The New York City
Community Preservation Corporation
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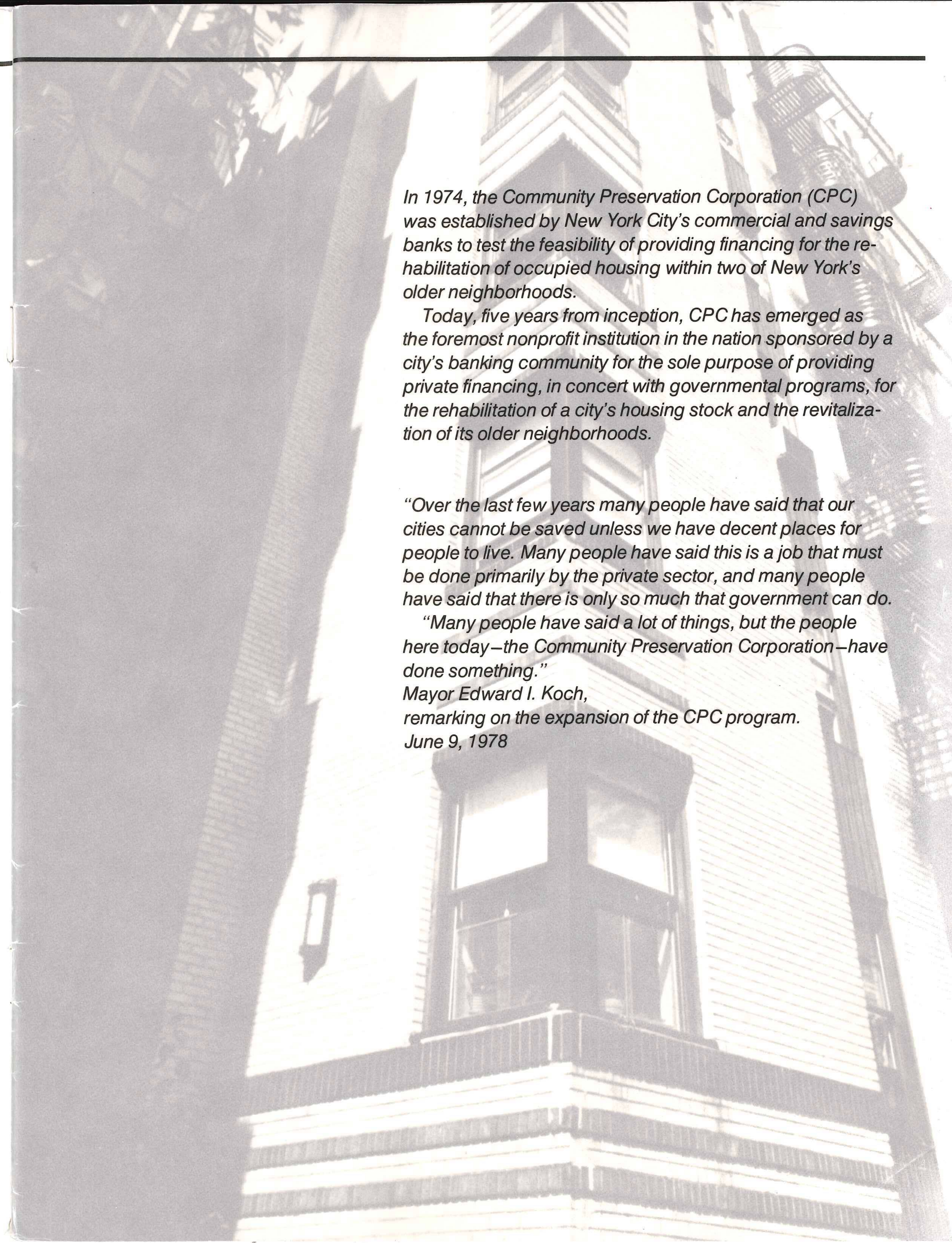
The New York City
Community Preservation Corporation
Annual Report 1979

The First Five Years



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Today, five years from inception, CPC has emerged as the foremost nonprofit institution in the nation sponsored by a city's banking community for the sole purpose of providing private financing, in concert with governmental programs, for the rehabilitation of a city's housing stock and the revitalization of its older neighborhoods.

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"Many people have said a lot of things, but the people here today–the Community Preservation Corporation–have done something."

Mayor Edward I. Koch,
remarking on the expansion of the CPC program.
June 9, 1978

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To Our Members

This year marks the fifth anniversary of the establishment of The New York City Community Preservation Corporation (CPC). From its beginning as a financing program for two New York City neighborhoods, CPC has matured into a diversified urban lending institution—a private "urban bank"—specializing in the provision of short-and long-term financing for the rehabilitation of New York City's existing housing stock.

This Five Year Report charts CPC's evolution since our founding in September 1974 as well as looks ahead to the challenges which await us. The record described in this Report is a reflection, in large measure, of the leadership, dedication, energy and wise counsel provided by CPC's founding Chairman, Alfred S. Mills, and President, Warren T. Lindquist, and the continuing direction provided by the corporation's Board of Directors consisting of chief executive and other senior officers of our commercial and savings banks.

CPC's objectives were simply stated in 1974. First, to provide financing for the rehabilitation and preservation of one-to-four family homes and apartment buildings. Second, through our activities, to identify the constraints—whether they stem from private conduct, political inertia or economic insufficiency—which inhibit sound housing, and once identified, seek to cooperate with public officials and private interests in removing the constraints and formulating workable mechanisms under which private equity and mortgage financing could be utilized for the upgrading of existing housing and preservation of viable neighborhoods.

Beginning in 1974 and throughout the following years, each of our actions was directed toward realizing these objectives. Our lending activities could not have occurred without the continuing cooperation of the City and State governments. Indeed, during the past five years, we have joined with City and State housing and banking officials in the formulation and implementation of major governmental programs which are critical to the success of CPC's lending activities as well as those which might be undertaken by any other private financial institution.

Most importantly, during our first year we established with the City government, and have since continued to refine and improve, a procedure to coordinate, as part of the mortgage financing transaction, the physical and economic restructuring of a building with the provision of rent subsidies, when needed, to eligible tenants. This process, which involves a number of different but supportive governmental programs, establishes for the first time a satisfactory economic basis for owners and lending institutions to invest in the upgrading of occupied apartment buildings within New York City's older neighborhoods.

CPC has expanded considerably its lending activities during its four years of active mortgage loan origination. We made our first loan in October 1975 for the rehabilitation of an 87-unit apartment building in Washington Heights. In the ensuing four years, CPC has committed to over $43 million of mortgage financing for the rehabilitation of 162 buildings containing more than 5500 apartments. As of September 30, 1979, $35 million of these commitments, representing the upgrading of 141 buildings with 4600 apartments, have closed.

To date, CPC has not experienced any loan defaults. This fact is most encouraging, but it should not obscure the underlying risks inherent in our financing efforts. We are particularly concerned with the serious impact which inflation has had—on our ability to structure satisfactory loans; the ability of owners to pay the increasing costs of operating their buildings, particularly fuel; and the ability of the lower and moderate income families to pay the rents necessary to maintain the upgraded buildings.

This past year, CPC's sponsors decided to expand the corporation's mandate to include economic development financing. It is contemplated that CPC would serve as a commercial loan originator and lender for transactions which involve government assistance programs as well as private financing. Implementation of this decision is presently awaiting approval by the Internal Revenue Service and Justice Department.

As we enter our sixth year, we believe that a firm foundation has been established for our expanding programs. We at CPC shall continue to strive to utilize our private financial resources for the betterment of New York City and its residents.

James O. Boisi
Chairman

Edgar A. Lampert
President

September 30, 1979

Financing for Neighborhood Preservation

There are few issues more important to the future of New York City, or indeed, to urban centers throughout this nation, than devising workable programs for the rehabilitation and preservation of existing, occupied housing in older but still viable neighborhoods.

The necessity for New York "to take advantage of what we have" is starkly apparent from a few facts—

- more than 50% of our City's 2.2 million apartment units are in buildings more than 50 years old;
- 20-30,000 housing units are being lost annually to abandonment, fire and demolition;
- the cost of moderate rehabilitation of an apartment building is $5,000-$10,000 per unit;
- today's cost of constructing a new apartment building is $60,000 per unit.

These sobering figures, we believe, inevitably lead to a preservation policy, which, to have any chance of success, must involve an active and working partnership among government at the local and national level, neighborhood residents and building owners, and private financial institutions. CPC has been established as a mechanism through which banking and other financial interests might contribute to this partnership and, in turn, to the preservation of local neighborhoods.

In assessing the likelihood of success for both CPC's financing program and neighborhood preservation, we must be realistic. While 1-4 family home lending is an important ingredient of any stabilization program, the test of neighborhood preservation in most areas of New York rests in the successful upgrading of multifamily apartment buildings. It is our view that achievement of CPC's financing objectives for multifamily buildings will largely be determined by the answers to the following questions:

1. Are there responsible owners or interested purchasers of apartment buildings who have both the commitment and resources to undertake a rehabilitation project?

