonds due upon demand through 2034	11,700	—	(900)	10,800
2005 Series A Royal Charter Properties – 0.91% to 1.80% Variable Rate Bonds due upon demand through 2035	89,200	—	—	89,200
2005 Series A (AMT) Atlantic Court Apartments – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2035	83,700	—	—	83,700
2005 Series B (Federally Taxable) Atlantic Court Apartments – 1.08% to 2.22% Variable Rate Bonds due upon demand through 2035	8,300	—	(1,800)	6,500
2005 Series A (AMT) The Nicole Development – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2035	54,600	—	—	54,600

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2005 Series B (Federally Taxable) The Nicole Development – 1.08% to 2.22% Variable Rate Bonds due upon demand through 2035	2,800	—	(1,200)	1,600
2006 Series A (AMT) Rivereast Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2036	50,000	—	—	50,000
2006 Series B (Federally Taxable) Rivereast Apartments – 1.15% to 1.65% Variable Rate Bonds due upon demand through 2036	1,000	—	(1,000)	—
2006 Series A (AMT) Seaview Towers – 3.70% to 4.75% Fixed Rate Serial and Term Bonds due 2039	15,550	—	(875)	14,675
2007 Series A (AMT) Ocean Gate Development – 0.94% to 1.90% Variable Rate Bonds due upon demand through 2040	8,445	—	—	8,445
2007 Series B (AMT) Ocean Gate Development – 4.80% to 5.35% Fixed Rate Term Bonds due 2025	9,120	—	(910)	8,210
2007 Series A (AMT) 155 West 21st Street Apartments – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2037	37,900	—	—	37,900
2007 Series B (Federally Taxable) 155 West 21st Street Apartments – 1.05% to 2.22% Variable Rate Bonds due upon demand through 2037	9,900	—	(800)	9,100
2008 Series A (AMT) Linden Plaza – 0.94% to 1.90% Variable Rate Bonds due upon demand through 2043	60,135	—	(1,900)	58,235
2009 Series A Gateways Apartments – 2.65% to 4.50% Fixed Rate Term Bonds due 2025	20,330	—	(305)	20,025
2009 Series A The Balton – 0.90% to 1.83% Variable Rate Bonds due upon demand through 2049	29,750	—	—	29,750
2009 Series A Lexington Courts – 0.90% to 1.83% Variable Rate Bonds due upon demand through 2039	18,500	—	(900)	17,600
2012 Series A 1133 Manhattan Avenue Development – 0.94% to 1.42% Variable Rate Bonds due upon demand through 2046	45,600	—	(45,600)	—
2014 Series A-1 NYCHA Triborough Preservation Development – 0.55% to 3.95% Fixed Rate Serial and Term Bonds due 2044	227,140	—	(3,365)	223,775

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
<i>Multi-Family Mortgage Revenue Bonds – Rental Project; Fannie Mae or Freddie Mae Enhanced</i>				
2001 Series A (AMT) West 48th Street – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2034	19,600	—	(500)	19,100
2004 Series A (AMT) Aldus Street Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2037	8,100	—	—	8,100
2004 Series A (AMT) 941 Hoe Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2037	6,660	—	—	6,660
2004 Series A (AMT) Peter Cintron Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2037	7,840	—	—	7,840
2004 Series A (AMT) State Renaissance Court – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2037	35,200	—	—	35,200
2004 Series A (AMT) Louis Nine Boulevard Apartments – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2037	7,300	—	—	7,300
2004 Series A (AMT) Courtlandt Avenue Apartments – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2037	7,905	—	—	7,905
2004 Series A (AMT) Ogden Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2038	4,760	—	—	4,760
2004 Series A (AMT) Nagle Courtyard Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2038	4,200	—	—	4,200
2005 Series A (AMT) Morris Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2038	14,700	—	—	14,700
2005 Series A (AMT) Vyse Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2038	4,335	—	—	4,335

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2005 Series A (AMT) 33 West Tremont Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2038	3,490	—	—	3,490
2005 Series A (AMT) Ogden Avenue Apartments II – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2038	2,500	—	—	2,500
2005 Series A (AMT) White Plains Courtyard Apartments – 0.94% to 1.82% Variable Rate Bonds due upon demand through 2038	4,900	—	—	4,900
2005 Series A (AMT) Highbridge Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2039	13,600	—	—	13,600
2005 Series A (AMT) 89 Murray Street Development – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2039	49,800	—	—	49,800
2005 Series A (AMT) 270 East Burnside Avenue Apartments – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2039	6,400	—	—	6,400
2006 Series A (AMT) Reverend Ruben Diaz Gardens Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2038	6,400	—	—	6,400
2006 Series A (AMT) Villa Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2039	5,990	—	—	5,990
2006 Series A (AMT) Bathgate Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2039	4,435	—	—	4,435
2006 Series A (AMT) Spring Creek Apartments I & II – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2039	24,000	—	—	24,000
2006 Series A (AMT) Linden Boulevard Apartments – 3.90% to 4.75% Fixed Rate Serial and Term Bonds due 2039	12,035	—	(300)	11,735
2006 Series A (AMT) Markham Garden Apartments – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2040	16,000	—	—	16,000

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2008 Series A 245 East 124th Street – 0.90% to 1.79% Variable Rate Bonds due upon demand through 2046	35,400	—	—	35,400
2008 Series A Bruckner by the Bridge – 0.90% to 1.79% Variable Rate Bonds due upon demand through 2048	36,800	—	—	36,800
2008 Series A Hewitt House Apartments – 0.87% to 1.84% Variable Rate Bonds due upon demand through 2048	4,100	—	—	4,100
2010 Series A Eliot Chelsea Development – 0.91% to 1.83% Variable Rate Bonds due upon demand through 2043	40,750	—	—	40,750
2011 Series A (AMT) West 26th Street Development – 0.97% to 1.85% Variable Rate Bonds due upon demand through 2041	28,700	—	—	28,700
2011 Series B West 26th Street Development – 0.89% to 1.81% Variable Rate Bonds due upon demand through 2045	8,470	—	—	8,470
2012 Series A West 26th Street Development – 0.89% to 1.80% Variable Rate Bonds due upon demand through 2045	41,530	—	—	41,530
<i>Multi-Family Mortgage Revenue Bonds – Rental Project; Letter of Credit Enhanced</i>				
2003 Series A (AMT) Related-Upper East – 0.88% to 1.83% Variable Rate Bonds due upon demand through 2036	67,000	—	—	67,000
2003 Series B (Federally Taxable) Related-Upper East – 1.10% to 2.25% Variable Rate Bonds due upon demand through 2036	3,000	—	—	3,000
2004 Series A (AMT) Manhattan Court Development – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2036	17,500	—	—	17,500
2004 Series A (AMT) East 165th Street Development – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2036	7,665	—	—	7,665
2004 Series A (AMT) Parkview Apartments – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2036	5,935	—	—	5,935

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2005 Series A (AMT) 2007 LaFontaine Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2037	3,825	—	—	3,825
2005 Series A (AMT) La Casa del Sol Apartments – 0.97% to 1.80% Variable Rate Bonds due upon demand through 2037	4,350	—	(100)	4,250
2005 Series A (AMT) 15 East Clarke Place Apartments – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2037	5,430	—	(100)	5,330
2005 Series A (AMT) Urban Horizons II Development – 0.97% to 1.80% Variable Rate Bonds due upon demand through 2038	5,165	—	(200)	4,965
2005 Series A (AMT) 1090 Franklin Avenue Apartments – 0.94% to 1.84% Variable Rate Bonds due upon demand through 2037	2,320	—	—	2,320
2005 Series A (AMT) Parkview II Apartments – 0.94% to 1.84% Variable Rate Bonds due upon demand through 2037	4,255	—	—	4,255
2006 Series A (AMT) Granville Payne Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2039	5,560	—	—	5,560
2006 Series A (AMT) Beacon Mews Development – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2039	23,500	—	—	23,500
2006 Series A (AMT) Granite Terrace Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2038	4,060	—	—	4,060
2006 Series A (AMT) Intervale Gardens Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2038	3,115	—	—	3,115
2006 Series A (AMT) 500 East 165th Street Apartments – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2039	7,255	—	—	7,255
2006 Series A (AMT) 1405 Fifth Avenue Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2039	14,190	—	—	14,190

New York City Housing Development Corporation
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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2007 Series A (AMT) 550 East 170th Street Apartments – 0.93% to 1.84% Variable Rate Bonds due upon demand through 2042	5,500	—	—	5,500
2007 Series A (AMT) Susan’s Court – 0.93% to 1.82% Variable Rate Bonds due upon demand through 2039	24,000	—	—	24,000
2007 Series A (AMT) The Dorado Apartments – 0.94% to 1.84% Variable Rate Bonds due upon demand through 2040	3,470	—	—	3,470
2007 Series A (AMT) Boricua Village Apartments Site A-2 – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2042	4,250	—	—	4,250
2007 Series A (AMT) Boricua Village Apartments Site C – 0.95% to 1.90% Variable Rate Bonds due upon demand through 2042	6,665	—	—	6,665
2007 Series A (AMT) Cook Street Apartments – 0.94% to 1.82% Variable Rate Bonds due upon demand through 2040	4,180	—	—	4,180
2008 Series A (AMT) Las Casas Development – 0.97% to 1.86% Variable Rate Bonds due upon demand through 2040	19,200	—	—	19,200
2010 Series A 101 Avenue D Apartments – 2.37% to 3.26% Variable Rate Bonds due upon demand through 2043	22,700	—	—	22,700
<i>Residential Revenue Bonds – Residential Housing; Letter of Credit Enhanced</i>				
1993 Series A Montefiore Medical Center – 0.91% to 1.80% Variable Rate Bonds due upon demand through 2030	5,600	—	(5,600)	—
2012 Series A College of Staten Island Residences – 2.00% to 4.15% Fixed Rate Serial and Term Bonds due 2046	65,125	—	(785)	64,340
<i>Multi-Family Mortgage Revenue Bonds – Rental Project; Not Rated</i>				
2007 Series A Queens Family Courthouse Apartments – 5.41% Fixed Rate Term Bonds due 2047	40,000	—	—	40,000

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2016 Series A 148th Street Jamaica – 3.02% to 3.75% Variable Rate Bonds due upon demand through 2056	12,181	9,949	—	22,130
2016 Series A (Federally Taxable) Queens Family Courthouse Apartments – 5.97% Fixed Rate Term Bonds due 2047	15,000	—	—	15,000
<i>Multi-Family Commercial Mortgage Backed Securities</i>				
2014 Series A, B and C - 8 Spruce Street (Federally Taxable) – 3.71% to 3.93% Fixed Rate Term Bonds due 2048	346,100	—	—	346,100
Total Multi-Family Mortgage Revenue Bonds	2,432,866	9,949	(69,640)	2,373,175
<u>MILITARY HOUSING REVENUE BOND PROGRAM:</u>				
2004 Series A (Federally Taxable) Class I & II Fort Hamilton Housing LLC Project – 5.60% to 6.72% Fixed Rate Term Bonds due 2049	44,435	—	(440)	43,995
Total Military Housing Revenue Bond Program	44,435	—	(440)	43,995
<u>HOUSING REVENUE BOND PROGRAM:</u>				
<i>Multi-Family Mortgage Revenue Bonds Under the Corporation's General Resolution, assets pledged to bondholders in a pool of mortgage loans.</i>				
1998 Series A (Federally Taxable – 6.84% Fixed Rate Term Bonds due 2030)	100	—	—	100
1998 Series B – 3.75% to 5.25% Fixed Rate Serial and Term bonds due 2031	100	—	—	100
1999 Series A-1 (Federally Taxable) – 5.83% to 6.06% Fixed Rate Term Bonds due 2022	6,285	—	(1,100)	5,185
1999 Series C (AMT) – 4.40% to 5.70% Fixed Rate Serial and Term bonds due 2031	115	—	—	115
1999 Series E – 4.40% to 6.25% Fixed Rate Serial and Term bonds due 2036	100	—	—	100
2002 Series C (Federally Taxable) – 1.46% to 2.34% Index Floating Rate Term Bonds due 2034	39,110	—	(930)	38,180

