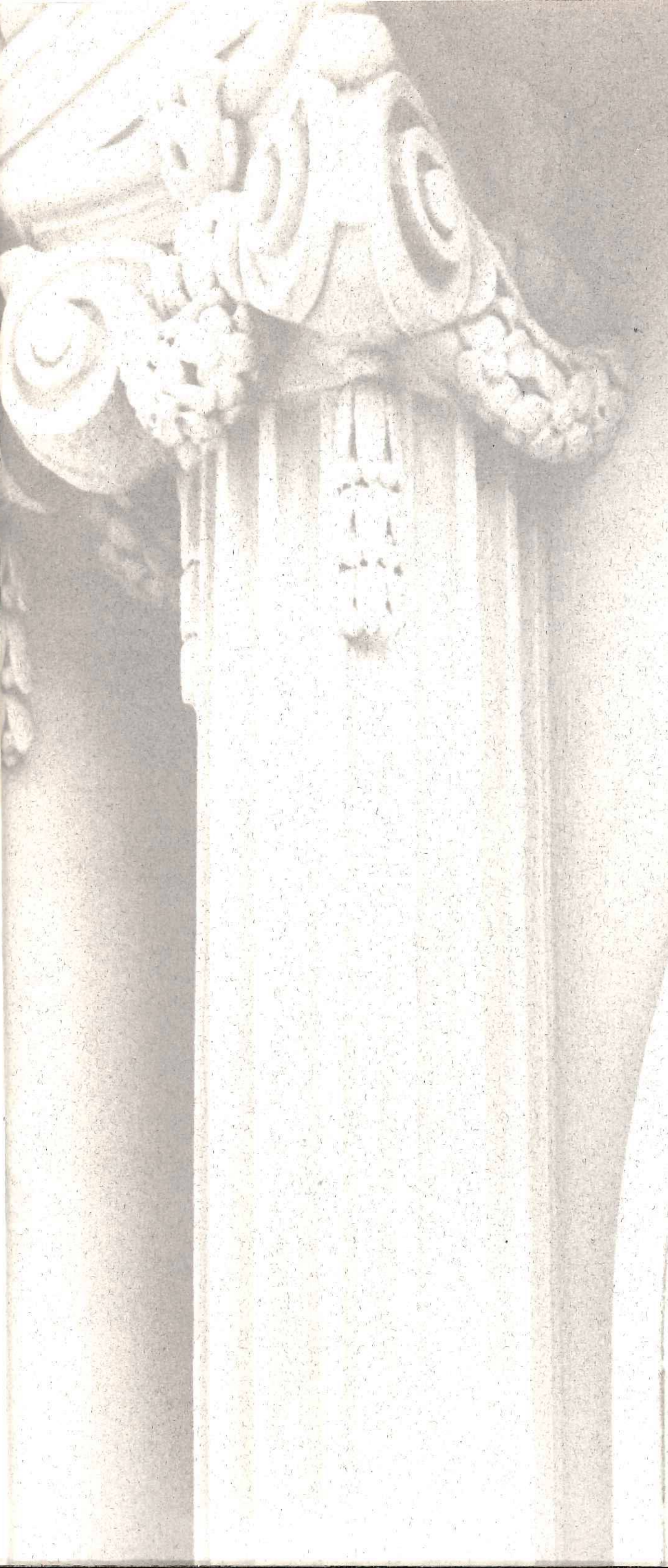
The Community Preservation Corporation

1993 Annual Report



CPC Highlights

The Community Preservation Corporation (CPC) is a private not-for-profit mortgage lender specializing in the financing of low and moderate income housing. Founded in 1974, CPC is sponsored by more than 50 banks and insurance companies based in the New York City metropolitan area.

This year CPC topped $1 billion in financings. These investments, which come from both private and public sources, have resulted in the rehabilitation or construction of more than 34,500 units of affordable housing.

CPC financing has been a vital component in the rebuilding of many neighborhoods in New York City and its surrounding areas. CPC has forged a critical link among institutional investors, government, and neighborhoods. If this approach can be replicated in other parts of the country, then CPC's success in New York — measured in terms of affordable housing units built and rehabilitated — can also be reproduced.