2. Do the tenants living in a building to be rehabilitated have incomes sufficient, and would they elect, to pay the higher charges that inevitably accompany even moderate rehabilitation?

3. Are there workable public programs to provide the framework within which equity and mortgage investments for rehabilitation may occur and to assist tenants who cannot afford the higher charges attributable to such rehabilitation?

4. Can government improve sufficiently upon the delivery of basic municipal services and make needed capital improvements and additions to a neighborhood's infrastructure to help influence residents to remain in a moderately rehabilitated building?

5. Can each of these questions be answered affirmatively in a sufficient number of cases to give meaning to the term "neighborhood upgrading"?

These questions highlight the basic interrelationship of building owner, tenant, government and financial institution. A loan will not be made without a committed borrower. A building will not be rehabilitated without obtaining rents sufficient to cover the rehabilitation costs. And residents who have housing choices will not elect to live in a rehabilitated building at a higher cost to them unless they are satisfied with the conditions in the neighborhood.

It is equally important to understand the marked differences between CPC's financing for neighborhood preservation and traditional construction and permanent mortgage financing—distinctions which frequently translate into additional responsibilities for the lending institution and increased financing risk.

During the mortgage origination process, certain differences are evident:

1. Neighborhood preservation financing most frequently involves both rehabilitation as well as permanent mortgage financing.

2. Loan origination is dependent upon continuing interplay with government agencies—requiring the lender to be both familiar with each public program affecting the loan and able to obtain in a timely manner the necessary governmental actions without which the loan could not be made.

3. CPC's borrower—the building owner—is frequently familiar with neither the governmental programs nor the coordination of rehabilitation work undertaken by several contractors—requiring the lender to provide assistance and exercise additional supervision when determining the scope of rehabilitation, drafting the construction contract and work specifications, and during the performance of the work.

4. The rehabilitation and rent increases occur within a fully occupied building—increasing the possibility that work schedules may not be adhered to, or that a group of tenants might attempt to prevent a contractor from completing its work or the owner from collecting the increased rents necessary to operate and maintain the upgraded building.

Upon the completion of the rehabilitation and the conversion of the rehabilitation loan to permanent financing, the lender's risk, to a considerable degree, shifts from events within the building itself to surrounding neighborhood conditions.

Moreover, whether or not a building's value will stabilize and, hopefully climb, will be dependent less on the structuring of each individual loan than on forces and trends largely outside of CPC's power to affect. The building owner's quality of management, the condition of the building down the street, the safety and cleanliness of the community, the neighborhood schools, the availability of shopping six blocks away, the convenience of a subway stop or park ten blocks away—are all factors which will determine whether families able to pay the market rent will be attracted to CPC-financed buildings and will convince existing residents to remain rather than to move to "a better neighborhood". And, in the final analysis, it is these individual family decisions which will determine the long-term viability of CPC's mortgage portfolio.

The only housing which the great majority of city residents will ever be able to afford is presently existing—and much of this housing stock, being old, requires upgrading now.

A New Urban Lending Instrument

CPC grew out of a 1972-73 study conducted by the commercial bank members of the New York Clearing House. The study was concerned primarily with how private financial institutions might more actively contribute to improving New York City's housing stock.

The Clearing House study concluded that emphasis should be given to the preservation and rehabilitation of still sound housing in the City's older neighborhoods and that a new corporation which could become increasingly experienced in dealing with this complex problem should be established. The study also recognized a need to—

- achieve close cooperation and continuing interaction between the public and private sectors;
- marshal substantial amounts of financing;
- explore possibilities for innovative financing that would blend public and private sector activities to realize the optimal benefit from the strengths of each sector;
- concentrate efforts on an area basis.

CPC was established as a not-for-profit corporation in September 1974 to undertake the proposed financing program. As of May 1, 1975, the necessary state and federal government approvals had been obtained, CPC's funding sources had been established and mortgage lending activities were commenced.

While CPC works closely with government, its origins, sponsorship and funding are entirely private. Presently, our participants consist of the twelve commercial bank members of the New York Clearing House and twenty-seven New York City savings banks. Unlike bank-established "mortgage pools", CPC is distinct from any one of its banking sponsors. The sponsors, like a corporation's shareholders, elect CPC's Board of Directors which consists of chief executive and other senior banking officers. The Board, meeting quarterly, establishes corporate policies which, in turn, are executed by CPC's management. The record established by CPC during its first five years is, to a great extent, a reflection of the time, concern and commitment provided by the corporation's directors—not serving as representatives of individual financial institutions but as directors of a separate corporate entity, responsible for charting that organization's course of action consistent with the broad mandate given by CPC's sponsors.

In effect, the CPC concept represents a new urban lending instrument—an "urban bank"—private in sponsorship but grounded in the belief that a city's private financial sector must assume a major role in addressing the physical needs of our urban society. One effective means of fulfilling this role, we believe, is through instruments such as CPC.

The decision of New York City's banking community to establish CPC as a separate urban lending corporation as well as the objectives set for the corporation evidence the magnitude of the effort confronting CPC, its sponsors and others concerned with preserving and revitalizing New York City's older neighborhoods.

Despite the fact that a majority of New York City's housing stock is more than fifty years of age, in the past the importance of renewing this older but structurally sound housing has been largely ignored. And this neglect is not simply a New York City story but reflects prevailing attitudes held within both the public and private sectors throughout our society.

Public policies and programs at the local and federal levels have largely neglected and, at times, actually discriminated against, investment in the upgrading of our existing housing stock and the preservation of our older neighborhoods. The private sector, as well, has largely looked in other directions. Real estate developers, often proceeding with the support of extremely costly federal housing programs, have largely devoted their efforts and resources to new construction projects or to the complete renovation of vacant buildings. Rarely has the real estate community evidenced an interest in undertaking moderate rehabilitation projects for the use of existing neighborhood residents. And private financial institutions have largely followed the lead of these private developers.

Even current investor-owners of New York's older buildings have looked upon their buildings as sources of current, and perhaps, short-term future income, rather than as an asset capable of being physically renewed through new equity and debt investment. If an owner should seek financing from a bank or other lending institution, in most instances his objective is to refinance existing debt or to withdraw a portion of his equity from the building — the so-called "disinvestment process". He might undertake minor improvements, such as "patching" the building's old plumbing system or repairing the building's old boiler. Most owners, however, rarely consider the possibility of undertaking basic rehabilitation of a building's plumbing, wiring and heating systems, complete window and door replacement and interior apartment work while the building's residents remain in occupancy.

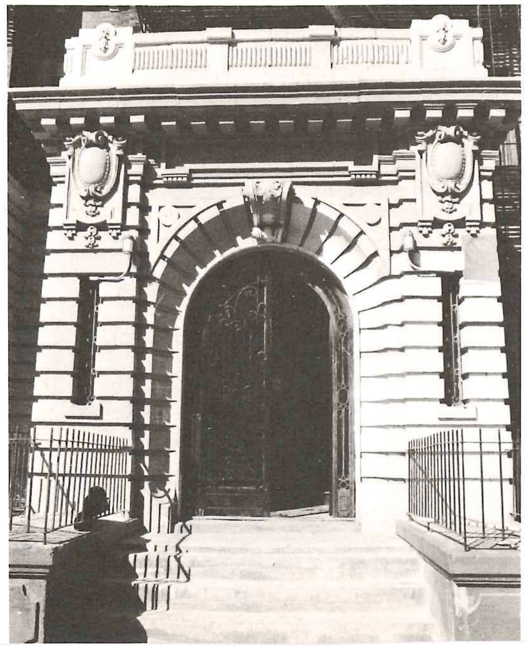
And yet, only with such necessary buildingwide upgrading could these structurally sound buildings be renewed and be able to provide suitable housing for the vast majority of New Yorkers during the next 20-30 years.

Observance of this fundamental imbalance in the ordering of our housing priorities led New York City's commercial and savings banks to establish CPC and to set for it three principal objectives:

First, to work with government at the local and national levels in a common effort to establish workable programs which would provide a sound basis for broadened private investment in the upgrading of the existing housing stock.

Second, to establish CPC as a specialized urban lending institution capable of channeling private mortgage capital for the rehabilitation of one-to-four family homes and apartment buildings in New York City's older neighborhoods.