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2003 Series B-2 (AMT) – 2.00% to 4.60% Fixed Rate Serial and Term bonds due 2036	100	—	—	100
2003 Series E-2 (AMT) – 2.25% to 5.05% Fixed Rate Serial and Term bonds due 2036	100	—	—	100
2006 Series J-1 – 1.64% to 3.06% Index Floating Rate Term Bonds due 2046	100,000	—	—	100,000
2007 Series A (Federally Taxable) – 5.26% to 5.52% Fixed Rate Term Bonds due 2041	23,505	—	(445)	23,060
2007 Series D (Federally Taxable) – 5.95% Fixed Rate Term Bonds due 2039	24,875	—	(24,875)	—
2007 Series E-1 (AMT) – 3.90% to 5.45% Fixed Rate Serial and Term bonds due 2040	21,670	—	(21,670)	—
2008 Series A-1-A (AMT) – 5.00% to 5.45% Fixed Rate Term Bonds due 2046	15,665	—	(15,665)	—
2008 A-2 (AMT) – 4.35% to 5.00% Fixed Rate Serial Bonds due 2018	1,370	—	(1,370)	—
2008 Series C-2 (Federally Taxable) – 3.55% to 5.69% Fixed Rate Serial and Term Bonds due 2018	1,345	—	(1,015)	330
2008 Series E (Federally Taxable) – 1.46% to 2.34% Index Floating Rate Term Bonds due 2037	87,405	—	(975)	86,430
2008 Series F (Federally Taxable) – 1.46% to 2.34% Index Floating Rate Term Bonds due 2041	72,255	—	(625)	71,630
2008 Series H-1 (AMT) – 4.50% to 5.50% Fixed Rate Serial and Term bonds due 2028	6,615	—	(6,615)	—
2008 Series H-2-A (AMT) – 5.00% to 5.35% Fixed Rate Term Bonds due 2041	14,540	—	(14,540)	—
2008 Series J (Federally Taxable) – 1.99% to 2.97% Index Floating Rate Term Bonds due 2043	33,430	—	(4,310)	29,120
2008 Series K (Federally Taxable) – 1.99% to 2.97% Index Floating Rate Term Bonds due 2043	85,690	—	(16,220)	69,470
2008 Series L – 2.25% to 6.50% Fixed Rate Serial and Term Bonds due 2028	3,250	—	(3,250)	—

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2008 Series M – 3.15% to 6.88% Fixed Rate Serial and Term Bonds due 2038	26,605	—	(775)	25,830
2009 Series A – 2.00% to 4.20% Fixed Rate Serial Bonds due 2019	1,415	—	(545)	870
2009 Series C-1 – 2.50% to 5.70% Fixed Rate Serial and Term Bonds due 2046	107,115	—	(1,700)	105,415
2009 Series F – 1.95% to 4.85% Fixed Rate Serial and Term bonds due 2041	5,410	—	(110)	5,300
2009 Series I-1 (Federally Taxable) – 5.63% to 6.42% Fixed Rate Term Bonds due 2039	50,000	—	—	50,000
2009 Series I-2 (Federally Taxable) – 1.86% to 2.84% Index Floating Rate Term Bonds due 2039	25,000	—	—	25,000
2009 Series J – 0.70% to 4.80% Fixed Rate Serial and Term bonds due 2036	19,755	—	(920)	18,835
2009 Series K – 1.95% to 4.95% Fixed Rate Serial and Term Bonds due 2039	68,980	—	(1,465)	67,515
2009 Series L-1 – 1.65% to 4.95% Fixed Rate Serial and Term Bonds due 2043	22,295	—	(400)	21,895
2009 Series M – 1.85% to 5.15% Fixed Rate Serial and Term Bonds due 2045	30,215	—	(155)	30,060
2010 Series A-1 – 3.35% to 4.90% Fixed Rate Serial and Term bonds due 2041	25,325	—	—	25,325
2010 Series A-2 (Federally Taxable) – 3.67% to 4.97% Fixed Rate Term Bonds due 2019	1,180	—	(580)	600
2010 Series C – 1.50% to 4.95% Fixed Rate Serial and Term Bonds due 2047	13,910	—	(210)	13,700
2010 Series D-1-A – 1.60% to 5.00% Fixed Rate Serial and Term Bonds due 2042	30,300	—	(605)	29,695
2010 Series E – 0.80% to 3.85% Fixed Rate Serial and Term Bonds due 2019	2,140	—	(835)	1,305
2010 Series F – 1.70% to 4.75% Fixed Rate Serial and Term Bonds due 2030	3,330	—	(200)	3,130

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2010 Series G – 0.40% to 4.75% Fixed Rate Serial and Term bonds due 2041	36,235	—	(2,275)	33,960
2010 Series H (Federally Taxable) – 1.92% to 2.90% Index Floating Rate Term Bonds due 2040	53,360	—	(24,665)	28,695
2010 Series J-1 – 0.75% to 5.00% Fixed Rate Serial Bonds due 2022	12,230	—	(2,015)	10,215
2010 Series K-1 – 2.05% to 5.25% Fixed Rate Serial and Term Bonds due 2032	4,710	—	(150)	4,560
2010 Series L-1 – 2.35% to 5.00% Fixed Rate Serial and Term Bonds due 2026	10,900	—	(910)	9,990
2010 Series N – 0.60% to 4.25% Fixed Rate Serial Bonds due 2021	2,175	—	(595)	1,580
2011 Series B-1 – 0.50% to 3.65% Fixed Rate Serial and Term Bonds due 2018	925	—	(610)	315
2011 Series C – 2.25% to 4.50% Fixed Rate Serial and Term Bonds due 2022	1,425	—	(235)	1,190
2011 Series D – 0.28% to 3.37% Fixed Rate Serial and Term Bonds due 2020	2,155	—	(600)	1,555
2011 Series E – 1.40% to 4.93% Fixed Rate Serial and Term Bonds due 2036	15,685	—	(540)	15,145
2011 Series F-1 (Federally Taxable) – 0.29% to 3.47% Fixed Rate Serial Bonds due 2018	6,945	—	(4,695)	2,250
2011 Series F-2 (Federally Taxable) – 1.86% to 2.84% Index Floating Rate Term Bonds due 2040	56,460	—	(8,105)	48,355
2011 Series F-3 (Federally Taxable) – 1.86% to 2.84% Index Floating Rate Term Bonds due 2040	12,540	—	—	12,540
2011 Series G-2-A – 0.35% to 3.10% Fixed Rate Serial and Term Bonds due 2021	16,035	—	(3,385)	12,650
2011 Series H-2-A – 1.10% to 4.40% Fixed Rate Serial and Term Bonds due 2031	19,480	—	(1,245)	18,235
2011 Series H-2-B – 4.00% to 4.40% Fixed Rate Term Bonds due 2031	15,970	—	—	15,970

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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2011 Series H-3-B – 2.51% Fixed Rate Term Bonds due 2022	7,625	—	(1,285)	6,340
2011 Series J-1 – 4.00% to 4.80% Fixed Rate Term Bonds due 2044	38,345	—	—	38,345
2011 Series J-2 – 1.55% to 2.55% Fixed Rate Term Bonds due 2022	4,915	—	(800)	4,115
2012 Series B (Federally Taxable) – 0.66% to 3.93% Fixed Rate Serial Bonds due 2025	28,595	—	(3,005)	25,590
2012 Series D-1-A – 0.80% to 4.30% Fixed Rate Serial and Term Bonds due 2045	48,215	—	(255)	47,960
2012 Series D-1-B – 0.35% to 4.30% Fixed Rate Serial and Term Bonds due 2045	78,430	—	(2,055)	76,375
2012 Series E (Federally Taxable) – 0.34% to 4.40% Fixed Rate Serial and Term Bonds due 2032	58,990	—	(3,115)	55,875
2012 Series F – 0.80% to 3.90% Fixed Rate Serial and Term Bonds due 2045	38,110	—	(810)	37,300
2012 Series G – 0.95% to 3.90% Fixed Rate Serial and Term Bonds due 2045	31,110	—	(675)	30,435
2012 Series H – 0.25% to 1.60% Fixed Rate Serial Bonds due 2018	1,770	—	(1,380)	390
2012 Series I (Federally Taxable) – 0.40% to 4.49% Fixed Rate Serial and Term Bonds due 2044	58,965	—	(5,820)	53,145
2012 Series K-1-A – 0.45% to 4.00% Fixed Rate Serial and Term Bonds due 2045	92,100	—	(1,925)	90,175
2012 Series L-1 – 1.80% to 3.90% Fixed Rate Serial and Term Bonds due 2042	12,390	—	—	12,390
2012 Series L-2-A – 0.30% to 4.00% Fixed Rate Serial and Term Bonds due 2044	100,710	—	(540)	100,170
2012 Series L-2-B (AMT) – 2.30% to 3.60% Fixed Rate Serial and Term Bonds due 2026	2,060	—	—	2,060
2012 Series M-2 – 1.10% to 4.00% Fixed Rate Serial and Term Bonds due 2047	9,655	—	(180)	9,475

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2012 Series M-3 – 1.40% to 4.65% Fixed Rate Serial and Term Bonds due 2047	10,425	—	(200)	10,225
2013 Series B-1-A – 1.10% to 4.60% Fixed Rate Term Bonds due 2045	74,150	—	—	74,150
2013 Series B-1-B – 0.35% to 4.60% Fixed Rate Serial and Term Bonds due 2045	48,640	—	(2,385)	46,255
2013 Series D-1 (Federally Taxable) – 0.70% to 3.78% Fixed Rate Serial and Term Bonds due 2028	33,500	—	(2,465)	31,035
2013 Series D-2 (Federally Taxable) – 2.03% to 3.01% Index Floating Rate Term Bonds due 2038	55,000	—	—	55,000
2013 Series E-1-A – 0.25% to 4.90% Fixed Rate Serial and Term Bonds due 2038	39,720	—	(1,650)	38,070
2013 Series E-1-B – 0.75% to 4.95% Fixed Rate Term Bonds due 2043	29,560	—	(15,500)	14,060
2013 Series E-1-C – 0.75% to 4.95% Fixed Rate Term Bonds due 2046	45,025	—	—	45,025
2013 Series F-1 – 1.25% to 4.50% Fixed Rate Serial and Term Bonds due 2047	29,080	—	(250)	28,830
2014 Series A – 0.20% to 4.35% Fixed Rate Serial and Term Bonds due 2044	6,925	—	(270)	6,655
2014 Series B-1 (Federally Taxable) – 0.25% to 3.69% Fixed Rate Serial Bonds due 2024	61,585	—	(26,910)	34,675
2014 Series B-2 (Federally Taxable) – 1.87% to 2.85% Index Floating Rate Term Bonds due 2033	50,000	—	—	50,000
2014 Series C-1-A – 0.70% to 4.30% Fixed Rate Serial and Term Bonds due 2047	117,750	—	(21,155)	96,595
2014 Series C-1-B – 0.40% to 1.25% Fixed Rate Term Bonds due 2018	32,020	—	(32,020)	—
2014 Series C-1-C – 1.10% to 4.00% Fixed Rate Serial and Term Bonds due 2047	30,500	—	(18,075)	12,425
2014 Series C-3 – 0.92% to 3.50% Variable Rate Term Bonds due 2019	13,000	—	(13,000)	—