FISCAL YEAR PERFORMANCE 1992-1993

New Construction and Permanent Loans Closed (Dollars)

CPC & Other Private Funds	$ 48,253,234
*Pension Funds (permanent loans only)**	39,111,832
Public Funds	78,467,040
Total	$165,832,106

New Construction and Permanent Loans Closed (Units)

Manhattan	841
Bronx	1,415
Brooklyn	450
Queens	114
Hudson Valley	429
Long Island	144
Total	3,393

Permanent Conversions (Dollars)

*Pension Funds**	$21,213,794
Public Funds	46,787,563
Total	$68,001,357

LENDING RECORD 1974-1993**

CPC Closed Loans (Dollars)	$1,075,750,059
CPC Closed Loans (Units)	34,545

* New York City Employees Retirement System, New York City Police Pension Fund, Teachers Retirement System of the City of New York, and New York State Common Retirement Fund.

** Includes $19,161,969 and 235 units of end loans.

To Our Members

CPC has invested over a billion dollars of public and private funds to rebuild and stabilize communities throughout the New York metropolitan area. These investments have financed the rehabilitation and development of almost 34,500 affordable housing units. They have also helped the renewal of some of New York City's most deteriorated communities. Almost 4,000 units requiring over $200 million of investment have been completed or are under construction in Harlem. More than 6,000 units representing over $275 million in lending have been built or rebuilt in the South Bronx.

We have begun an equally vigorous program outside New York City. More than 750 units representing nearly $40 million of investment have been built in the Hudson Valley. CPC's first Long Island project — 144 homes for senior citizens — has just been completed.

CPC works best when it has a strong partnership with government. In New York City, our relationship with the City's Department of Housing Preservation and Development has been the foundation for the rehabilitation of large numbers of city-owned and privately-owned vacant and occupied buildings. The partnership has focused both on providing financing for individual buildings and on developing financially sound programs that meet the changing needs of the City.

Our efforts never presume that we can satisfy the vast capital needs of low and moderate income housing. Our primary objective is to work with government to establish and maintain an environment that encourages the needed levels of investment. For low and moderate income communities, this means maintaining a system that can routinely attract financing for the periodic renewal of their older existing housing. Preservation is the best hope for providing decent shelter for the millions of low and moderate income families for whom new housing is too expensive.

Recent events make maintaining this system more difficult. Since January of 1990, New York City has lost almost 200,000 jobs. Public assistance rolls have reached 1.15 million persons — the highest since the mid-70's. These broad economic problems are being felt in housing. Real estate tax arrears for multifamily properties have nearly doubled since 1990. Many owners report high collection losses, reflecting the economic problems of their tenants.

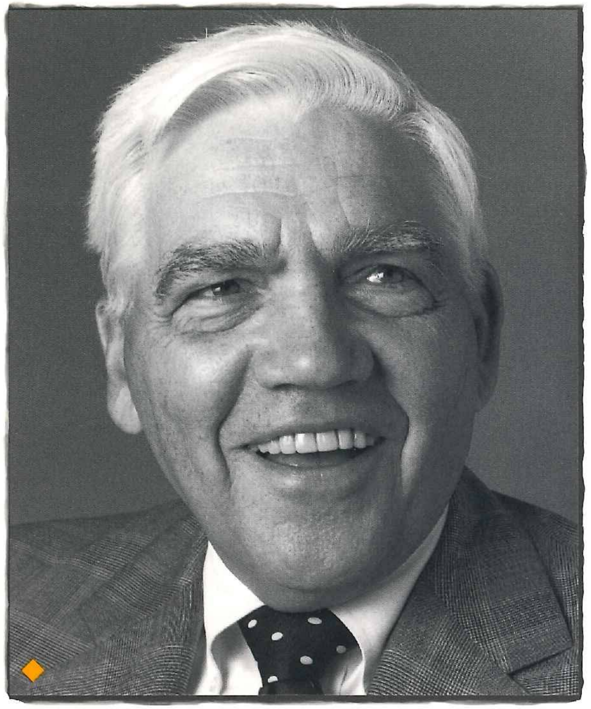
Exacerbating these negative economic trends is the prospect of increasing publicly-mandated costs. Water and sewer charges have almost tripled since 1986 and will continue to grow should fees be charged on a usage as opposed to flat rate basis. This shift, advanced as a conservation measure, hits hardest on buildings housing low and moderate income families who have large households and are sometimes doubled up. CPC, along with a number of industry and community groups, is working with the City to reconcile conservation needs with the economic realities of this housing.

Concerns about lead paint present still another hurdle for low and moderate income housing. Most apartment buildings in CPC's lending areas were built long before residential lead paint use was legally banned (1960 in New York City; 1978 nationally). Heightened national concern regarding lead paint risks led to legislation in late 1992 that set in motion comprehensive regulatory reviews at the national level. Similar reviews are underway in New York City and State. In the meantime, owners and lenders are left with uncertainty about lead paint remediation costs and procedures. And insurers are less willing to provide liability protection, which further stymies investment in older multifamily buildings.