Third, once improved conditions for investment and loan origination techniques are established, to disseminate this information to, and to work with, CPC's participants, other lending institutions, building owners and community groups toward the end of en-



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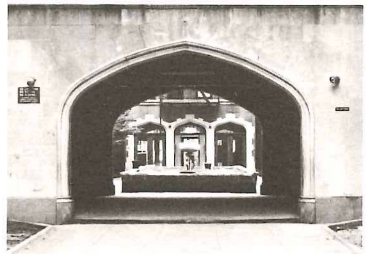

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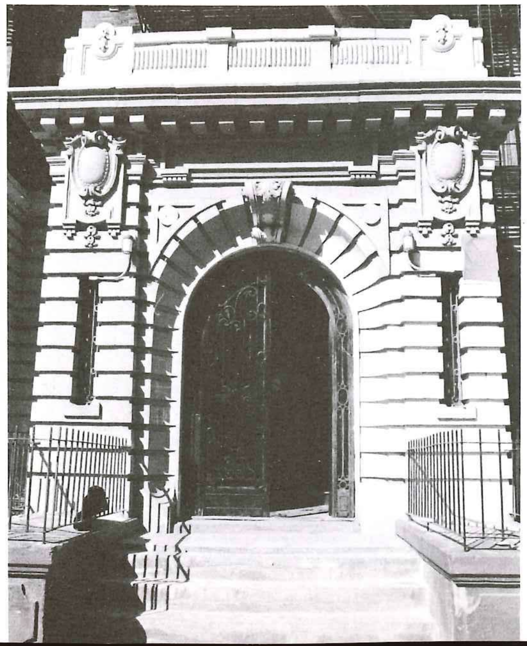

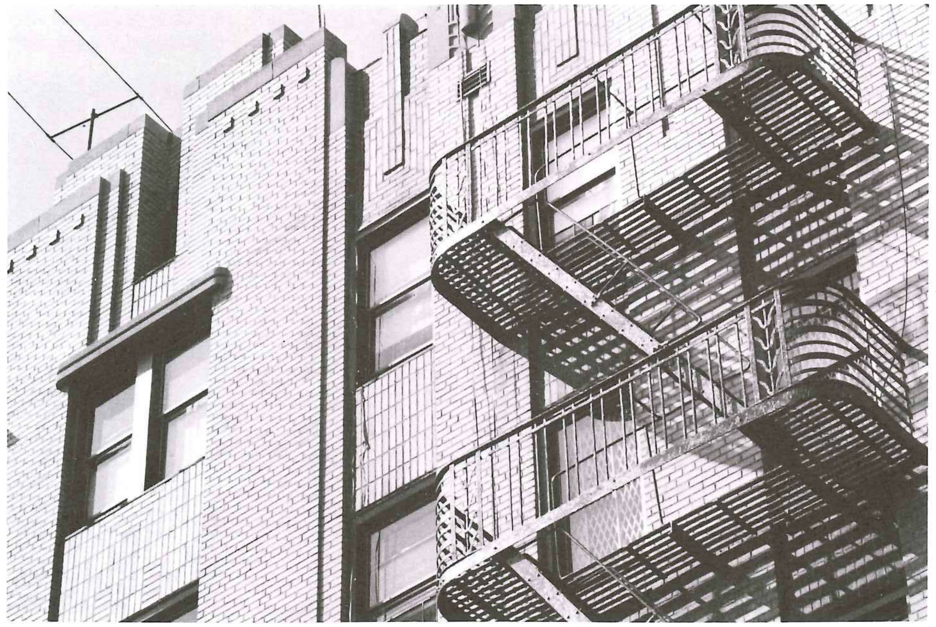

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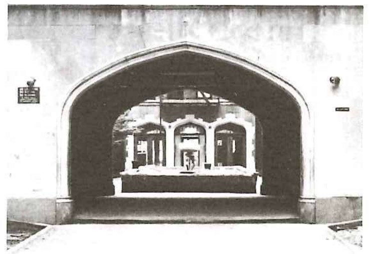


Funding

couraging investment in rehabilitation on a broad scale throughout the City.

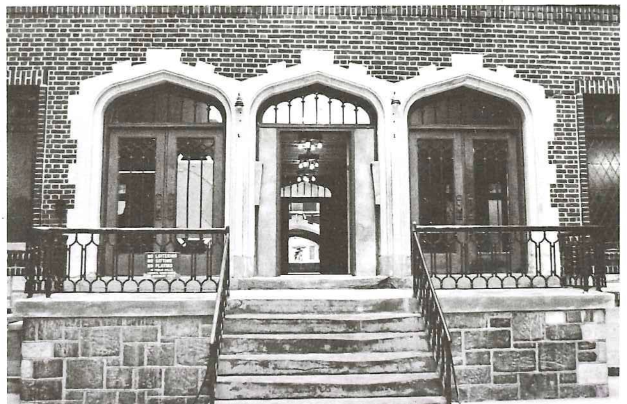
While CPC's purpose is to provide a new source of mortgage capital for existing housing, the corporation's presence is not intended to preclude individual participating banks or other financial institutions from making loans within CPC's financing areas. On the contrary, it is expected that through the development of sound financial solutions to the problems of residential rehabilitation and the utilization of both private and public resources, CPC might create the conditions under which financial institutions increasingly will expand their rehabilitation financing activities for New York's older, occupied housing stock—either directly through rehabilitation loans generated by the individual institutions, or indirectly through the purchase of loans originated by CPC on behalf of the interested bank.

CPC's rehabilitation or interim loans are financed through a revolving credit fund of $14 million established between CPC and the commercial bank members of the Clearing House, each bank sharing in the fund in accordance with its relative financial size. Under the agreement, CPC receives funds at one-half of one percent above the prime rate and, in turn, lends such funds to its borrowers at two and one-half percent above the prime rate — the differential accruing to CPC as income.

CPC funds its permanent mortgage loans, which generally have terms of twenty to twenty-five years, by the issuance of collateral trust notes to its participating commercial and savings banks. The trust notes, which are secured by a pool of CPC-originated loans, are basically pass-through securities whereby a mortgage borrower's monthly interest and amortization payments are "passed through" to the institutional noteholders after a servicing and company fee (presently set at 1.25%) are deducted.

The corporation's sponsors have committed to the purchase of $100 million of CPC's trust notes. Through the purchase of the trust notes, each of CPC's sponsoring institutions shares proportionately in each permanent mortgage loan while CPC retains the responsibility of originating and servicing the loan. The proceeds of each collateral trust note issue are used to pay off the sums outstanding under the revolving fund—the "paid back" moneys being available to support the rehabilitation of additional buildings.

We believe that the concept of mortgage-backed securities for neighborhood preservation is an important one. The device acknowledges the differences between originating and servicing neighborhood preservation loans on the one hand, and funding such investments on the other — leaving the former tasks to CPC and opening the funding possibilities to the broadest range of institutional (or individual) investors.



The First Five Years

CPC's first five years have witnessed the corporation's growth from an experimental mortgage financing program operating in two New York City neighborhoods into a diversified financial institution engaged in various programs targeted at the rehabilitation and preservation of the existing housing stock within older neighborhoods throughout New York City.

While CPC's program scope has increased greatly, its basic mandate has remained constant—to establish a realistic financing mechanism through which private banking and other financial interests can be brought together with government at all levels in an effort to rehabilitate and preserve New York's existing housing stock. Indeed, the history of CPC's first five years records the ways and means by which CPC has sought to fulfill this goal.

The Beginning

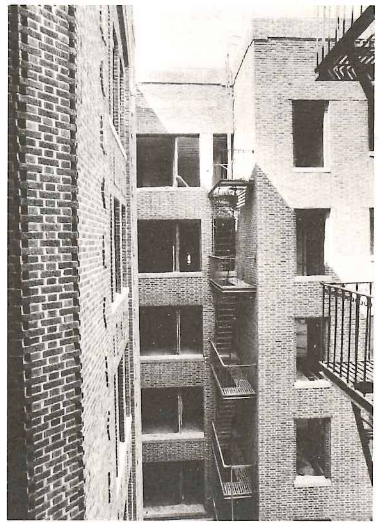
CPC began its mortgage lending activities in 1975 within two communities designated by the New York City Planning Commission as "neighborhood preservation areas"—Washington Heights in upper Manhattan and Crown Heights in Brooklyn. These "neighborhoods", which are actually quite large—housing in excess of 400,000 residents, were classified by the City as transitional neighborhoods evidencing varying signs of physical deterioration and financial disinvestment. The housing stock, while old (predominantly pre-1929 construction) remains structurally sound, and it was believed that a concerted effort by the public and private sectors working with local real estate and community groups might stem the deterioration and assist in the stabilization and renewal of these areas.

During the ensuing three years, CPC confined its activities to these geographic areas—devising with the responsible governmental agencies various policy initiatives which became the basis for CPC's financing efforts, developing internal procedures and program standards, establishing credit relationships with building owners and management firms, and expanding upon contacts with community representatives committed to the improvement of the housing stock.

An Expanded Scope

From the experience gained during these formative years, three conclusions emerged. First, that useful steps had been taken by the City's housing agencies and the State, in conjunction with the CPC program, which made private rehabilitation financing for occupied multifamily buildings a more viable proposition than previously had been the case. Second, that many other lower and middle income neighborhoods throughout New York City, with housing stock similar to that of Crown Heights and Washington Heights, could benefit from such rehabilitation efforts. Third, that the nature of providing financing for the buildingwide upgrading of occupied multifamily buildings as well as the lender's role in that process, was fundamentally different from conventional financing

CPC has developed a set of rehabilitation guidelines which are of assistance to building owners who lack experience in moderate rehabilitation.



transactions otherwise undertaken by CPC's sponsors or by other financial institutions.