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2014 Series D-1 (Federally Taxable) – 0.40% to 4.10% Fixed Rate Serial and Term Bonds due 2027	27,755	—	(3,725)	24,030
2014 Series D-2 (Federally Taxable) – 1.87% to 2.85% Index Floating Rate Term Bonds due 2037	38,000	—	—	38,000
2014 Series E – 2.90% to 3.75% Fixed Rate Serial and Term Bonds due 2035	39,595	—	(2,235)	37,360
2014 Series G-1 – 0.20% to 4.00% Fixed Rate Serial and Term Bonds due 2048	319,970	—	(67,940)	252,030
2014 Series G-2 – 0.25% to 4.00% Fixed Rate Serial and Term Bonds due 2048	8,290	—	(4,935)	3,355
2014 Series H-1 (Federally Taxable) – 0.76% to 4.32% Fixed Rate Serial and Term Bonds due 2035	71,700	—	(2,505)	69,195
2014 Series H-2 (Federally Taxable) – 1.85% to 2.83% Index Floating Rate Term Bonds due 2044	50,000	—	—	50,000
2014 Series I – 1.45% Fixed Rate Term Bonds due 2018	3,260	—	—	3,260
2015 Series A-1 – 0.70% to 4.00% Fixed Rate Serial and Term Bonds due 2048	24,100	—	(14,565)	9,535
2015 Series A-2 – 2.25% to 3.75% Fixed Rate Serial and Term Bonds due 2035	6,150	—	—	6,150
2015 Series B-1 (Federally Taxable) – 0.60% to 3.53% Fixed Rate Serial Bonds due 2027	27,785	—	(4,255)	23,530
2015 Series B-2 (Federally Taxable) – 1.78% to 2.76% Index Floating Rate Term Bonds due 2044	33,000	—	—	33,000
2015 Series D-1-A – 1.30% to 4.35% Fixed Rate Serial and Term Bonds due 2048	167,495	—	(54,250)	113,245
2015 Series D-1-B – 0.85% to 4.35% Fixed Rate Serial and Term Bonds due 2048	289,570	—	(21,820)	267,750
2015 Series D-2 – 0.45% to 4.00% Fixed Rate Serial and Term Bonds due 2035	62,510	—	(5,955)	56,555
2015 Series D-3 – 0.89% to 1.77% Variable Rate Term Bonds due 2020	15,000	—	—	15,000

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2015 Series D-4 – 0.89% to 1.77% Variable Rate Term Bonds due 2020	13,500	—	—	13,500
2015 Series E-1 – 0.30% to 4.05% Fixed Rate Serial and Term Bonds due 2047	36,995	—	(845)	36,150
2015 Series E-2 – 0.30% to 3.75% Fixed Rate Serial and Term Bonds due 2035	7,315	—	(1,395)	5,920
2015 Series G-1 (SNB) – 0.30% to 3.95% Fixed Rate Serial and Term Bonds due 2049	129,205	—	(105)	129,100
2015 Series G-2 (SNB) – 1.45% to 3.95% Fixed Rate Serial and Term Bonds due 2049	47,160	—	—	47,160
2015 Series H (SNB) – 2.95% Term Rate Term Bonds due 2026	136,470	—	—	136,470
2015 Series I (SNB) – 2.95% Term Rate Term Bonds due 2026	60,860	—	—	60,860
2015 Series K (SNB) – 1.15% Fixed Rate Term Bonds due 2019	3,755	—	—	3,755
2016 Series A (SNB) – 0.35% to 3.75% Fixed Rate Serial and Term Bonds due 2047	66,080	—	(3,725)	62,355
2016 Series D (SNB) – 0.50% to 3.75% Fixed Rate Serial and Term Bonds due 2047	53,570	—	(1,250)	52,320
2016 Series C-1-A (SNB) – 1.20% to 3.45% Fixed Rate Serial and Term Bonds due 2050	119,330	—	—	119,330
2016 Series C-1-B (SNB) – 1.38% to 3.40% Fixed Rate Term Bonds due 2047	61,020	—	—	61,020
2016 Series C-2 (SNB) – 1.45% Term Rate Term Bonds due 2020	32,820	—	—	32,820
2016 Series E-1-A (SNB) – 0.40% to 5.00% Fixed Rate Serial and Term Bonds due 2047	81,885	—	(1,075)	80,810
2016 Series E-1-B (SNB) – 1.30% to 3.40% Fixed Rate Term Bonds due 2047	81,340	—	—	81,340
2016 Series E-2 (SNB) – 1.25% Fixed Rate Term Bonds due 2019	48,235	—	—	48,235

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2016 Series F-1-A (SNB) – 1.95% to 3.37% Fixed Rate Serial and Term Bonds due 2051	23,675	—	—	23,675
2016 Series F-1-B (SNB) – 2.75% to 3.15% Fixed Rate Term Bonds due 2041	40,275	—	—	40,275
2016 Series F-2(AMT) (SNB) – 1.25% to 2.25% Fixed Rate Term Bonds due 2025	8,120	—	—	8,120
2016 Series G-1(Federally Taxable) (SNB) – 0.85% to 2.82% Fixed Rate Serial Bonds due 2027	27,110	—	(7,145)	19,965
2016 Series G-2 (Federally Taxable) (SNB) – 1.89% to 2.87% Index Floating Rate Term Bonds due 2045	78,000	—	—	78,000
2016 Series I-1-A (SNB) – 1.80% to 4.30% Fixed Rate Serial and Term Bonds due 2050	111,095	—	—	111,095
2016 Series I-1-B (SNB) – 3.60% to 4.30% Fixed Rate Term Bonds due 2050	36,300	—	—	36,300
2016 Series I-2-A-1 (SNB) – 2.00% Fixed Rate Term Bonds due 2020	25,185	—	—	25,185
2016 Series I-2-A-2 (SNB) – 2.00% Fixed Rate Term Bonds due 2020	74,840	—	—	74,840
2016 Series I-2-B (SNB) – 1.85% to 2.00% Fixed Rate Term Bonds due 2021	65,320	—	—	65,320
2016 Series J-1 (Federally Taxable) (SNB) – 2.06% to 3.04% Index Floating Rate Term Bonds due 2052	161,500	—	—	161,500
2016 Series J-2 (SNB) – 2.06% to 3.04% Index Floating Rate Term Bonds due 2052	29,500	—	—	29,500
2017 Series A-1-A (SNB) – 1.45% to 4.05% Fixed Rate Serial and Term Bonds due 2052	51,610	—	—	51,610
2017 Series A-1-B (SNB) – 3.80% to 4.05% Fixed Rate Term Bonds due 2052	11,165	—	—	11,165
2017 Series A-2-A (SNB) – 1.90% Fixed Rate Term Bonds due 2021	48,880	—	—	48,880
2017 Series A-2-B (SNB) – 1.90% Fixed Rate Term Bonds due 2021	11,285	—	—	11,285

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2017 Series A-3 (SNB) – 1.41% to 2.12% Index Floating Rate Term Bonds due 2021	50,000	—	—	50,000
2017 Series B-1 (Federally Taxable) (SNB) – 1.60% to 3.81% Fixed Rate Serial and Term Bonds due 2029	24,500	—	—	24,500
2017 Series B-2 (Federally Taxable) (SNB) – 1.81% to 2.79% Index Floating Rate Term Bonds due 2046	61,500	—	—	61,500
2017 Series C-1 (SNB) – 1.20% to 3.85% Fixed Rate Serial and Term Bonds due 2057	139,725	—	—	139,725
2017 Series C-2 (SNB) – 1.70% Fixed Rate Term Bonds due 2021	103,025	—	—	103,025
2017 Series C-3-A (SNB) – 1.70% Fixed Rate Term Bonds due 2021	40,000	—	—	40,000
2017 Series C-3-B (SNB) – 1.70% Fixed Rate Term Bonds due 2021	40,000	—	—	40,000
2017 Series C-4 (SNB) – 0.89% to 1.77% Variable Rate Term Bonds due 2057	57,830	—	—	57,830
2017 Series E-1 (SNB) – 1.50% to 3.55% Fixed Rate Serial and Term Bonds due 2043	60,465	—	—	60,465
2017 Series E-2 (SNB) – 1.20% to 3.35% Fixed Rate Serial and Term Bonds due 2036	3,535	—	—	3,535
2017 Series F – 1.00% Term Rate Term Bonds due 2018	69,915	—	(69,915)	—
2017 Series G-1 (SNB) – 1.15% to 3.85% Fixed Rate Serial and Term Bonds due 2057	—	197,140	—	197,140
2017 Series G-2 (SNB) – 2.00% Fixed Rate Term Bonds due 2057	—	101,330	—	101,330
2017 Series G-3 (SNB) – 0.89% to 1.81% Variable Rate Term Bonds due 2057	—	85,950	—	85,950
2018 Series A-1 (SNB) – 1.55% to 3.90% Fixed Rate Serial and Term Bonds due 2048	—	50,730	—	50,730
2018 Series A-2 (SNB) – 1.70% Fixed Rate Term Bonds due 2047	—	15,920	—	15,920

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2018

Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2018 Series B-1 (Federally Taxable) (SNB) – 2.32% to 3.65% Fixed Rate Serial Bonds due 2028	—	65,475	—	65,475
2018 Series B-2 (Federally Taxable) (SNB) – 2.78% to 2.79% Index Floating Rate Term Bonds due 2046	—	100,000	—	100,000
2018 Series C-1-A (SNB) – 2.10% to 4.13% Fixed Rate Serial and Term Bonds due 2058	—	237,965	—	237,965
2018 Series C-1-B (SNB) – 3.70% to 4.00% Fixed Rate Term Bonds due 2053	—	168,925	—	168,925
2018 Series C-2-A (SNB) – 2.20% to 2.35% Fixed Rate Term Bonds due 2022	—	135,040	—	135,040
2018 Series C-2-B (SNB) – 2.35% Fixed Rate Term Bonds due 2022	—	8,615	—	8,615
2018 Series D (Federally Taxable) (SNB) – 3.26% to 4.10% Fixed Rate Serial and Term Bonds due 2038	—	75,000	—	75,000
2018 Series E-1 (Draper Hall) – 1.25% to 4.00% Fixed Rate Serial and Term Bonds due 2048	—	18,230	—	18,230
2018 Series E-2 (Stanley Commons) – 1.25% to 4.00% Fixed Rate Serial and Term Bonds due 2048	—	9,495	—	9,495
2018 Series F (SNB) – 3.20% to 3.80% Fixed Rate Serial and Term Bonds due 2047	—	25,425	—	25,425
2018 Series G – 1.50% Term Rate Term Bonds due 2019	—	98,245	(32,920)	65,325
2018 Series H (SNB) – 4.00% to 4.05% Fixed Rate Term Bonds due 2048	—	84,765	—	84,765
2018 Series I (Federally Taxable) (SNB) – 3.22% to 4.48% Fixed Rate Serial and Term Bonds due 2038	—	125,000	—	125,000
2018 Series J – 1.80% Term Rate Term Bonds due 2048	—	42,795	—	42,795
<i>Multi-Family Secured Mortgage Revenue Bonds</i>				
2005 Series B (Federally Taxable) Secured Mortgage Revenue Bonds – 6.35% Fixed Rate Term Bonds due 2038	2,985	—	(2,985)	—