Indeed, we found that CPC's financing efforts have been both different from and more comprehensive than those ordinarily assumed by mortgage lenders. Institutionally, commercial banks have been principally lenders of construction funds to experienced borrowers developing new residential or commercial structures or major rehabilitation projects. Thrift institutions and insurance companies, traditional providers of permanent financing for housing, have been accustomed to providing funds on buildings based upon presently acceptable "bottom lines" as reflected in current operating statements or as "take-out lenders" for newly constructed buildings, once the buildings are completed and, perhaps, rented. In most cases, these financing transactions proceeded on a largely private basis independent of major governmental involvement—the so-called "conventional financing" process. If complicated governmental programs were required in order to finance the project, often either the developer with an experienced staff or a mortgage banking firm assumed the leading role in arranging the construction and financing package, enabling the lender to respond to these professional initiatives.

But neighborhood preservation financing proved not to fit these traditional lending patterns. A building's existing "bottom line" (*i.e.*, the net income available for the payment of annual debt service) was rarely adequate to support the refinancing of existing debt—much less the additional $5,000-$10,000 per unit required to finance the necessary rehabilitation. And, the only means of establishing an adequate bottom line, while still keeping new rents within the rent paying capacity of the building's tenants, was through governmental actions. A strictly "private" or "conventional" financing for the upgrading of New York City's older, occupied buildings proved impossible.

Owners or purchasers of this older housing stock—CPC's borrowers—however, were primarily small investor-owners without experience in major construction projects or governmental programs. Rarely did the owners have experienced staffs which might become skilled in the newly established governmental programs required for the completion of a moderate rehabilitation project.

CPC found it necessary to fill this "experience vacuum"—the corporation's staff providing assistance to building owners in preparing a rehabilitation and financing plan; dealing with the appropriate governmental rent, tax and subsidy programs; supervising the completion of the improvements and the implementation of the necessary governmental actions. Traditionally, such responsibilities have rarely been viewed as a "lender's function", and yet it became evident to CPC that recycling of the City's existing, occupied housing was dependent upon the effective completion of these steps.

Recognition of these realities caused CPC's sponsors in 1978 to expand the CPC mandate to enable it to provide its financing services to owners of buildings throughout New York's older neighborhoods. To support this expansion, CPC's commercial and savings banks increased their commitments to purchase the corporation's collateral trust notes from their original $32 million subscription to $100 million.

At the same time, CPC began to focus increasingly upon developing its relations with both its participating commercial and savings banks as well as with other New York City financial institutions toward two ends. First, to enable CPC to transfer its learned experience to other institutions which might, on their own, undertake rehabilitation financing; and second, to take steps to originate and service rehabilitation loans for purchase by other interested institutions once the needed rehabilitation is completed and a new "bottom line" for the building is established. In this manner, it is contemplated that CPC could serve as a channel through which new and larger sources of investment capital might flow into the renewal of residential properties in New York's older neighborhoods.

CPC-financed buildings undergo moderate levels of rehabilitation focusing upon extending the useful life of the buildings' basic systems. This rehab scope reflects the basically sound structural qualities of the buildings and the fact that the work is performed with tenants in occupancy.

Rehabilitation Standards

CPC-financed buildings undergo moderate levels of rehabilitation focusing upon extending the useful life of the building's basic systems—heating, wiring, plumbing, roof and windows—for an additional 20-30 years. This rehabilitation scope reflects the basically sound structural qualities of the buildings as well as the objectives of performing the work with tenants in occupancy and striving to keep rent increases within affordable levels with minimal public subsidies. A typical "rehab scope" might include boiler-burner replacement, upgrading of building wiring, replacement of galvanized piping with copper plumbing, new roof cap, new windows, new lobby door with bell and buzzer system, steam cleaning and pointing of the facade, painting and limited plastering.

During the course of our lending activities, CPC has developed a set of rehabilitation guidelines which are of assistance to building owners who lack experience in this type of rehabilitation. These guidelines have been, and continue to be, refined—as we and our engineers obtain additional experience in the myriad of detail and nuance which accompany a rehabilitation project. We have placed particular emphasis upon rehabilitation items which add to tenant security and which enable the building to operate more efficiently—particularly with respect to the conservation of energy. In the former category are such items as new entrance doors and bell-buzzer security entrance systems. The latter category includes new double-glazed windows required on all CPC projects, window caulking and weatherstripping, and utilization of more efficient heating systems, including, at times, use of fuel computers.

CPC strives to permit an owner maximum flexibility in determining the rehabilitation plan for a building as well as the choice of individual materials and products. We do, however, require that the scope is consistent with our rehabilitation objectives and the building's needs as identified by inspections conducted by our mortgage officers as well as discussions with the owner and interested tenants.

Mortgage Origination

CPC's mortgage origination activities have experienced considerable growth during our four years of active lending. We originated our first mortgage loan for the rehabilitation of an occupied

87-unit apartment building in October 1975. During the ensuing four years, through September 30, 1979, CPC has committed financing totalling in excess of $43 million for the rehabilitation of more than 5500 housing units. These totals mark CPC as the most significant provider of financing for the building-wide upgrading of occupied, multifamily housing within New York City—and, we believe, in the nation.

This past fiscal year, ending August 31, 1979, which coincided with the first year of CPC's expanded program mandate, was the most active year for our loan originating activities—measured by traditional program aggregates—number of loans closed, buildings rehabilitated, units completed and funds committed—as well as by the variety of financing approaches. In simple aggregates, CPC's financings this past year increased by more than 40% (measured by units rehabilitated) and over 100% (measured by financing provided) over each of our two prior years.

While the majority of our activity continued to be rehabilitation and permanent loans funded entirely by CPC under our revolving credit and collateral trust note arrangements, during this past year we embarked on three new programs which we believe will provide the basis for increased private investment for rehabilitation in future years. These programs center upon CPC's expanding its relations with other private lending institutions, the City of New York's Department of Housing Preservation and Development and community-based organizations.

During 1979, CPC greatly increased its provision of loan origination services for other banks. Under this program, interested institutional investors are able to utilize CPC's staff to originate the loan, provide the construction financing and oversee the dealings with various City agencies. The investing bank only purchases the permanent mortgage, or a participation interest in the CPC mortgage, once the rehabilitation has been completed and the building's revised "bottom line" established—a purchase not unlike the role of a conventional "take-out lender" or the purchase of an investment on the secondary mortgage market.

Many older buildings which are in need of rehabilitation simply cannot support bank financing at current market rates of interest—either because the required rehabilitation scope is too extensive or necessary rent increases would be beyond the capacity of existing tenants. Under such circumstances, an additional public subsidy is required if such a building is to be upgraded.

This past year, CPC and the City's Department of Housing Preservation and Development (HPD) agreed upon CPC's serving as a loan originator in the HPD-sponsored "participation mortgage" program. Under this program, HPD provides permanent mortgage financing, utilizing federal "community development" funds at a 1% rate of interest in participation with conventional mortgage funds furnished at a market rate of interest.

While HPD's participation mortgage program was begun in 1977 and CPC committed to several permanent financings in 1977 and 1978, we only reached agreement during this past year on an acceptable loan origination and construction loan process. Under this arrangement, HPD delegates to CPC major administrative responsibilities during the negotiation and construction loan stages and servicing duties once the mortgage is converted to permanent status. As of September 30, 1979, we have closed participation mortgages with HPD for the rehabilitation of more than twenty buildings.

We believe that the participation mortgage program offers considerable potential through which public subsidies can be effectively channeled to benefit lower income families. Indeed, during the current period of inflation and record interest rates we would expect that a growing portion of our lending activity would proceed under this program.

Increasingly, we have seen the growth of community-based organizations concerned with the preservation of housing within their communities. In response to this development, CPC has begun a new "partnership program" this year with community organizations committed to housing improvement within neighborhoods in Brooklyn, Manhattan, the Bronx and Queens.

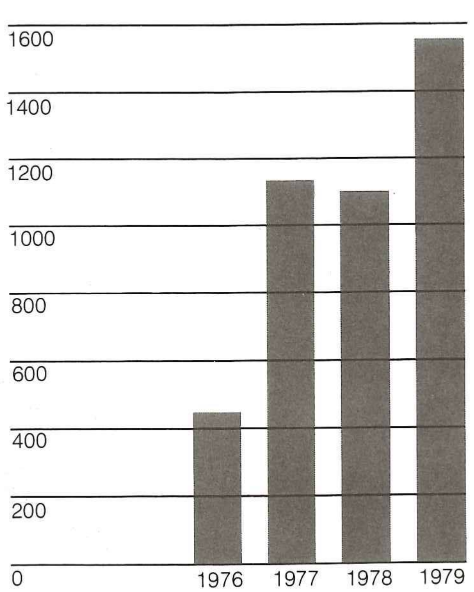
Under this program, CPC will provide to building owners our mortgage loan origination services, construction loan financing and permanent financing in participation with other private lending institutions or the City. In turn, we will look to the community organization's out-reach efforts within its neighborhood to obtain responsible owners interested in investing in and upgrading their properties as well as to deal with other community improvement matters. It is expected that locally based lending institutions, particularly those which are not CPC's members, would join in this partnership with the community group and participate with CPC in the provision of financing for the necessary building upgrading.

Mortgage Servicing

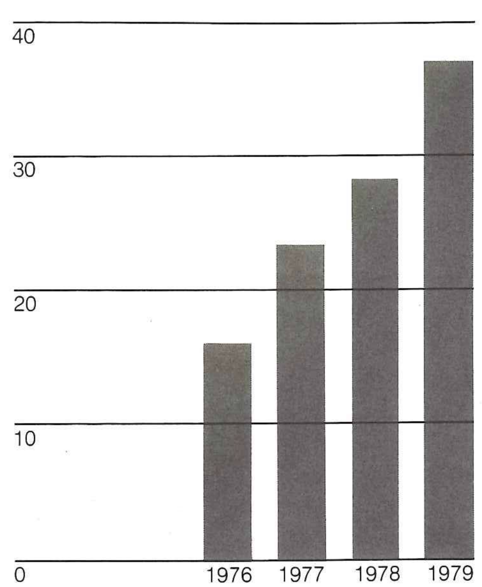
As our lending activities have expanded and diversified, CPC's servicing functions have assumed an increasingly prominent role in our corporate operations. For the first time, during the past fiscal year CPC's mortgage portfolio exceeded 100 loans — predominantly for multifamily housing. Presently, these activities include the servicing of construction and permanent mortgage loans for CPC's portfolio, participation interests in CPC mortgages held by the City or other private institutional lenders, and CPC's collateral trust notes held by its 39 participating banks.

A unique aspect of CPC's mortgage requirements and servicing program is the existence of a Building Reserve Fund for each multifamily project. Often, the economic constraints of a building make it impossible to undertake the complete upgrading of the

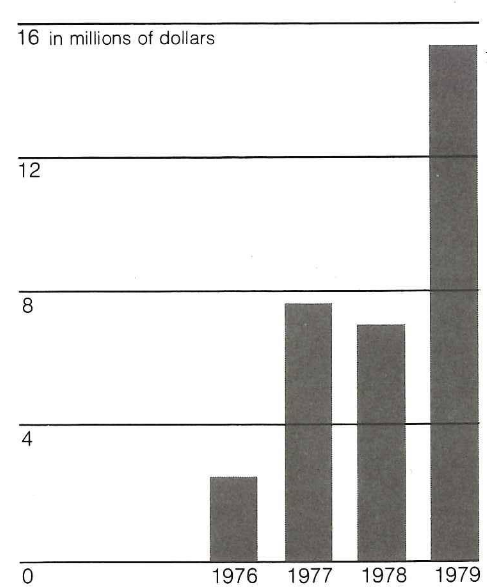
Dwelling Units



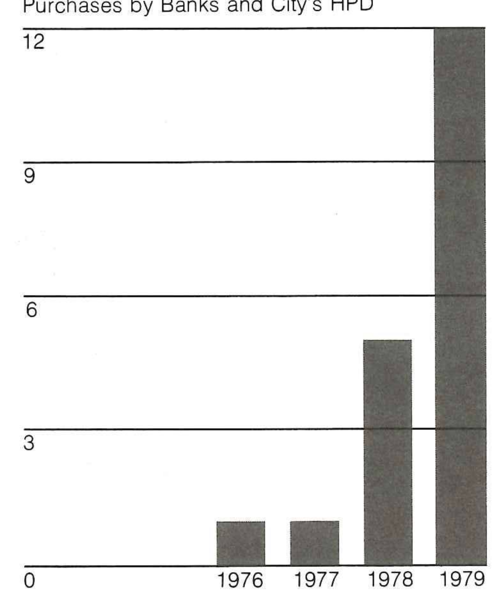
Closed Loans



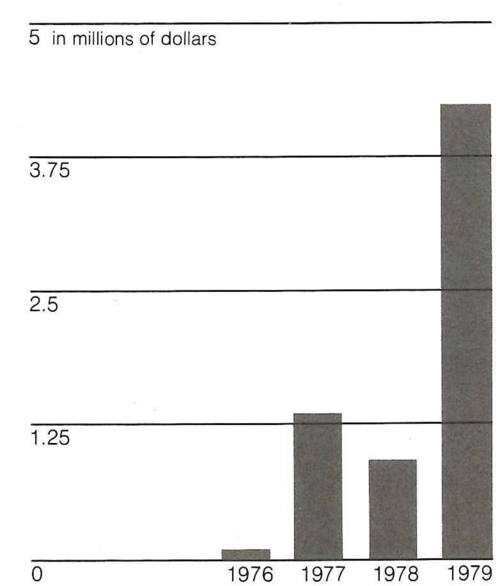
Mortgage Loan Amounts



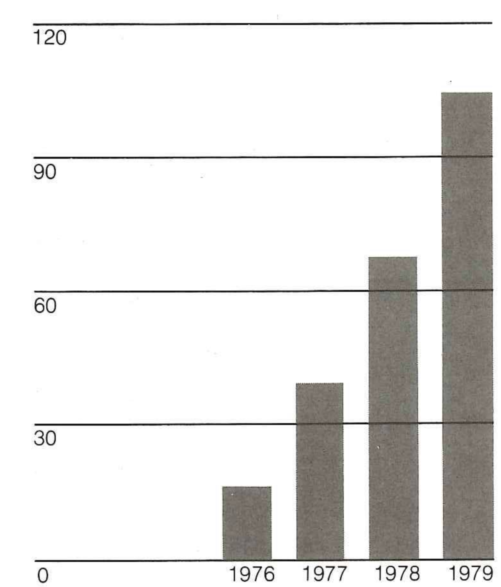
Mortgage Participations
Purchases by Banks and City's HPD



Amounts Invested by Participants



Loans Serviced by CPC



building during the rehabilitation period. The Building Reserve, which is funded by the owner's monthly payments to CPC, becomes a source of moneys for additional capital improvements to the building during the term of CPC's mortgage loan. Permitted improvements include either the replacement of all or a portion of a major building system or the further upgrading of individual apartments which could not be undertaken originally because of expense or inconvenience.

Administration of this fund by CPC requires periodic building inspections as well as continuing supervision. We expect, however, that the Fund will result in better housing for a building's residents, an improved investment for the building's owner and a more secure mortgage loan for CPC.

Public Policy Initiatives

From the corporation's establishment, CPC has worked in a close and productive partnership with both City and State housing and banking agencies in a common effort to establish, or adjust, governmental programs so that they might form an improved basis for the private investment in the buildingwide upgrading of the City's occupied housing stock.

This partnership has resulted in important changes in the public programs affecting private investment in this housing. These initiatives have formed the basis for CPC's mortgage origination activities and, we believe, provide for the first time a reasonable basis for broader private investment in the upgrading of New York's older housing. These changes have included —

- Establishing with the City government a procedure to coordinate, as part of the mortgage financing transaction, the physical and economic restructuring of a building with the provision of rent subsidies to eligible tenants.
- Providing a rent increase procedure, called rent restructuring, which enables an owner to obtain rents sufficient to cover the cost of the improvements and the operation of the building.
- Adjusting the City's real property tax abatement/exemption (J-51) program to enable the J-51 benefits to serve as an adequate basis for investment in the moderate rehabilitation of occupied housing.
- Removing the "dual" rent regulatory system within rehabilitated buildings so that owners might deal only with the single rent stabilization system, and building residents, after new restructured rents are set, might obtain greater rent stability.
- Establishing with the City and CPC's owners a process for eligible building residents to receive rent subsidies (Section 8 "Existing Housing") to assist them in paying post-rehabilitation rents.
- Cooperating with the State in establishing a state-sponsored partial mortgage insurance program under which both the private lender and the State share in the risks associated with neighborhood preservation financing.

In each case these public policy initiatives, once enacted, are utilized by CPC in our lending activities. In this sense, we are able to serve as an instrument for the testing of various governmental initiatives designed to further private investment in our existing housing stock.

Our neighborhood mortgage officers assist and guide the building owner through the rehabilitation process—from preparing a rehabilitation and financing plan to supervising the completion of the improvements and the implementation of the appropriate governmental rent, tax and tenant subsidy actions. The mortgage staff includes (top row) Frank J. Anelante, Jr., Joel Chanin, Marvin Goldberg; (bottom row) Joanne Pugh, Al Iannone, Michael D. Lappin.

It is our conviction that the recycling of occupied multifamily housing in older but still viable neighborhoods within this nation's cities should be an important facet of our federal housing efforts which, in turn, must be an integral part of a national urban policy.

Given the increasing disparity between the cost of producing new housing and the income levels of the majority of residents of New York City and other urban areas, there is simply no alternative but "to take advantage of what we have". The only housing which the great majority of city residents will ever be able to afford is presently existing—and much of this housing stock, being old, requires upgrading now.