New York City Housing Development Corporation
Notes to the Financial Statements
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Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2011 Series A (Federally Taxable) Secured Mortgage Revenue Bonds – 1.26% to 4.78% Fixed Rate Serial and Term Bonds due 2026	34,210	—	(3,480)	30,730
2013 Series A (Federally Taxable) Secured Mortgage Revenue Bonds – 0.48% to 5.34% Fixed Rate Serial and Term Bonds due 2035	36,375	—	(2,645)	33,730
2017 Series A-1 (Federally Taxable) (SNB) Secured Mortgage Revenue Bonds – 1.37% to 3.48% Fixed Rate Serial Bonds due 2029	25,500	—	(900)	24,600
2017 Series A-2 (Federally Taxable) (SNB) Secured Mortgage Revenue Bonds – 2.18% to 2.77% Index Floating Rate Term Bonds due 2041	39,825	—	—	39,825
<i>Federal New Issue Bond Program (NIBP)</i>				
2009 Series 1-2 HRB (NIBP) – 3.16% Fixed Rate Term Bonds due 2043	62,230	—	—	62,230
2009 Series 1-5-A HRB (NIBP) – 2.47% Fixed Rate Term Bonds due 2048	158,800	—	—	158,800
2009 Series 1-5-B HRB (NIBP) (AMT) – 2.47% Fixed Rate Term Bonds due 2041	31,930	—	(1,640)	30,290
2009 Series 2-5 HRB (NIBP) – 2.47% Fixed Rate Term Bonds due 2048	34,250	—	(1,750)	32,500
Total Housing Revenue Bond Program	6,570,875	1,646,045	(641,815)	7,575,105
LIBERTY BOND PROGRAM:				
<i>Multi-Family Mortgage Revenue Bonds</i>				
2005 Series A 90 Washington Street – 0.90% to 1.79% Variable Rate Bonds due upon demand through 2035	74,800	—	—	74,800
2006 Series A 90 West Street – 0.89% to 1.85% Variable Rate Bonds due upon demand through 2036	104,000	—	—	104,000
2006 Series B (Federally Taxable) 90 West Street – 1.05% to 2.20% Variable Rate Bonds due upon demand through 2036	7,700	—	(500)	7,200
2006 Series A - 2 Gold Street – 0.89% to 1.85% Variable Rate Bonds due upon demand through 2036	162,000	—	—	162,000

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2018

Description of Bonds as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
2006 Series B (Federally Taxable) - 2 Gold Street – 1.05% to 2.22% Variable Rate Bonds due upon demand through 2036	37,200	—	(3,000)	34,200
2006 Series A 201 Pearl Street – 0.89% to 1.85% Variable Rate Bonds due upon demand through 2041	65,000	—	—	65,000
2006 Series B (Federally Taxable) 201 Pearl Street – 1.05% to 2.22% Variable Rate Bonds due upon demand through 2041	22,500	—	(700)	21,800
2014 Series Classes D, E and F (8 Spruce Street) – 3.00% to 4.50% Fixed Rate Term Bonds due 2048	203,900	—	—	203,900
Total Liberty Bond Program	677,100	—	(4,200)	672,900
<u>CAPTIAL FUND PROGRAM REVENUE BONDS</u> <u>(New York City Housing Authority ('NYCHA'))</u>				
2013 Series A Capital Fund Program – 2.00% to 5.00% Fixed Rate Serial Bonds due 2025	136,815	—	(14,415)	122,400
2013 Series B-1 Capital Fund Program – 2.00% to 5.25% Fixed Rate Serial Bonds due 2033	293,535	—	(17,465)	276,070
2013 Series B-2 Capital Fund Program – 5.00% to 5.25% Fixed Rate Serial Bonds due 2032	122,170	—	—	122,170
Total Capital Fund Program Revenue Bonds	552,520	—	(31,880)	520,640
<i>Pass-Through Revenue Bond Program</i>				
2014 Series A (Federally Taxable) – 3.05% Fixed Rate Term Bonds due 2036	4,469	—	(121)	4,348
2017 Series A (Federally Taxable) (SNB) – 3.10% Fixed Rate Term Bonds due 2046	59,891	—	(744)	59,147
Total Pass-Through Revenue Bond Program	64,360	—	(865)	63,495
Total Bonds Payable Prior to Net Premium Unamortized (Discount) on Bonds Payables	10,342,156	1,655,994	(748,840)	11,249,310
Net Premium (Discount) on Bonds Payables	29,541	—	(3,978)	25,563
Total Bonds Payable (Net)	\$10,371,697	\$1,655,994	\$(752,818)	\$11,274,873

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/or weekly.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

Bonds Issued in Fiscal Year 2018

On December 28, 2017, three Multi-Family Housing Revenue Bonds series were issued in an amount totaling \$384,420,000. The fixed rate 2017 Series G-1 Bonds were issued in the amount of \$197,140,000, the fixed rate 2017 Series G-2 Bonds were issued in the amount of \$101,330,000, and the variable rate 2017 Series G-3 Bonds were issued in the amount of \$85,950,000. The 2017 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments and to refund certain outstanding bonds of the Corporation.

On April 19, 2018, four Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$232,125,000. The fixed rate 2018 Series A-1 Bonds were issued in the amount of \$50,730,000, the fixed rate 2018 Series A-2 Bonds were issued in the amount of \$15,920,000, the fixed rate 2018 Series B-1 (Federally Taxable) Bonds were issued in the amount of \$65,475,000, and the index floating rate 2018 Series B-2 (Federally Taxable) Bonds were issued in the amount of \$100,000,000. The 2018 Bonds were issued and combined with other monies to finance construction and permanent mortgage loans for certain developments, to refund certain outstanding bonds of the Corporation, to purchase a participation interest in mortgage loans for certain developments, and to finance other corporate purposes of the Corporation.

On June 21, 2018, five Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$625,545,000. The fixed rate 2018 Series C-1-A Bonds were issued in the amount of \$237,965,000, the fixed rate 2018 Series C-1-B Bonds were issued in the amount of \$168,925,000, the fixed rate 2018 Series C-2-A Bonds were issued in the amount of \$135,040,000, the fixed rate 2018 Series C-2-B Bonds were issued in the amount of \$8,615,000, and the fixed rate 2018 Series D (Federally Taxable) Bonds were issued in the amount of \$75,000,000. The 2018 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments, to refund certain outstanding bonds and to finance other corporate purposes of the Corporation.

On July 19, 2018, the fixed rate Multi-Family Housing Revenue Bonds, 2018 Series E-1, were issued in the amount of \$18,230,000 to refund the Multi-Family Mortgage Revenue Debt Obligations (Draper Hall) as the project converted to permanent status in June 2018.

On July 19, 2018, the term rate Multi-Family Housing Revenue Bonds, 2018 Series G, were issued in the amount of \$98,245,000 to finance construction and permanent mortgage loans for certain developments and to refund certain outstanding bonds of the Corporation.

On August 9, 2018, the fixed rate Multi-Family Housing Revenue Bonds, 2018 Series F, were issued in the amount of \$25,425,000 to refund the Multi-Family Housing Revenue 2008 Series M bonds of the Corporation.

On October 11, 2018, four Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$337,560,000. The fixed rate 2018 Series H Bonds were issued in the amount of \$84,765,000, the fixed rate 2018 Series I (Federally Taxable) Bonds were issued in the amount of \$125,000,000, the fixed rate 2019 Series A-1 Bonds were issued in the amount of \$85,000,000, and the term rate 2018 Series J Bonds were issued in the amount of \$42,795,000. The 2019 Series A-1 Bonds were sold as forward delivery which will be available for delivery on or about February 6, 2019. The 2018/2019 Bonds were

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments, to refund certain outstanding bonds and to finance other corporate purposes of the Corporation.

On October 11, 2018, the fixed rate Multi-Family Housing Revenue Bonds, 2018 Series E-2, were issued in the amount of \$9,495,000 to refund the Multi-Family Mortgage Revenue Debt Obligations (Stanley Commons) as the project converted to permanent status in August 2018.

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.

In fiscal year 2016, the Corporation committed to issue a draw-down bond in the amount totaling \$22,130,000, under the variable rate Multi-Family Mortgage Revenue Bond 2016 Series A (148th Street Jamaica). The bonds for this development were completely drawn in fiscal year 2018. As of October 31, 2018, the balance for the bonds outstanding for this series was \$22,130,000.

In fiscal year 2010, as part of the Housing Finance Agency (“HFA”) initiative using authority provided to the U.S. Treasury pursuant to the Housing and Economic Recovery Act of 2008 (“HERA”) to help 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 the U.S. Treasury to issue bonds under the New Issue Bond Program (“NIBP”). HDC has issued two programs under the NIBP. The variable rate 2009 Housing Revenue Bonds Series 1 (Federally Taxable) Bonds were issued in the amount of \$415,000,000 and the 2009 Housing Revenue Bonds Series 2 (Federally Taxable) Bonds were issued in the amount of \$85,000,000 on December 23, 2009. During the period between June 2010 and December 2011, 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. These bonds were designated as the “Converted Bonds”. As of October 31, 2018, portions of the NIBP Converted Bonds in the amount of \$216,180,000 were redeemed and defeased and \$283,820,000 remain outstanding.

Debt Obligations Program

In fiscal year 2018, in addition to the closing of one new funding loan agreement with Citibank, the Corporation closed one new funding loan agreement with Jones Lang LaSalle to finance mortgage loans under its Multi-Family Housing Revenue Debt Obligations Program. Under the agreements, Citibank and Jones Lang LaSalle will provide the funds to the Corporation, which the Corporation will then use to advance to the project. This is also referred to as “Back to Back”. This debt obligation is subject to private activity bond volume cap.

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2018

At October 31, 2018, the aggregate principal amount outstanding under the Debt Obligations program was \$415,137,000.

Changes in Debt Obligations Payable:
(in thousands)

Debt Obligations Payable outstanding at October 31, 2017	\$ 307,796
Debt Obligations Issued	190,382
Debt Obligations Retired	(83,041)
Debt Obligations Payable outstanding at October 31, 2018	\$ 415,137

Details of changes in HDC debt obligations for the year ended October 31, 2018 were as follows:

Description of Debt Obligations as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2018)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
MFHR Debt Obligations (Harlem Dowling Residential) – 2.49% to 5.21% Fixed Rate due 2047	\$5,175	\$—	\$(91)	\$5,084
MFMR Debt Obligations (535 Carlton Avenue) – 2.92% to 3.81% Variable Rate due 2058	63,164	4,575	—	67,739
MFMR Debt Obligations (Draper Hall) – 3.91% Fixed Rate due 2047	38,317	4,433	(42,750)	—
MFMR Debt Obligations (Stanley Commons) – 3.60% Fixed Rate due 2048	37,529	2,671	(40,200)	—
MFMR Debt Obligations (38 Sixth Avenue) – 2.92% to 3.81% Variable Rate due 2059	67,358	15,882	—	83,240
MFMR Debt Obligations (La Casa del Mundo) – 4.62% Fixed Rate due 2048	14,374	4,524	—	18,898
MFMR Debt Obligations (MHANY Portfolio) – 5.21% Fixed Rate due 2049	26,693	5,261	—	31,954
MFMR Debt Obligations (MHANY Portfolio - Federally Taxable) – 5.21% Fixed Rate due 2049	450	—	—	450
MFMR Debt Obligations (Prospect Plaza Phase 111) – 4.48% Fixed Rate due 2049	11,951	19,606	—	31,557
MFMR Debt Obligations (One Flushing) – 4.14% Fixed Rate due 2055	42,785	—	—	42,785

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2018

Description of Debt Obligations as Issued <i>(in thousands)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
<i>(variable rates cover fiscal year 2018)</i>				
MFMR Debt Obligations (1133 Manhattan) – 3.86% Fixed Rate due 2027	—	45,600	—	45,600
MFMR Debt Obligations (1133 Manhattan) (Federally Taxable) – 3.86% Fixed Rate due 2027	—	15,600	—	15,600
MFMR Debt Obligations (Far Rockaway) – 3.65% Fixed Rate due 2058	—	72,230	—	72,230
Total Debt Obligations Payable	\$307,796	\$190,382	\$ (83,041)	\$ 415,137

On December 21, 2017, the Corporation entered into a Funding Loan Agreement with Jones Lang LaSalle (the “Multi-Family Mortgage Revenue Debt Obligations – 1133 Manhattan Avenue”). The proceeds were in the amount totaling \$61,200,000, of which, \$45,600,00 were committed to refund the existing 2012 Series A bonds, and the Federally Taxable portion in the amount of \$15,600,000 were committed to pay certain other related costs, of a multi-family rental housing development located in the borough of Brooklyn, New York. The total obligation outstanding as of October 31, 2018 was \$61,200,000.

On June 27, 2018, the Corporation entered into a Funding Loan Agreement with Citibank (the “Multi-Family Mortgage Revenue Debt Obligations – Far Rockaway Village Phase I”). The proceeds in the amount of \$72,230,000 were committed to finance the acquisition and construction, and to pay certain other related costs, of a multi-family rental housing development located in the borough of Queens, New York. The total obligation outstanding as of October 31, 2018 was \$72,230,000.

Federal Financing Bank Loan Participation Certificates Payable

In fiscal year 2014, the Corporation entered into a new financing agreement with the FFB for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured with FHA/HFA Risk Sharing mortgage insurance. The Corporation was selected to be the first housing finance agency to participate in this new federal initiative to reduce costs of capital for affordable housing, whereby, the Corporation will sell beneficial ownership interest in its mortgages to the FFB. Beneficial ownership interest in mortgage loans that the Corporation sells to the FFB will be evidenced by certificates of participation from the Corporation. The participation proceeds were recorded as payable to the FFB. The monthly mortgage payments from the borrower will be used to repay the interest to the FFB and principal payments will reflect the scheduled mortgage principal payments.

The aggregate FFB Loan Participation Certificates Payable balance as of October 31, 2018 was \$284,769,000 (see Note 4: “Mortgage Loans”).

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2018

Changes in FFB Loan Participation Certificates Payable:

The summary of changes in FFB Loan Participation Certificates Payable was as follows:
(in thousands)

FFB Loan Participation Certificates Payable outstanding at October 31, 2017	\$201,964
FFB Loan Participation Proceeds	85,025
Principal Repayment to FFB	(2,220)
FFB Loan Participation Certificates Payable outstanding at October 31, 2018	\$284,769

Details of changes in FFB loan participation certificates payable for the year ended October 31, 2018 were as follows:

Description of FFB Loan Participation as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2018)</i>	Balance at Oct. 31, 2017	Issued	Retired	Balance at Oct. 31, 2018
FFB Loan Participation - Arverne View Apt – 3.32% Fixed Rate Certificate Pass-Through due 2049	\$70,092	\$—	\$ (743)	\$69,349
FFB Loan Participation - 2629 Sedgwick Avenue – 3.28% Fixed Rate Certificate Pass-Through due 2051	2,854	—	(40)	2,814
FFB Loan Participation - Marseilles Apartments – 2.85% Fixed Rate Certificate Pass-Through due 2051	17,951	—	(264)	17,687
FFB Loan Participation - Sons of Italy Apartments – 2.76% Fixed Rate Certificate Pass-Through due 2051	8,166	—	(115)	8,051
FFB Loan Participation - Stevenson Commons – 2.96% Fixed Rate Certificate Pass-Through due 2057	102,901	—	(794)	102,107
FFB Loan Participation - Independence House – 3.04% Fixed Rate Certificate Pass-Through due 2057	—	7,260	(56)	7,204
FFB Loan Participation - Carol Gardens – 3.02% Fixed Rate Certificate Pass-Through due 2058	—	21,855	(124)	21,731
FFB Loan Participation - La Cabana Houses – 3.35% Fixed Rate Certificate Pass-Through due 2053	—	55,910	(84)	55,826
Total FFB Loan Participation Certificates Payables	\$201,964	\$85,025	\$(2,220)	\$284,769

On November 21, 2017, the Corporation sold a beneficial ownership interest in a mortgage for the development named Independence House in the amount of \$7,260,000. The FFB Loan Participation Certificates Payable as of October 31, 2018 was \$7,204,000.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

On December 21, 2017, the Corporation sold a beneficial ownership interest in a mortgage for the development named Carol Gardens in the amount of \$21,855,000. The FFB Loan Participation Certificates Payable as of October 31, 2018 was \$21,731,000.

On July 30, 2018, the Corporation sold a beneficial ownership interest in a mortgage for the development named La Cabana in the amount of \$55,910,000. The FFB Loan Participation Certificates Payable as of October 31, 2018 was \$55,826,000.

The Corporation regularly defeases or retires bonds through in-substance defeasances whereby assets are placed in an irrevocable trust that is used exclusively to service the future debt requirement. During fiscal year 2018, the Corporation retired the 2008 Series L Multi-Family Housing Revenue Bonds through an in-substance defeasance. Also, in this fiscal year, the remaining outstanding bonds of the 2007 Series B Multi-Family Rental Housing Revenue Bonds (West 61st Street Apartments) in the amount of \$3,310,000 were called and fully redeemed by the escrow agent. The table below lists the series as well as the amount outstanding as of October 31, 2018. These bonds are held with an escrow agent.

Detail of Defeased Bonds outstanding as of October 31, 2018:

Bond Issue	Date Defeased	Amount Defeased	Bonds Outstanding 10/31/18
2008 Series L HRB (Non-AMT) FY 09	March 05, 2018	\$3,135,000	\$3,025,000
Total		\$3,135,000	\$3,025,000

Future Debt Service:

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

Year Ending October 31, (in thousands)	Principal	Interest	Total
2019.....	\$627,161	\$331,511	\$958,672
2020.....	396,152	327,565	723,717
2021.....	635,259	319,203	954,462
2022.....	336,135	306,168	642,303
2023.....	230,461	295,588	526,049
2024 – 2028.....	1,103,004	1,358,585	2,461,589
2029 – 2033.....	1,464,516	1,140,554	2,605,070
2034 – 2038.....	2,225,292	864,257	3,089,549
2039 – 2043.....	1,618,025	577,028	2,195,053
2044 – 2048.....	1,743,357	319,890	2,063,247
2049 – 2053.....	529,030	85,361	614,391
2054 – 2058.....	340,918	27,396	368,314
Total	\$11,249,310	\$5,953,106	\$17,202,416

New York City Housing Development Corporation
Notes to the Financial Statements
October 31, 2018

Changes in Long Term Liabilities:

Long term liability activities for the year ended October 31, 2018, are as follows:

Descriptions	Balance at Oct. 31, 2017	Additions	Deductions	Balance at Oct. 31, 2018	Due Within 1 Year
<i>(in thousands)</i>					
Bonds Payable, (net)	\$10,371,697	\$1,655,994	\$(752,818)	\$11,274,873	\$627,161
Debt Obligations	307,796	190,382	(83,041)	415,137	94
Payable to FFB – Loan Participation	201,964	85,025	(2,220)	284,769	2,826
Payable to The City of New York	1,907,502	2,224,690	(755,241)	3,376,951	—
Payable to Mortgagors & Restricted Earnings on Investments	770,617	583,593	(484,171)	870,039	203,027
Others	245,021	439,514	(410,366)	274,169	146,764
Total Long Term Liabilities	\$13,804,597	\$5,179,198	\$(2,487,857)	\$16,495,938	\$979,872

Note 11: Consultants' Fees

The fees paid by the Corporation for legal, accounting and consulting services in fiscal year 2018 for HDC include \$39,633 to Hawkins, Delafield & Wood; \$10,000 to The Law Offices of Daniel Felber; \$1,754 to Epstein, Becker & Green, P.C.; \$465 to Stewart Title Insurance Company; and \$460 to U.S. Department of Homeland Security. Auditing fees of \$234,000 were paid to Ernst & Young LLP.

The Corporation paid consulting fees in the amount of \$200,000 to BJH Advisors, LLC; \$179,996 to R Square, Inc.; \$177,468 to Spruce Technology, Inc.; \$88,380 to Bharat Shah; \$75,000 to National Strategies Group, LLC; \$35,900 to Bartley & Dick Advertising/Design; \$35,250 to Cristo Rey NY High School; \$33,750 to Conduent HR Consulting, LLC; \$20,460 to Mei Kit Chan; \$15,000 to NYAH Advisors, LLC; \$8,988 to Zenith Color Communication Group, Inc.; \$4,788 to Bay Area Economics; \$3,000 to BDO USA, LLP; \$2,400 to Insurance Advisors, LLC; and \$1,215 to Lincoln Tyler Mgmt Services, LLC.

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 \$595,043 to Hawkins, Delafield & Wood; \$125,000 to Mohanty Gargiulo, LLC; \$10,000 to Caine Mitter & Associates, Inc.; \$8,500 to Paparone Law, PLLC; \$7,367 to Potter Anderson & Corroon, LLP; and \$4,000 to Buchanan, Ingersoll & Rooney, P.C.

Note 12: Payable to The City of New York

(A) New York City Housing Development Corporation

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 interest over the amount of the related

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

bonds totaled \$1,092,274,000 as of October 31, 2018 was reported in the Corporation's statement of net position as "Loan participation receivable - The City of NY" in the Noncurrent Assets section and "Payable to The City of New York: Loan participation agreements" in the Noncurrent Liabilities section. The related details are described in the following paragraphs.

In May 2014, the 2006 Series A bonds were fully redeemed. Simultaneously, the Corporation issued the Multi-Family Housing Revenue Bonds, 2014 Series B-1 and 2014 Series B-2 collectively, the ("2014 Series B Bonds") to re-securitize the remaining underlying loan portfolio previously financed by 2006 Series A (see Note 6: "Loan Participation Receivable for The City of New York"). As of October 31, 2018, the Corporation's payable to the City relating to the 2014 Series B Bonds was \$94,024,000.

In April 2018, the Corporation issued its Multi-Family Housing Revenue Bonds, 2018 Series B Bonds. The proceeds were used to purchase and securitize a 100% participation interest in various pools of City mortgage loans totaling \$671,611,000. As of October 31, 2018, the Corporation's payable to the City relating to the 2018 Series B Bonds was \$501,217,000.

The Corporation has completed numerous transactions as part of its MLRP, an affordable housing preservation program. 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 in City-owned second mortgages 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, 2018, the Corporation's payable to the City under the MLRP was \$497,033,000.

Since Fiscal Year 2013, the Corporation entered into several loan participation agreements with the City through HPD. In each case the Corporation made available to the mortgagors new mortgage loans, the proceeds of which were used for the acquisition or rehabilitation of existing properties, with the HDC mortgage holding the first position lien on the properties. The existing HPD loans were assigned to the Corporation, via a Purchase and Sale agreement, where the Corporation purchased the existing loans from the City and the City purchased a residual interest in the HDC Loans. As of October 31, 2018, the participation mortgage loans underlying the Participation Interest had an aggregate outstanding principal balance of \$426,846,000.

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, 2018, the total payable to the City relating to this MOU was \$1,647,918,000.

The Corporation also administers construction and permanent 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, 2018, the total related payable to the City was \$114,257,000.

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On December 18, 2015, at the request of The City of New York, the Corporation funded a \$143,236,000 subordinate loan to the purchasers of Stuyvesant Town-Peter Cooper Village to assist the preservation of the affordability of this project. During fiscal year 2018, the City reimbursed the Corporation by funding various subordinate loans originated by HDC totaling \$6,391,000. As of October 31, 2018, the remaining balance of the receivable from The City of New York was \$45,659,000.

(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, 2018, total resources payable to the City amounted to \$141,315,000, of which \$128,912,000 was related to the funding of Stuyvesant Town-Peter Cooper Village. The remaining \$12,403,000 payable to the City was held to fund the RY Subsidy Program, which is expected to cover the subsidy until 2022 (see Note 4: "Mortgage Loans" for a detailed explanation).