To date, however, the Department of Housing and Urban Development (HUD) and the major national housing finance programs have assumed a limited role in this enormous undertaking. The most significant federal subsidy programs operated by HUD and its constituent agency, the Government National Mortgage Association (GNMA), the mortgage insurance programs initiated by FHA and the various mortgage purchase programs undertaken by the national secondary market institutions—the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC)—largely exclude from their program scopes efforts targeted at the moderate rehabilitation of older, occupied apartment buildings.

Primary responsibility for the preservation and upgrading of a city's housing stock does rest with the locality—both the governmental and private sectors. If local efforts are to succeed, however—particularly programs directed at providing sound housing for lower and moderate income families—federal involvement is crucial. Federal housing subsidy programs as well as the most powerful and resourceful national housing finance agencies—FHA, GNMA, FNMA and FHLMC—should increasingly direct a portion of their resources toward the upgrading of our older, multifamily housing stock.

Such a national effort, we submit, would have the twin benefits of assisting a far greater number of lower and moderate income families at a more reasonable cost to the federal government than under current "production-oriented" subsidy programs as well as providing a major stabilizing influence for our older neighborhoods.

Three lessons drawn from CPC's program experience provide, we believe, useful guidance in formulating workable national programs.

First, the most important measures HUD might take to provide improved housing for lower income families and to further locally initiated neighborhood preservation efforts do not require additional funding but a reallocation of current subsidy programs. CPC's lending experience has revealed, for example, that six lower income families can be assisted in a moderately rehabilitated building at the same cost to the federal government of subsidizing one family in a substantial rehabilitation (of a vacant building) or new construction project.

Second, the private capital markets should bear a major responsibility for providing mortgage financing for neighborhood preservation. Such financing, however, can only be forthcoming on a scale commensurate with

The most important measures HUD might take to provide improved housing for lower income families do not require additional funding but a reallocation of current subsidy programs.

the need when the public sector intervenes, where appropriate, to adjust conditions so that private investment in moderate rehabilitation projects would be competitive with other housing investments. The resources of HUD's constituent agencies, FHA and GNMA, presently unavailable for moderate rehabilitation financing, should be available for such efforts.

Third, it is important that the major national secondary mortgage institutions—FNMA and FHLMC—which have been so responsible for spurring new construction activities in "growth centers" throughout the nation, direct a portion of their immense resources toward the rehabilitation of our occupied, multifamily housing stock—not as a subsidy but in credit-worthy mortgage investments.

We suggest in the following section five initiatives aimed at channeling the resources of our national housing programs and finance agencies toward this recycling effort. The proposed program would have a substantial beneficial impact within New York City. Furthermore, our observance of housing conditions within this nation's other older cities indicates that these initiatives would not simply be a reaction to a "New York problem" but would represent a productive response to a basic national need deserving of both federal attention and federal resources.

1 FHA Partial Mortgage Insurance for Moderate Rehabilitation.

Presently, FHA mortgage insurance programs are largely irrelevant to inner-city lending for occupied apartment buildings requiring moderate levels of upgrading. The problem rests both in deficiencies in program formulation and administrative backlog at local HUD area offices.

This proposal for partial mortgage insurance, which could be implemented by FHA under Sections 223(f) and 244 of the National Housing Act, would place a portion of the financing risk on the lending institution, thereby permitting the institution to perform the loan underwriting and insurance processing under FHA guidelines. The "risk sharing" concept would also recognize the additional risks inherent in this type of financing.

A critical issue in program formulation and implementation will be whether FHA, in fact, will accept a moderately rehabilitated building as meeting federal housing standards. If extensive "rehab requirements" are set, such standards (in the absence of additional public subsidy) could "price" the program beyond the reach of a building's existing lower and moderate income residents.

No federal initiative has the potential of having a greater positive impact on private and public efforts to preserve and upgrade a city's existing multifamily housing stock than the establishment of a workable FHA co-insurance program. On the other hand, even given the high priority which neighborhood preservation efforts have with HUD, FHA has labored for over four years trying to fashion a workable co-insurance program. Such efforts, we believe, suggest the difficulties inherent in reorienting federal programs to take account of the particular characteristics of moderate rehabilitation lending. With continued firm commitment and given the importance of this initiative, we are hopeful that HUD's efforts will shortly result in a program of broad scope and impact.

2 FNMA and FHLMC Mortgage Purchases.

The Federal National Mortgage Association (FNMA) and, more recently, the Federal Home Loan Mortgage Corporation (FHLMC) have been major providers of mortgage capital for new housing construction throughout this nation's growth areas. Recently, both FNMA and FHLMC have demonstrated a desire to reorient certain of their programs toward the urban housing market. Neither FNMA nor FHLMC, however, effectively serves the older, multifamily building mortgage market where financing is required for moderate rehabilitation. This is due to both program deficiencies and the lack of inner-city mortgage originating institutions to "feed" a secondary market program.

Establishment of sound purchase programs for moderate rehabilitation loans, one of which might be tied to the FHA co-insurance proposal, would provide an important means of channeling national resources toward meeting the legitimate needs of our older but still viable urban neighborhoods. Such programs might involve the purchase of entire mortgages on rehabilitated properties or participation interests in locally-originated loans. CPC's lending experience indicates that moderate rehabilitation mortgages can have investment qualities which largely conform with conventional loan underwriting standards—the guideline which should be utilized by both local institutional investors as well as FNMA and FHLMC.

Due to currently high interest rates, the proposed FNMA and FHLMC initiatives, at this time, could only proceed in conjunction with the suggested HUD or GNMA "shallow" subsidy programs or when private loans are supplemented with federal "community development" funds as in New York's "participation mortgage" loan program.

3 Authorizing GNMA Involvement in Neighborhood Preservation.

High interest rates for permanent mortgage financing during inflationary periods destroys the possibility of utilizing solely private sources of capital, or tapping the conventional secondary mortgage markets, for moderate rehabilitation projects. Recognizing this problem, the Congress has established the Government National Mortgage Association (GNMA) to serve as a "financial bridge" during such times. This federal agency is authorized to provide "shallow" subsidies which effectively "write down" the cost of conventional financing during periods of credit stringency so that investment in the nation's housing stock might continue.

Presently, however, GNMA has no program which permits its resources to be tapped for the rehabilitation of occupied multifamily housing. To correct this deficiency, Congress should authorize a "shallow" GNMA Tandem Plan (perhaps, to achieve a 7% or 8% project interest rate). Both conventionally financed projects as well as FHA-insured projects (under Initiative One) should be eligible for the Tandem Program. Administratively, GNMA might consider targeting the Plan to specific lower and moderate income neighborhoods which are also the focus of local efforts.

The enactment of such a program is particularly important at this time given the historically high interest rates currently prevailing. Traditionally, GNMA has served as a financing program to assist in the production of housing. This suggestion would broaden GNMA's focus—enabling it to assume an important role in the conservation of existing housing resources as well as in the construction of new housing units. It will also be a cost effective means of dispensing federal housing subsidies enabling a greater number of lower income families to be assisted than under current programs.

4 Modifying HUD's Section 8 Program to Assist Tenants in Moderately Rehabilitated Buildings.

A necessary ingredient of a neighborhood preservation program is to assist lower income residents who are confronted with substantial rent increases attributed to the moderate rehabilitation of their building. The federal government could assist a greater number of such families by providing a "shallow" subsidy under a workable Section 8 "Moderate Rehabilitation" Program rather than emphasizing the "deep" subsidies required under the current Section 8 "Substantial Rehabilitation" or "New Construction" Programs.

The recently announced Section 8 "Moderate Rehabilitation" Program is a promising step in this direction. CPC's experience indicates, however, that its commendable objectives will not be achieved, at least in New York City, unless its funding term is extended from 15 to 20 years. The investment necessary to finance the upgrading required to extend a building's useful life for another 25-30 years cannot be amortized over a period of less than 20 years.

This suggestion should not be confused with the making of "housing payments" to low income families. Such a "simplified program", at least in New York, would not result in better housing conditions but would simply be a vast subsidy to many of the least responsible property owners in the City.

Implementation of a workable "shallow" subsidy program within the Section 8 framework would represent a major departure from HUD's continuing emphasis on developmental programs. Most importantly, the users of such a program would primarily be investor-owners of smaller (*i.e.*, 20-100 unit) multifamily buildings rather than the larger development companies which are the traditional users of HUD's production-oriented programs. These facts, we believe, must be recognized by HUD in both the substantive eligibility requirements established for the program as well as in its actual administration.

5 Utilize Bank-Sponsored Lending Institutions as Instruments of Federal Housing Policy.

During the 1960s and 1970s, many HUD "new construction" programs utilized state-established housing finance agencies to achieve program aims. Recognizing the important role of private financing in the upgrading of a city's existing housing stock, we would now suggest that bank-sponsored urban lending institutions, such as CPC, could be used in the 1980s to foster a national neighborhood preservation policy.

Private financial institutions such as CPC could serve two broad objectives. First, they could assist HUD and other interested agencies in developing program standards as the national housing agencies begin to reorient policies and programs toward the conservation of our existing housing stock.