Note 13: Retirement Programs

(A) NYCERS

The Corporation is a participating employer in NYCERS, a cost sharing multi-employer plan, of which 92 current employees of the Corporation are members. NYCERS provides defined benefit pension benefits to 185,000 active municipal employees and 147,000 pensioners through \$65.2 billion in assets. City employees who receive permanent appointment to a competitive position and have completed six months of service are required to participate in NYCERS, and all other employees such as HDC employees are eligible, but not required, to participate in NYCERS. NYCERS provides three main types of retirement benefits: service retirements, ordinary disability retirements (non-job related disabilities) and accident disability retirements (job-related disabilities) to members who are in different "tiers." The members' tier is determined by the date of membership. Subject to certain conditions, members generally become fully vested as to benefits upon completion of five years of service. Employees may be required to contribute a percentage of their salary to the pension plan based on their tier. Annual pension benefit is calculated as a percentage of final average salary times the number of years of membership service.

Contribution requirements of the active employees and the participating New York City agencies are established and may be amended by the NYCERS Board. Employees' contributions are determined by their tier and number of years of service. They may range between 0.00% and 7.46% of their annual pay. Statutorily required contributions to NYCERS, determined by the New York City Office of the Actuary in accordance with State statutes and City laws, are funded by the employer within the appropriate fiscal year.

Copies of NYCERS' financial statements can be obtained by writing to NYCERS at 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751 or its website (www.nycers.org).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of NYCERS and additions to/deductions from NYCERS' fiduciary net position have been determined on the

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same basis as they are reported by NYCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

As of October 31, 2018 and 2017, the Corporation reported a liability of \$9,325,000 and \$10,991,000, respectively, for its proportionate share of NYCERS' net pension liability. The net pension liability was measured as of June 30, 2018 and June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's long-term share of contributions to the pension plan relative to the projected contributions of all participating employees, actuarially determined. At June 30, 2018, the Corporation's proportion was 0.051%.

At October 31, 2018, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$504,000
Differences between expected and actual experience	-	869,000
Changes in proportion and differences between Corporation's contributions and proportionate share of contributions	(370,000)	(17,000)
Changes in assumptions	137,000	-
Corporation contributions subsequent to the measurement date	1,821,000	-
Total	\$1,588,000	\$1,356,000

Of the deferred outflows of resources related to pensions, \$1,821,000 was a contribution that the Corporation made subsequent to the measurement date and it will be recognized as a reduction of the net pension liability in fiscal year ending October 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 318,000
2020	318,000
2021	318,000
2022	318,000
2023	317,000
Total	\$1,589,000

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At October 31, 2017, the Corporation reported \$450,000 as deferred inflow of resources from the accumulated net difference between projected and actual earnings on NYCERS investments.

Deferred outflows of resources amounted to \$2,241,000 at October 31, 2017. \$517,000 is related to the change in proportionate share and changes in assumptions. \$1,724,000 is related to the Corporation's contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability in the year ended October 31, 2018.

The Corporation recorded pension expense for fiscal years ending October 31, 2018 and 2017 in the amounts of \$1,421,000 and \$1,306,000, respectively.

Actuarial assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7% per annum, net of investment expenses
Salary Increases	In general, merit and promotion increases plus assumed general wage increases of 3.0% per annum.
Cost-of-Living Adjustments	1.5% and 2.5% for certain tiers

Mortality tables for service and disability pensioners were developed from an experience study of NYCERS. The mortality tables for beneficiaries were developed from an experience review. For more detail see the reports entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on or After July 1, 2011," also known as "Silver Books." Electronic versions of the Silver Books are available on the New York City Office of the Actuary website (www.nyc.gov/actuary) under Pension Information.

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return	Weighted Average Rate of Return
U.S. Public Market Equities	29.00%	6.30%	1.83%
International Public Market Equities	13.00%	7.00%	.91%
Emerging Public Market Equities	7.00%	9.50%	.67%
Private Market Equities	7.00%	10.40%	.73%
U.S. Fixed Income	33.00%	2.20%	.73%
Alternatives	11.00%	5.50%	.61%

Management of the pension plan has determined its expected rate of return on investments to be 7%. This is based upon the weighted average rate of return from investments of 5.46% and a long-term Consumer Price Inflation assumption of 2.5% per year, which is offset by investment related expenses.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2018, was 7.00% per annum. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYCERS fiduciary net position is projected to be available to make all projected future benefit payments of current active and non-active NYCERS members. Therefore, the long-term expected rate of return on NYCERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one percentage-point higher (8%) than the current rate.

Sensitivity Analysis			
	1% decrease (6%)	Discount rate (7%)	1% increase (8%)
HDC's proportionate share of the net pension liability	\$14,110,000	\$9,325,000	\$5,289,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NYCERS' report, which is available on their website (www.nycers.org).

New York City Housing Development Corporation

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(B) Tax Sheltered Annuity Plan

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 14: Postemployment Benefits Other Than Pensions

Plan description. The Corporation sponsors a single employer postemployment defined benefit health care plan for eligible retirees and their spouses. Eligible retirees generally are classified into two groups as either NYCERS members or Non-NYCERS members. NYCERS members are those who have service ranging from 5 to 15 years at the time of their retirement. Non-NYCERS members are those who have service ranging from 10 to 15 years and retired at age 59 1/2. For NYCERS members, the Corporation provides retiree health care coverage and prescription drug coverage through the New York City Health Benefit Program (“NYCHBP”). For Non-NYCERS members, the Corporation provides retiree health care coverage and prescription drug coverage through the Empire Plan offered by the New York State Health Insurance Program (“NYSHIP”).

Benefits provided. The Corporation provides comprehensive health care and prescription drug coverage for it eligible retirees and their spouses. No other benefits are provided. 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. The Corporation does not issue a publicly available financial report for the plan.

As of November 1, 2016, HDC adopted GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. This statement establishes guidelines for reporting costs associated with “other postemployment benefits” (“OPEB”) similar to accounting for pension under GASB No. 68, “*Accounting and Financial Reporting for Pensions*” and this statement replaces GASB Statement No. 45. HDC’s annual OPEB cost for the plan is calculated based on the Entry Age Normal level percentage cost method, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75.

The covered-employee payroll (annual payroll of active employees covered by the plan) was \$16,535,000 and the ratio of the net OPEB liability to the covered-employee payroll was 83.59%.

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

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Employees covered by benefit terms. At October 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Membership Status as of November 1, 2017	Count
Inactive employees or beneficiaries currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	12
Active plan employees	163
Total	199

Net OPEB Liability

HDC's net OPEB liability was measured as of October 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The total OPEB liability was \$22,224,000 and the net OPEB liability was \$13,822,000. The actual benefit payments made during fiscal year 2018 amounted to \$102,000.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Net OPEB liability at beginning of the year	\$ 21,053,000	\$ 8,382,000	\$ 12,671,000
Changes for the year:			
Service cost	1,389,000	—	1,389,000
Interest	759,000	—	759,000
Difference between expected and actual experience	(154,000)	—	(154,000)
Changes of assumptions	(716,000)	—	(716,000)
Contributions - HDC	—	—	—
Net investment income	—	131,000	(131,000)
Benefit payments	(107,000)	(107,000)	—
Administrative expense	—	(4,000)	4,000
Net changes	1,171,000	20,000	1,151,000
Net OPEB liability at end of the year	\$ 22,224,000	\$ 8,402,000	\$ 13,822,000

OPEB Plan Fiduciary Net Position

Since establishing an irrevocable OPEB trust in fiscal year 2012, the Corporation has funded a total of \$8,000,000 to date. All OPEB plan assets are held in a separate trust account for the exclusive purpose of paying OPEB obligations.

Investment policy. The Corporation's investment policy is set by the HDC Act and the guidelines are established and adopted by HDC's Board Members on an annual basis.

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All investment transactions are recorded on the trade date. For fiscal years ending October 31, 2018 and 2017, the fair value of OPEB trust investments were \$8,270,000 and \$8,402,000, respectively.

<i>Investment Type</i> <i>(in thousands)</i>	<u>Investment Maturities at October 31, 2018 (in Years)</u>				
	2018	Less than 1	1-5	6-10	More than 10
<i>FHLB Bonds</i>	\$8,270	—	8,270	—	—
<i>Total</i>	\$8,270	—	8,270	—	—

The Corporation has the following recurring fair value measurements as of October 31, 2018:

- FHLB securities of \$8,270,000 are valued based on models using observable inputs. (Level 2 inputs)

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. As part of the Corporation’s investment policies, it looks to invest its bond and corporate related reserves in long-term securities that carry a higher yield, with the intent to hold the investments to maturity.

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, 2018, investments in Federal Home Loan Bank (“FHLB”) were rated by Standard & Poor’s (FHLB is referred to as “Agency”). The ratings were AA+ and A-1+ by Standard & Poor’s for long-term and short-term instruments. Investment in FHLB is implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government.

The Corporation follows its annually adopted investment guidelines in accordance with concentration limits and reviews its credit concentration monthly. The Corporation’s Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation’s Audit Committee.

The following table shows issuers that represent 5% or more of total investments at October 31, 2018:

Issuer	Dollar Amount	Percentage
FHLB	\$8,270,000	100.00%

For the year ended October 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 2.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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For the year ended October 31, 2018, HDC recognized an OPEB expense of \$1,917,000. At October 31, 2018, HDC reported OPEB related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows/Inflows as of November 1, 2017	\$ 1,062,000	\$ —
Changes for the year		
Changes in benefit terms	—	—
Difference between expected and actual experience	—	154,000
Change in assumptions	—	716,000
Difference between projected and actual investment earnings	205,000	—
Recognition of deferred outflows/inflows in FY 2018	(206,000)	(105,000)
Deferred Outflows/Inflows as of October 31, 2018	\$ 1,061,000	\$ 765,000

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

FY 2019	\$101,000
FY 2020	101,000
FY 2021	101,000
FY 2022	57,000
FY 2023	16,000
Thereafter	\$(80,000)

Actuarial assumptions. The total OPEB liability at October 31, 2018 used the Entry Age Normal level percent cost method and the actuarial valuation was determined using the following actuarial assumptions.

Inflation	2.5%
Salary increases	3.0% average, including inflation
Investment rate of return	4.0%
Healthcare cost trend rates	8.0% grading down to an ultimate rate of 5%

Mortality. The post-retirement mortality rates were based on the actual experience of the NYCERS population and the application of the mortality improvement scale (MP-2018). The mortality improvement scale was updated to MP-2018 based on the latest data released by the Society of Actuaries. The actuarial assumptions used in the October 31, 2018 valuation were based on the results of an actuarial experience study from 2006 to 2016.

Long-Term Expected Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis
U.S. Fixed Income	100.00%	2.20%

Discount Rate. The discount rate is 4.00% per year, net of investment expenses, based on the long-term expected rate of return on plan assets. The weighted average discount rate is 3.39% in 2018, up from 3.23% in 2017. The projection of cash flows used to determine the discount rate assumed that the Corporation would continue to make payments for future benefits payments based on currently available assets and investment returns and will not make any additional contributions to the Trust. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees until 2032. Therefore, the long-term expected rate of return on OPEB plan investments was applied until 2032 and the 20-year S&P bond index rate was applied for all years after 2032.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability and what it would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate and healthcare cost trend rate.

Sensitivity of the net OPEB liability to changes in the discount rate	1% Decrease (2.39%)	Discount Rate (3.39%)	1% Increase (4.39%)
Net OPEB liability	\$ 17,985,000	\$ 13,822,000	\$ 10,473,000

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate	1% Decrease Net OPEB Liability (7% decreasing to 4%)	Healthcare Cost Trend Rate (8% decreasing to 5%)	1% Increase Net OPEB Liability (9% decreasing to 6%)
Net OPEB liability	\$ 8,694,000	\$ 13,822,000	\$ 21,729,000

Note 15: Due to the United States Government – Non Current Liabilities

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 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. As of October 31, 2018, HDC had set aside funds in the amount of \$136,000 to make future rebate payments when due.

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Note 16: 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 as follows:

Year Ending October 31, 2018	
2019.....	\$2,139,000
2020.....	2,143,000
2021.....	2,153,000
2022.....	2,156,000
2023	180,000
Total	\$8,771,000

For fiscal year 2018, the Corporation’s rental expense including escalation, taxes and operating costs amounted to \$2,295,000 and utility expense amounted to \$84,000.

(ii) The Corporation’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, 2018 is as follows: (*in thousands*)

Programs:

Multi-Family Bond Programs	
Housing Revenue	\$1,627,258
Corporate Services Fund Loans	142,492
421-A Housing Trust Fund	214
HPD Grant Funds	1,003,268
Department of Justice (“DOJ”) Settlement Funds	7,967
Unadvanced Construction Loans (closed loans)	\$2,781,199

As of October 31, 2018, the Corporation had executed commitment letters for several loans that had not yet funded in the amount totaling \$50,420,000.

(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:

- On June 6, 2016, the Corporation entered into a Memorandum of Understanding (“MOU”) with HPD, which was subsequently amended on December 15, 2016, that outlines the Corporation’s obligations to use corporate reserves to fund construction loans for projects eligible under the Green Housing Preservation Program (“GHPP”). Under the GHPP, HPD extends construction and

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permanent loans to projects specifically to finance energy efficiency and water conservation improvements, as well as moderate rehabilitation to improve building conditions, reduce greenhouse gas emissions, and preserve affordability. HDC has set aside \$13,361,000 of its reserves for this purpose. The total amount advanced as of October 31, 2018 was \$2,103,000.

(B) New York City Residential Mortgage Insurance Corporation

As of October 31, 2018, REMIC insured loans with coverage amounts totaling \$260,346,000 and had outstanding commitments to insure loans with a maximum insurance coverage amount of \$136,542,000.

Note 17: Financial Guaranties

(A) NYCHA Tax Credit Guaranty

On April 2, 2012, the Corporation entered into a Guaranty Agreement with Citibank to guaranty the yield on Citibank's investment in the Low Income Housing Tax Credit ("LIHTC") created pursuant to the NYCHA Tax Credit Transaction. In return, the Corporation received \$16.0 million as a guaranty fee from Citibank, less fees and expenses of \$929,000 incurred under this agreement.

On July 15, 2013, Citibank transferred 100% of its rights under the Guaranty Agreement to Wells Fargo Holdings ("Wells Fargo"). As of that date, the Guaranty Agreement between Citibank and HDC was terminated and a new agreement was signed between HDC and Wells Fargo. As a condition of Citibank selling its rights under the Guaranty Agreement, the Corporation received an additional \$8.0 million of guaranty fee from Wells Fargo, less fees and expenses of \$320,000 incurred under this agreement.

Under the Guaranty Agreement between HDC and Wells Fargo, the Corporation agreed to guaranty a minimum rate of return on Wells Fargo's tax credit investment in the NYCHA I Housing Development Fund Corporation through a 15-year compliance period. The minimum rate of return is equal to an annual effective rate of 4.50% on an after tax basis return on its tax credit investment over the 15 year compliance period. During the compliance period, from time to time NYCHA LLC-I will determine if the total benefits allocated or paid to Wells Fargo through such date, together with the tax benefits projected to be received by Wells Fargo thereafter through the coverage period termination date, are sufficient to keep Wells Fargo on track to achieve the minimum return. If it is determined that Wells Fargo 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 a cap amount of \$96,000,000, to make a payment to Wells Fargo 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. As of October 31, 2018, the unamortized guarantee fee was \$14,156,000 and the Corporation has designated this amount for the financial guaranty reserve (see Note 18: "Contingencies"). The likelihood that HDC has to pay out under this guaranty decreases with the passage of time. HDC will recognize the guaranty fee on a straight-line basis over the covered period, which is 15 years.

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(B) Co-op City Guaranty

On November 28, 2012, the Corporation entered into a Credit Support Agreement with Wells Fargo Bank National Association (“Wells Fargo Bank”), HUD and SONYMA. Wells Fargo Bank agreed to make a mortgage in the amount of \$621,500,000 to a Mitchell Lama cooperative housing development named Co-op City in the Bronx, New York. As a precondition of endorsing the loan for insurance, HUD acting through FHA required SONYMA and HDC each to provide a portion of top-loss guaranty on the loan. Pursuant to the agreement between HDC and HUD, HDC agreed to provide \$15,000,000 as a guaranteed amount to Wells Fargo Bank in the event of a default by the cooperative. The Corporation agreed to fund the full amount of the top-loss guaranty in a segregated designated account for the duration of the HDC top-loss guaranty. As of October 31, 2018, the Corporation has designated \$15,000,000 as a financial guaranty reserve (see Note 18: “Contingencies”).

(C) Community Preservation Corporation Guaranty

On November 18, 2013, the Corporation’s Members authorized the purchase of a subordinate participation in the two or more of Citibank Revolving Credit Facilities (each a “Revolving Credit Facility” and collectively “the Revolver”) to Special Purpose Entities (each an “SPE”) to be created by the Community Preservation Corporation (“CPC”) in an amount not to exceed \$20 million. HDC’s exposure will be limited to 10% of each mortgage loan, and \$20 million overall. The purpose of this agreement is to provide financing for the CPC SPEs to facilitate the origination, or acquisition of, or participation in mortgage loans for the construction, rehabilitation, and refinancing of multi-family rental properties located in the City’s low and moderate income communities. In addition, this subordinate participation replaced the Limited Guaranty to CPC Funding SPE 1, LLC and the Corporation will not participate in a separate Citibank arranged working capital facility for CPC, which was approved by the Corporation’s Members on April 9, 2012.

On May 17, 2016, HDC’s loan participation agreement was amended and the Corporation’s commitment increased, from \$20 million to \$25 million, with a new maturity date of May 17, 2022. The advance funded to date was \$27,823,000 with a revolving repayment of \$16,968,000. As of October 31, 2018, the outstanding balance was \$10,855,000. The Corporation has designated \$2,500,000 as a loan participation reserve (see Note 18: “Contingencies”).

(D) Preserving City Neighborhoods Guaranty

On September 18, 2013, the Corporation’s Members authorized to provide a limited guaranty to the New York City Acquisition Fund LLC (“NYAF”) on behalf of qualified nonprofit organizations partnering with Preserving City Neighborhoods (“PCN”). The HDC guaranty will be equal to a 25% loss on acquisition loans up to maximum exposure of \$5 million. HPD will work together with PCN to develop a pipeline with a particular focus on smaller buildings of fewer than 30 residential units that have historically not generated interest in the open market. As of October 31, 2018, the Corporation has designated \$2,250,000 as a financial guaranty reserve. Subsequent to fiscal year end, the Members of the Corporation approved the use of the Corporation’s unrestricted reserves to make an interest only 5-year Term Loan to the Down Payment Assistance Fund LLC (“DPAF”) in an amount not to exceed \$2.25 million. The DPAF will replace the PCN effective in the beginning of December 2018. (see Note 18: “Contingencies”).

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(E) Federal Housing Administration Risk Sharing Program

In November 2011, the Corporation entered into an amended risk sharing agreement with HUD. HDC participates in the Risk Sharing Program to obtain 100% insurance on certain loans made by HDC for affordable multifamily housing. The risk sharing allocation between HDC and HUD will be on a project-by-project basis and take effect when the loan converts to permanent financing.

In fiscal year 2014, the Corporation entered into a second risk-sharing agreement with HUD, which largely mirrors the terms of the existing amended Risk-Sharing Agreement.

HDC has established a guaranty reserve for risk sharing obligations to FHA if there is a loss on a mortgage loan.

As of October 31, 2018, HDC has designated a total of \$8,135,000 as a financial guaranty reserve under the FHA risk-sharing mortgage insurance program for sixteen participating projects and future participating projects (see Note 18: “Contingencies”).

Note 18: Contingencies

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

As discussed in Note 17 above, the Corporation entered into several guaranty agreements with various entities in order to finance certain projects. To meet its obligations in the event that payments are required, the Corporation set aside various reserves to cover these guaranties. These reserves are held as Designated under Unrestricted Net Position (see Note 19: “Net Position”).

The reserves are summarized in the chart below:

Financial Guaranties	At October 31, 2018 Reserve Amounts
NYCHA Tax Credit Guaranty	\$14,156,000
Co-op City Guaranty	15,000,000
Community Preservation Corporation Guaranty	2,500,000
Preserving City Neighborhoods Guaranty	2,250,000
FHA Risk Sharing	8,135,000
Total	\$42,041,000

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

Note 19: Net Position

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

- Restricted Net Position is net position that has been restricted in use in accordance with the terms of an award, agreement or by State law. This includes net position 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 is 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 Member 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:

(in thousands)

	Restricted	Unrestricted	Total
Net position at October 31, 2016	\$1,464,287	\$910,400	\$2,374,687
Income	146,132	63,347	209,479
Transfers	(1,620)	1,620	—
Net position at October 31, 2017	\$1,608,799	975,367	2,584,166
Income	157,608	26,577	184,185
Loan participation agreement securitization 2018 B-1& B-2	—	63,117	63,117
Transfers	217,046	(217,046)	—
Net position at October 31, 2018	\$1,983,453	\$848,015	\$2,831,468

Summary of Restricted Net Position

(in thousands)

	2018	2017
Multi-Family Bond Programs	\$1,626,419	\$1,258,576
421-A Housing Trust Fund	265,112	272,904
Corporate Debt Service Reserve 2014 Series B and 2018 Series B	12,507	5,996
Claim Payment Fund for 223(f) Program	37	131
REMIC Insurance Reserve	79,378	71,192
Total Restricted Net Position	\$1,983,453	\$1,608,799

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2018

Of the total Unrestricted Net Position listed below, \$341,117,000 is for existing mortgages and other loans. An additional \$294,781,000 has been designated by senior management of the Corporation for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has \$2,165,000 in capital assets.

Summary of Unrestricted Net Position

(in thousands)

	2018	2017
Designated Position:		
Existing Mortgages	\$341,117	\$477,626
Housing Programs and Commitments	294,781	285,532
Working Capital	23,579	22,625
Rating Agency Reserve Requirement	96,000	92,500
Financial Guaranty Reserves (Notes 17 and 18)	42,041	43,641
REMIC Insurance Reserves	48,332	51,105
Total Designated Net Position	845,850	973,029
Net Investment in Capital Assets:		
Capital Assets, net	2,165	2,338
Total Net Investment in Capital Assets	\$2,165	\$2,338

In fiscal year 2018, net position transferred from unrestricted to restricted was a net amount of \$217,046,000. The amount represents excess in the Open Resolution, transfer of mortgage loans originated with corporate reserves into the Open Resolution as a result of securitizations, as well as transfer of amounts exceeding REMIC reserve requirement. In fiscal year 2017, a net amount of \$1,620,000 was transferred from restricted to unrestricted as noted above.

As described in Note 6, "Loan Participation Receivable for The City of New York", funds in the amount of \$63,117,000 from 2018 Series B Bonds were transferred to the Corporation's general account. This amount is reported as a "Special Item" for financial reporting purposes and is designated as an unrestricted fund balance for future housing programs in support of the Mayor's Housing Plan.

Note 20: Subsequent Events

Subsequent to October 31, 2018, bonds and debt obligations, issued in the course of the Corporation's normal business activities were \$478,845,000 and \$24,000,000, respectively.