Second, the urban lending institutions could serve as both program administrators and providers of financing for new housing initiatives. HUD's traditional reliance upon public housing agencies to implement federal housing goals could now be supplemented by establishing new arrangements with private financial institutions sharing common program goals. These partnerships will be particularly important for moderate rehabilitation programs since the smaller investor-owners who are the likely users of such programs do not have the staff or funds to deal with the often time-consuming processing associated with current public housing programs.

Specifically, these private urban banks could assume various functions, such as serving as (i) loan packagers for FHA co-insured mortgages, (ii) loan originators for mortgage sales to other private financial institutions or to GNMA, FNMA or FHLMC and (iii) administrators for HUD's Section 312 loan program or for the modified Section 8 Moderate Rehabilitation Program referred to in Initiative Four.

Financial Overview

CPC's fifth fiscal year—1979—marked the first in which the corporation's expenses and operating income, derived principally from commitment fees on multifamily loans and rate differentials between the cost of funds to CPC and interest rates charged on our construction and permanent loans, approached the "break even" point.

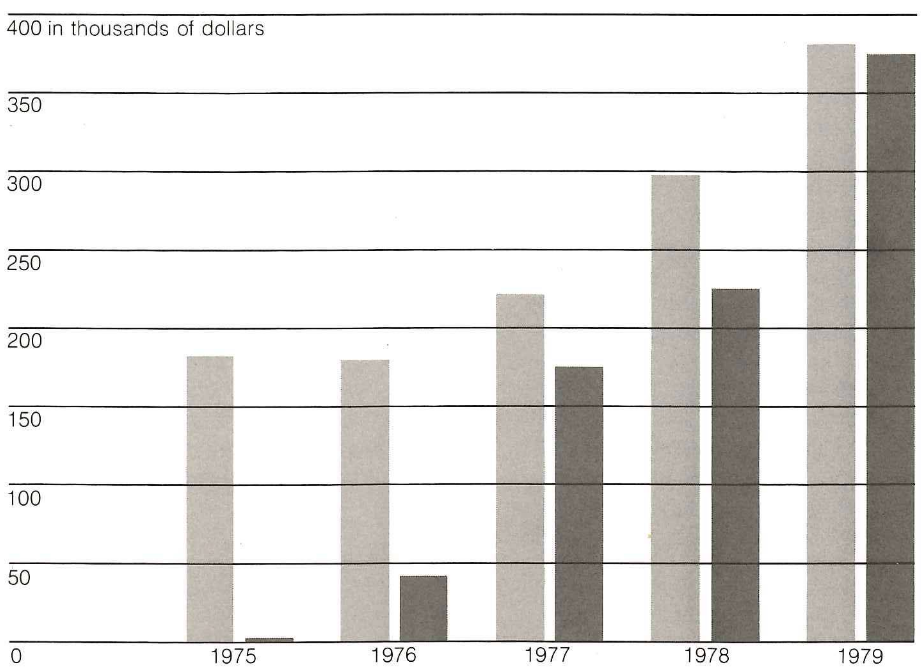
This year's net income would have been even greater but for the impact of repeated increases in the prime rate of interest and the necessity of our "warehousing" recently converted permanent loans for several months at a time prior to issuance of collateral trust notes. During this warehousing period, the cost of funds to CPC is one-half of one percent above the prime rate while the interest rate on the warehoused loans has been set at our most recent permanent loan rate of 9¾%. This loss in earnings to CPC is evident from the sharp reduction in income derived from our construction and warehoused loans in 1979 even though our volume had greatly expanded.

We expect to be able to reduce the extent of this loss attributed to the warehousing of loans by amending our credit agreements with CPC's sponsors to enable us to issue our collateral trust notes on a more frequent basis.

Each of our first four years of operation had been marked by substantial operating deficits. These deficits have been bridged by our sponsors' capital contributions—over $600,000 having already been made, with an additional $317,000 of commitments remaining available to the corporation. These outstanding commitments will be drawn upon, as needed, to fund start-up expenses associated with the continuing expansion of our residential program into new areas and the implementation of the approved economic development program.

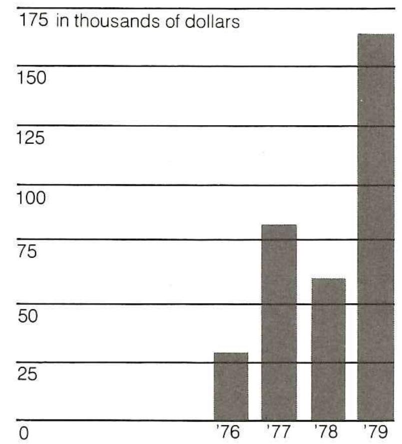
Apart from any expansion of our activities, we now expect that CPC's continuing operations can be entirely funded by income generated from our mortgage program.

CPC Income and Expenses

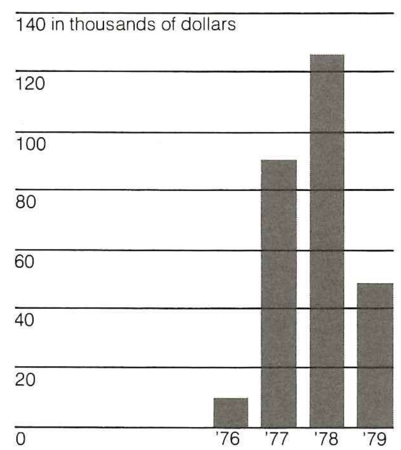


Principal Sources of Income

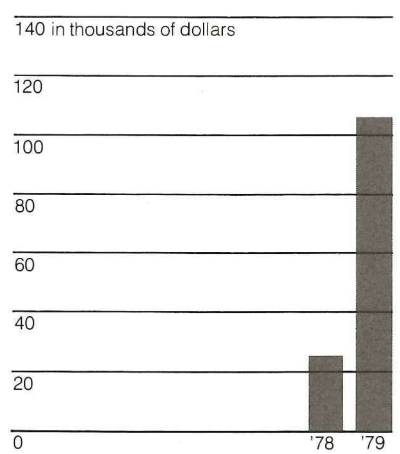
Commitment Fees



Construction and "Warehoused" Loans



Permanent Loan Portfolio Fees



Balance Sheet

August 31	1979	1978
Assets		
Investments in first mortgage loans (Notes 2, 3, 4 and 5):		
Construction loans	$ 8,913,838	$ 4,487,797
Permanent loans in accumulation	3,258,988	2,435,440
Loans pledged	10,535,925	4,562,166
	22,708,751	11,485,403
Cash and cash equivalents:		
Subject to immediate withdrawal	153,410	223,738
United States Treasury Bills, at cost which approximates market	690,611	295,096
Time deposit	—	76,729
Capital contributions pledged (Note 7)	317,123	317,123
Accrued interest receivable	252,921	92,460
Other assets	27,130	26,441
	$24,149,946	$12,516,990
Liabilities and Fund Balance		
Notes payable under revolving credit agreement—unsecured (Note 4)	$11,951,466	$ 6,945,984
Accounts payable and accrued expenses	657,463	287,662
Escrow and other deposits of borrowers	463,613	194,616
Deferred income—commitment fees	24,510	22,368
Capital contributions designated for future periods (Note 7)	317,123	317,123
	13,414,175	7,767,753
Non-recourse collateral trust notes (Note 5)	10,535,925	4,562,166
Commitments and contingencies (Notes 2, 3, 4 and 6)		
Fund balance (Note 7)	199,846	187,071
	$24,149,946	$12,516,990

The accompanying notes to financial statements are an integral part of this balance sheet.

Statement of Support, Revenue and Expenses and Changes in Fund Balance

Year Ended August 31	1979	1978
Public Support and Revenue:		
Public support—contributions—		
Capital contributions (Note 7)	$ —	$108,877
Materials and services	16,715	1,155
Other contributions	1,800	2,050
Total public support	18,515	112,082
Revenue—		
Interest on mortgage loans	969,249	691,961
Commitment fees	165,377	59,404
Servicing fee income	106,356	26,061
Interest on short-term investments	39,504	14,714
Other	16,168	2,564
Total revenue	1,296,654	794,704
Total public support and revenue	1,315,169	906,786
Expenses:		
Interest (Note 4)	921,639	568,282
Employee compensation and benefits	281,437	201,261
Professional fees	30,639	47,697
Office expenses	42,253	31,640
Other	26,426	17,197
Total expenses	1,302,394	866,077
Excess of public support and revenue over expenses	12,775	40,709
Fund Balance, beginning of period	187,071	146,362
Fund Balance, end of period	$ 199,846	$187,071

The accompanying notes to financial statements are an integral part of this statement.

Notes to Financial Statements August 31, 1979 and 1978

1. Summary of significant accounting and financial reporting policies:

Federal income taxes—
The Internal Revenue Service has determined that the Corporation is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code.

Capital contributions pledged—
It is the Corporation's policy to record capital contributions pledged as receivables and deferred credits, respectively, in the balance sheet until received by the Corporation.

Income recognition—
Interest on construction loans and permanent loans in accumulation is accrued monthly based on the daily outstanding principal balances of such loans. Fee income from loans serviced by the Corporation is accrued based on the outstanding principal balances of such loans.