New York City Housing Development Corporation

Required Supplementary Information

October 31, 2018

Schedule 1a:

Schedule of Changes in the Net OPEB Liability and Related Ratios (\$ in thousands)

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service Cost	\$ 1,389	\$ 1,346
Interest	759	683
Changes of benefit terms	-	-
Difference between expected and actual experience	(154)	-
Changes of assumptions	(716)	1,007
Benefit payments	(107)	(95)
Net change in total OPEB liability	<u>1,171</u>	<u>2,941</u>
Total OPEB liability - beginning	21,053	18,112
Total OPEB liability - ending (a)	<u>\$ 22,224</u>	<u>\$ 21,053</u>
Plan fiduciary net position		
Contribution - employer	-	-
Net Investment Income	131	113
Benefit payment	(107)	(95)
Administrative expense	(4)	-
Net change in plan fiduciary net position	<u>20</u>	<u>18</u>
Plan fiduciary net position - beginning	8,382	8,364
Plan fiduciary net position - ending (b)	<u>\$ 8,402</u>	<u>\$ 8,382</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 13,822</u>	<u>\$ 12,671</u>
Plan fiduciary net position as a percentage of the total OPEB liability	37.81%	39.81%
Covered payroll	\$16,535	\$15,517
Net OPEB liability as a percentage of covered payroll	83.59%	81.66%

Notes to Schedule:

Changes of assumptions:

In fiscal year 2018, the projection of cash flows used to determine the discount assumed that HDC will continue to make payments for future benefits payments based on currently available assets and investment returns and will not make any additional contributions to the Trust.

In fiscal year 2017, the termination rates were adjusted to more closely reflect actual experience.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

New York City Housing Development Corporation Required Supplementary Information

October 31, 2018

Schedule 1b:

Schedule of the Corporation's OPEB Contributions (\$ in thousands)

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,607	\$ 1,617	\$ 2,132	\$ 1,723	\$ 1,657
Contributions in relation to the actuarially determined contribution (funded from trust assets)	1,607	1,617	2,132	1,723	1,657
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
HDC covered payroll	\$ 16,535	\$ 15,517	\$ 16,165	\$ 14,967	\$ 14,595
Contributions as a percentage of covered payroll	10%	10%	13%	12%	11%
	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,747	\$ 2,033	\$ 2,033	\$ 1,643	\$ 1,591
Contributions in relation to the actuarially determined contribution	1,747	2,033	2,033	1,643	1,591
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
HDC covered employee payroll	\$ 14,122	\$ 13,259	\$ 12,863	\$ 12,244	\$ 11,260
Contributions as a percentage of covered payroll	12%	15%	16%	13%	14%

Notes to Schedule:

Changes in benefit terms: None

Changes in assumptions: Yes

In 2017 50% of deferred vested participants under age 65 are assumed to return to HDC and elect coverage.

In 2017 the healthcare cost trend rates changed to "8.0% grading down to an ultimate rate of 5%" from previous year of "9.5% grading down to an ultimate rate of 5%".

In the 2017 actuarial valuation, assumed life expectancies were adjusted based on the actual experience of the NYCERS population and the application of the MP-2018 mortality improvement scale. In prior years, those assumptions were based on the application of the MP-2017 mortality improvement scale.

Valuation date:

Actuarially determined contributions rates are calculated as of October 31, one year prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll closed
Amortization period	30 years
Asset valuation method	5-year amortization market
Inflation	2.5 percent
Salary increases	3%, average, including inflation
Investment rate of return	4%, net of OPEB plan investment expense
Retirement age	In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.

This schedule is intended to show information for 10 years.

New York City Housing Development Corporation Required Supplementary Information

October 31, 2018

Schedule 2:

The following schedules 2a & 2b are being presented to provide information on the Corporation's proportionate share of the Net Pension Liability and the Corporation's contributions.

(2a) Schedule of the Corporation's Proportionate Share of the Net Pension Liability

	2018	2017	2016	2015	2014	2013
HDC's proportion of the net pension liability	0.051%	0.053%	0.053%	0.053%	0.054%	0.054%
HDC's proportionate share of the net pension liability	\$ 9,325,396	\$ 10,991,263	\$ 12,877,315	\$ 10,907,802	\$ 9,730,403	\$12,459,533
HDC's covered payroll	9,283,052	10,244,624	10,045,598	10,158,437	9,938,413	10,919,865
HDC's proportionate share of the net pension liability as a percentage of its covered payroll	100%	107%	128%	107%	98%	114%
Plan fiduciary net position as a percentage of the total pension liability	78.87%	74.84%	69.67%	73.16%	75.32%	67.22%

(2b) Schedule of the Corporation's Pension Contributions (\$ in thousands)

	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,724	\$ 1,779	\$ 1,784	\$ 1,675	\$ 1,682	\$ 1,645
Contributions in relation to the contractually required contribution	1,724	1,779	1,784	1,675	1,682	1,645
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HDC covered payroll	\$ 9,283	\$ 10,245	\$ 10,046	\$ 10,158	\$ 9,938	\$ 10,920
Contributions as a percentage of covered payroll	19%	17%	18%	16%	17%	15%

Notes to Schedule

Changes in benefit terms: None

Changes in assumptions: Yes

The current fiscal year post-retirement mortality tables used were adopted by the Board of Trustees during fiscal year 2016.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

New York City Housing Development Corporation

Supplementary Information

Schedule 3:

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, 2018 and 2017 (\$ in thousands)

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents (note 3)	\$ 430,281	\$ 322,716
Investments (note 3)	6,755	5,170
Receivables:		
Mortgage loans (note 4)	277,980	105,344
Accrued interest	19,147	15,616
Other (note 7)	128	82
Total Receivables	297,255	121,042
Total Current Assets	734,291	448,928
Noncurrent Assets:		
Restricted cash and cash equivalents (note 3)	1,159,388	621,307
Restricted investments (note 3)	857,560	1,060,825
Purpose investments (note 2C)	29,081	29,783
Restricted receivables:		
Mortgage loans (note 4)	6,411,592	5,612,745
Loan participation receivable - The City of NY (note 6)	1,092,274	595,743
Accrued interest	10,600	4,468
Total restricted receivables	7,514,466	6,212,956
Primary government/component unit receivable (payable)	(37,321)	(11,879)
Interest rate swaps (note 9)	19,673	4,288
Other assets (note 8)	5,675	4,968
Total Noncurrent Assets	9,548,522	7,922,248
Total Assets	\$ 10,282,813	\$ 8,371,176
Deferred Outflows of Resources		
Interest rate caps (note 9)	1,368	1,018
Total Deferred Outflows of Resources	\$ 1,368	\$ 1,018

New York City Housing Development Corporation

Supplementary Information

Schedule 3 (cont'd):

Housing Revenue Bond Program
Schedule of Net Position
October 31, 2018 and 2017 (\$ in thousands)

	2018	2017
Liabilities		
Current Liabilities:		
Bonds payable (net) (note 10)	\$ 576,135	\$ 247,485
Accrued interest payable	98,481	83,394
Payable to mortgagors	1,376	1,373
Restricted earnings on investments	75	41
Accounts and other payables	48	48
Total Current Liabilities	676,115	332,341
Noncurrent Liabilities:		
Bonds payable (net) (note 10)	6,871,518	6,186,107
Payable to The City of New York:		
Loan participation due to The City of New York (note 12)	1,092,274	595,743
Others due to The City of New York (note 12)	129	173
Payable to mortgagors	10,139	9,063
Deferred fee and mortgage income and other liabilities	75,417	61,506
Due to the United States Government (note 15)	9	9
Total Noncurrent Liabilities	8,049,486	6,852,601
Total Liabilities	8,725,601	7,184,942
Deferred Inflows of Resources		
Interest rate swaps fair value	22,978	4,288
Total Deferred Inflows of Resources	22,978	4,288
Net Position		
Restricted for bond obligations (note 19)	1,535,602	1,182,964
Total Net Position	\$ 1,535,602	\$ 1,182,964
Commitments and Contingencies	-	-
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 10,284,181	\$ 8,372,194

New York City Housing Development Corporation

Supplementary Information

Schedule 3 (cont'd):

Housing Revenue Bond Program
Schedule of Revenues, Expenses and Changes in Net Position
Fiscal Years ended October 31, 2018 and 2017 (\$ in thousands)

	2018	2017
Operating Revenues		
Interest on loans (note 4)	\$ 226,482	\$ 204,169
Fees and charges (note 7)	34,810	36,134
Income on loan participation interests (note 6)	4,406	8,813
Other	575	471
Total Operating Revenues	266,273	249,587
Operating Expenses		
Interest and amortization of bond premium and discount (note 10)	202,995	172,719
Trustees' and other fees	509	168
Amortization of debt issuance costs	11,560	7,916
Total Operating Expenses	215,064	180,803
Operating Income	51,209	68,784
Non-operating Revenues (Expenses)		
Earnings on investments (note 3)	40,396	21,252
Unrealized gains (losses) on investments (note 3)	3,894	(4,551)
Loss on early retirement of debt	(129)	-
Other non-operating revenues (expenses), net (note 7)	(2,363)	(184)
Total Non-operating Revenues	41,798	16,517
Income	93,007	85,301
Operating transfers to Corporate Services Fund	(8,891)	(10,520)
Capital transfers	268,522	16,196
Change in Net Position	352,638	90,977
Total net position - beginning of year	1,182,964	1,091,987
Total Net Position - End of Year	\$ 1,535,602	\$ 1,182,964

New York City Housing Development Corporation

Supplementary Information

Schedule 4:

The following schedule is being presented to provide detail information on a program basis for the owners of the Multi-Family Secured Mortgage Revenue Bonds

Multi-Family Secured Mortgage Revenue Bonds Schedule of Net Position October 31, 2018 and 2017 (\$ in thousands)

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents (note 3)	\$ 8,919	\$ 7,314
Receivables:		
Mortgage loans (note 4)	4,763	3,443
Accrued interest	1,800	602
Total Receivables	6,563	4,045
Other assets	-	-
Total Current Assets	15,482	11,359
Noncurrent Assets:		
Restricted cash and cash equivalents (note 3)	5,768	50,693
Restricted investments (note 3)	-	3,523
Restricted receivables:		
Mortgage loans (note 4)	161,084	119,553
Total restricted receivables	161,084	119,553
Primary government/component unit receivable (payable)	(4,037)	(4,038)
Total Noncurrent Assets	162,815	169,731
Total Assets	\$ 178,297	\$ 181,090
Deferred Outflows of Resources		
Interest rate cap (note 9)	512	244
Total Deferred Outflows of Resources	\$ 512	\$ 244

New York City Housing Development Corporation

Supplementary Information

Schedule 4 (cont'd):

Multi-Family Secured Mortgage Revenue Bonds
Schedule of Net Position
October 31, 2018 and 2017 (\$ in thousands)

	2018	2017
Liabilities		
Current Liabilities:		
Bonds payable (net) (note 10)	\$ 7,605	\$ 7,095
Accrued interest payable	1,161	862
Total Current Liabilities	8,766	7,957
Noncurrent Liabilities:		
Bonds payable (net) (note 10)	121,280	131,800
Total Noncurrent Liabilities	121,280	131,800
Total Liabilities	130,046	139,757
Net Position		
Restricted for bond obligations (note 19)	48,763	41,577
Total Net Position	\$ 48,763	\$ 41,577

New York City Housing Development Corporation Supplementary Information

October 31, 2018

Schedule 4 (cont'd):

Multi-Family Secured Mortgage Revenue Bonds
Schedule of Revenues, Expenses and Changes in Net Position
Fiscal Years ended October 31, 2018 and 2017 (\$ in thousands)

	2018	2017
Operating Revenues		
Interest on loans	\$ 8,123	\$ 6,117
Total Operating Revenues	8,123	6,117
Operating Expenses		
Interest and amortization of bond premium and discount	4,350	3,485
Bond issuance costs	161	283
Total Operating Expenses	4,511	3,768
Operating Income	3,612	2,349
Non-operating Revenues (Expenses)		
Earnings on investments	262	142
Total Non-operating Revenues	262	142
Income	3,874	2,491
Operating transfers to Corporate Services Fund	3,312	(14,404)
Change in Net Position	7,186	(11,913)
Total net position - beginning of year	41,577	53,490
Total Net Position - End of Year	\$ 48,763	\$ 41,577