Commitment fees—
For financial statement purposes, commitment fees are recorded in income over the commitment period, provided that the period is reasonably determinable. Where such period is not determinable, commitment fees are recognized as income upon the closing of the mortgage loan.

Donations—
Donated furniture and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. Amounts have been reflected in the accompanying statements for donated services where, in the opinion of management, an objective basis is available to measure the value of such services.

2. Mortgage loans and commitments:
The following is a summary of closed mortgage loans (net of interests of participating lenders) as of August 31, 1979 and 1978:

	Construction	Permanent in Accumulation*	Pledged*	Total
1979				
Number of loans	40	18	45	103
Amount (in thousands)— Funded balance (Net of repayments)	$ 8,914	$ 3,259	$10,536	$22,709
Unfunded commitments	8,345	92	—	8,437
Total	$17,259	$ 3,351	$10,536	$31,146
1978				
Number of loans	26	11	27	64
Total amount (in thousands)	$ 7,383	$ 2,444	$ 4,562	$14,389

*Sixteen mortgage loans with an aggregate funded balance of $2,844,265 were pledged by the Corporation as security for non-recourse collateral trust notes issued on September 28, 1979.

Pending new mortgage commitments (net of participations) as of August 31, 1979 and 1978:

	Mortgage Commitments For Loans Not Yet Closed		Mortgage Commitments Not Yet Accepted By Potential Borrowers	
	1979	1978	1979	1978
Number of loans	12	12	1	1
Amount (in thousands)	$5,351	$5,173	$415	$35

3. Provision for possible investment losses:
The Corporation's purpose is to make mortgage loans for the rehabilitation and preservation of residential properties in certain areas of New York City. These lending areas have been designated by the Corporation as preservation areas— areas whose housing stock is experiencing physical deterioration and which might be preserved through the combined effort and resources of government and the private sector.

The soundness of the Corporation's multifamily mortgage loans is dependent upon, among other things, rent increases to be approved by the City's rent regulatory bodies

Directors, Officers and Participating Financial Institutions

Directors
James O. Boisi
Chairman of the Board
Community Preservation Corporation
Vice Chairman
Morgan Guaranty Trust Company of New York

Joseph C. Brennan
Chairman of Executive Committee
Emigrant Savings Bank

William R. Brennan, Jr.
President
Harlem Savings Bank

Eugene J. Callan
President
The New York Bank for Savings

John A. Hooper
Executive Vice President
The Chase Manhattan Bank, N.A.

John F. Lee
Executive Vice President
New York Clearing House

Robert I. Lipp
Executive Vice President
Chemical Bank

John W. Raber
Chairman
The Green Point Savings Bank

Charles C. Smith
Executive Vice President
Bankers Trust Company

Donald L. Thomas
Chairman
Anchor Savings Bank

John H. Vogel
Chairman of the Board
National Bank of North America

Officers
Edgar A. Lampert
President

Michael D. Lappin
Vice President

Frank J. Anelante, Jr.
Treasurer

Donna Welensky
Secretary

Mortgage Committee
Joseph C. Brennan, *Chairman*
Chairman of Executive Committee
Emigrant Savings Bank

Michael J. Wechsler, *Vice Chairman*
Vice President
Chemical Bank

Harry A. Baierlein, Jr.
Vice President
The Brooklyn Savings Bank

Charles E. Forsberg
Vice President
Citibank, N.A.

Edward M. Lamont
Vice President
Morgan Guaranty Trust Company of New York

Edgar A. Lampert
President
Community Preservation Corporation

Peter C. Underwood
Senior Vice President
The New York Bank for Savings

CPC's Offices
Central
122 East 42nd Street
New York, N.Y. 10017

Manhattan-Bronx
4951 Broadway
New York, N.Y. 10034

Brooklyn
215 Eastern Parkway
Brooklyn, N.Y. 11238

Participating Financial Institutions

Commercial Banks
The Bank of New York
Bankers Trust Company
The Chase Manhattan Bank, N.A.
Chemical Bank
Citibank, N.A.
European-American Bank & Trust Company
Irving Trust Company
Manufacturers Hanover Trust Company
Marine Midland Bank
Morgan Guaranty Trust Company of New York
National Bank of North America
United States Trust Company of New York

Savings Banks
American Savings Bank
Anchor Savings Bank
The Bowery Savings Bank
The Brooklyn Savings Bank
Central Savings Bank
The Dime Savings Bank of New York
The Dime Savings Bank of Williamsburgh
Dry Dock Savings Bank
The East New York Savings Bank
Eastern Savings Bank
Emigrant Savings Bank
Empire Savings Bank
Flushing Savings Bank
Franklin Savings Bank of New York
The Green Point Savings Bank
The Greenwich Savings Bank
Harlem Savings Bank
Independence Savings Bank
Lincoln Savings Bank
Metropolitan Savings Bank
The New York Bank for Savings
Ridgewood Savings Bank
Roosevelt Savings Bank
The Seamen's Bank for Savings
Union Dime Savings Bank
United Mutual Savings Bank
The Williamsburgh Savings Bank

Auditors
Arthur Andersen & Co.
1345 Avenue of the Americas
New York, N.Y. 10019

Alfred S. Mills

"He served as our Chairman [illegible] founding and through our [illegible] years. Now on the eve of our [illegible] sion, for which he was so res[illegible] we mourn his passing. He was [illegible] in so many ways–he gave lea[illegible] when our vision was dimmed, [illegible] counsel when our thoughts were [illegible] tered, and constant friendship and support to all who were fortunate enough to be touched by his presence.

"We shall remember his quiet, but firm, leadership and shall always be guided by the high principles and standards by which he lived and set as goals for this corporation to pursue."
Resolution adopted by the Board of Directors of The New York City Community Preservation Corporation May 25, 1978

Chairman of the Board
September 1974-May 1978

Directors, Officers and Participating Financial Institutions

Directors
James O. Boisi
Chairman of the Board
Community Preservation Corporation
Vice Chairman
Morgan Guaranty Trust Company of New York

Joseph C. Brennan
Chairman of Executive Committee
Emigrant Savings Bank

William R. Brennan, Jr.
President
Harlem Savings Bank

Eugene J. Callan
President
The New York Bank for Savings

John A. Hooper
Executive Vice President
The Chase Manhattan Bank, N.A.

John F. Lee
Executive Vice President
New York Clearing House

Robert I. Lipp
Executive Vice President
Chemical Bank

John W. Raber
Chairman
The Green Point Savings Bank

Charles C. Smith
Executive Vice President
Bankers Trust Company

Donald L. Thomas
Chairman
Anchor Savings Bank

John H. Vogel
Chairman of the Board
National Bank of North America

Officers
Edgar A. Lampert
President

Michael D. Lappin
Vice President

Frank J. Anelante, Jr.
Treasurer

Donna Welensky
Secretary

Mortgage Committee
Joseph C. Brennan, *Chairman*
Chairman of Executive Committee
Emigrant Savings Bank

Michael J. Wechsler, *Vice Chairman*
Vice President
Chemical Bank

Harry A. Baierlein, Jr.
Vice President
The Brooklyn Savings Bank

Charles E. Forsberg
Vice President
Citibank, N.A.

Edward M. Lamont
Vice President
Morgan Guaranty Trust Company of New York

Edgar A. Lampert
President
Community Preservation Corporation

Peter C. Underwood
Senior Vice President
The New York Bank for Savings

CPC's Offices
Central
122 East 42nd Street
New York, N.Y. 10017

Manhattan-Bronx
4951 Broadway
New York, N.Y. 10034

Brooklyn
215 Eastern Parkway
Brooklyn, N.Y. 11238

Participating Financial Institutions

Commercial Banks
The Bank of New York
Bankers Trust Company
The Chase Manhattan Bank, N.A.
Chemical Bank
Citibank, N.A.
European-American Bank & Trust Company
Irving Trust Company
Manufacturers Hanover Trust Company
Marine Midland Bank
Morgan Guaranty Trust Company of New York
National Bank of North America
United States Trust Company of New York

Savings Banks
American Savings Bank
Anchor Savings Bank
The Bowery Savings Bank
The Brooklyn Savings Bank
Central Savings Bank
The Dime Savings Bank of New York
The Dime Savings Bank of Williamsburgh
Dry Dock Savings Bank
The East New York Savings Bank
Eastern Savings Bank
Emigrant Savings Bank
Empire Savings Bank
Flushing Savings Bank
Franklin Savings Bank of New York
The Green Point Savings Bank
The Greenwich Savings Bank
Harlem Savings Bank
Independence Savings Bank
Lincoln Savings Bank
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Design: Susan Shaw Photography: Jack Freeman

Alfred S. Mills

Blackstone-Shelburne N.Y.

"He served as our Chairman at our founding and through our formative years. Now on the eve of our expansion, for which he was so responsible, we mourn his passing. He was valued in so many ways–he gave leadership when our vision was dimmed, wise counsel when our thoughts were scattered, and constant friendship and support to all who were fortunate enough to be touched by his presence.

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