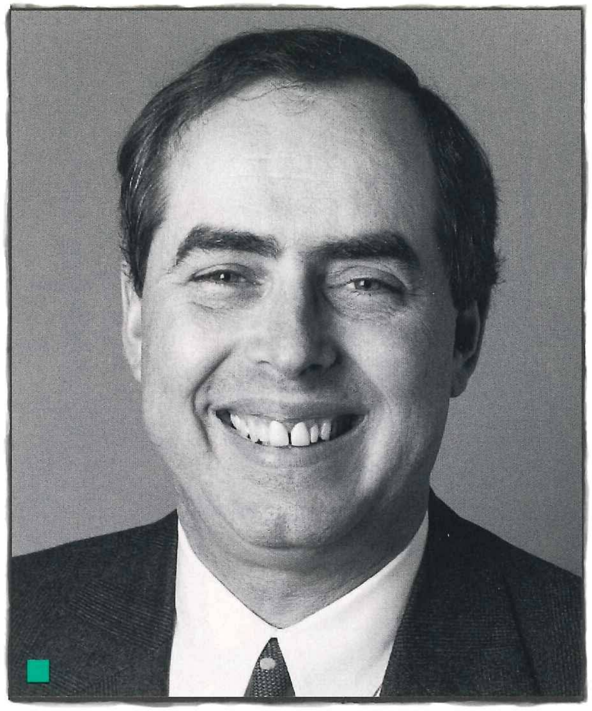
Still another problem is presented by the New York State Legislature's consideration of a prevailing wage requirement for projects using any state or local housing assistance programs. If enacted, this requirement would increase rehabilitation costs by at least 50%, further compounding the difficulty of preserving our communities.

CPC and its sponsoring institutions are working with government to seek solutions for each of these issues that will not impair affordable housing. All of the participants in these policy debates are aware of the importance of resolving these issues and are motivated by the conviction that the health of our cities and towns is rooted in the strength of their neighborhoods and residents.

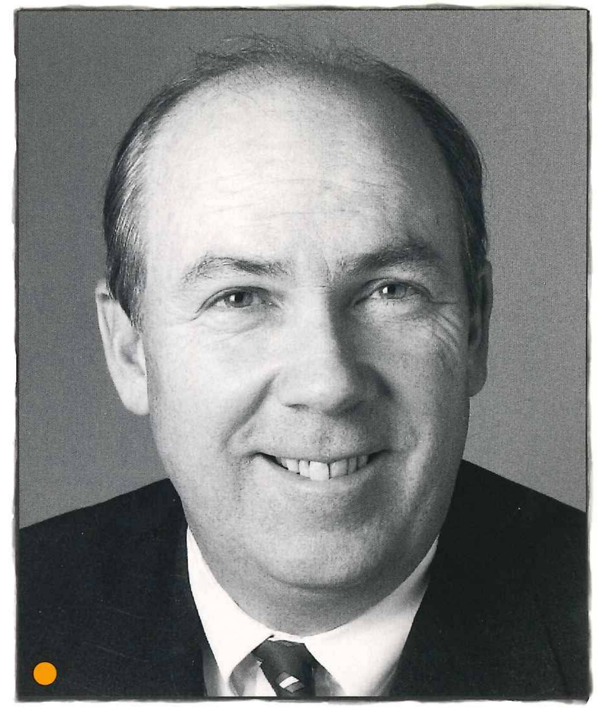
In closing we would like to note several changes involving the membership of CPC's Board of Directors and its Mortgage Committees. They begin with the retirement of John F. Lee. Mr. Lee's Board tenure began at CPC's founding in 1974. We thank him for 19 years of distinguished service and wish him well in his



◆ *Harry D. Garber, Chairman*



■ *Michael D. Lappin, President & CEO*



● *Michael Hegarty, Vice Chairman*

retirement. Also leaving the Board are Glen E. Coverdale and Robert S. Strong. We thank both Mr. Coverdale and Mr. Strong for their many contributions to CPC.

We would also like to acknowledge the service of the following five persons who have been members of CPC's Mortgage Committees and who resigned this past year: Charles A. Coolidge III, Leonard N. Druger, Lewis P. Jones, Virginia L. Philpott, and John H. Van Loan.

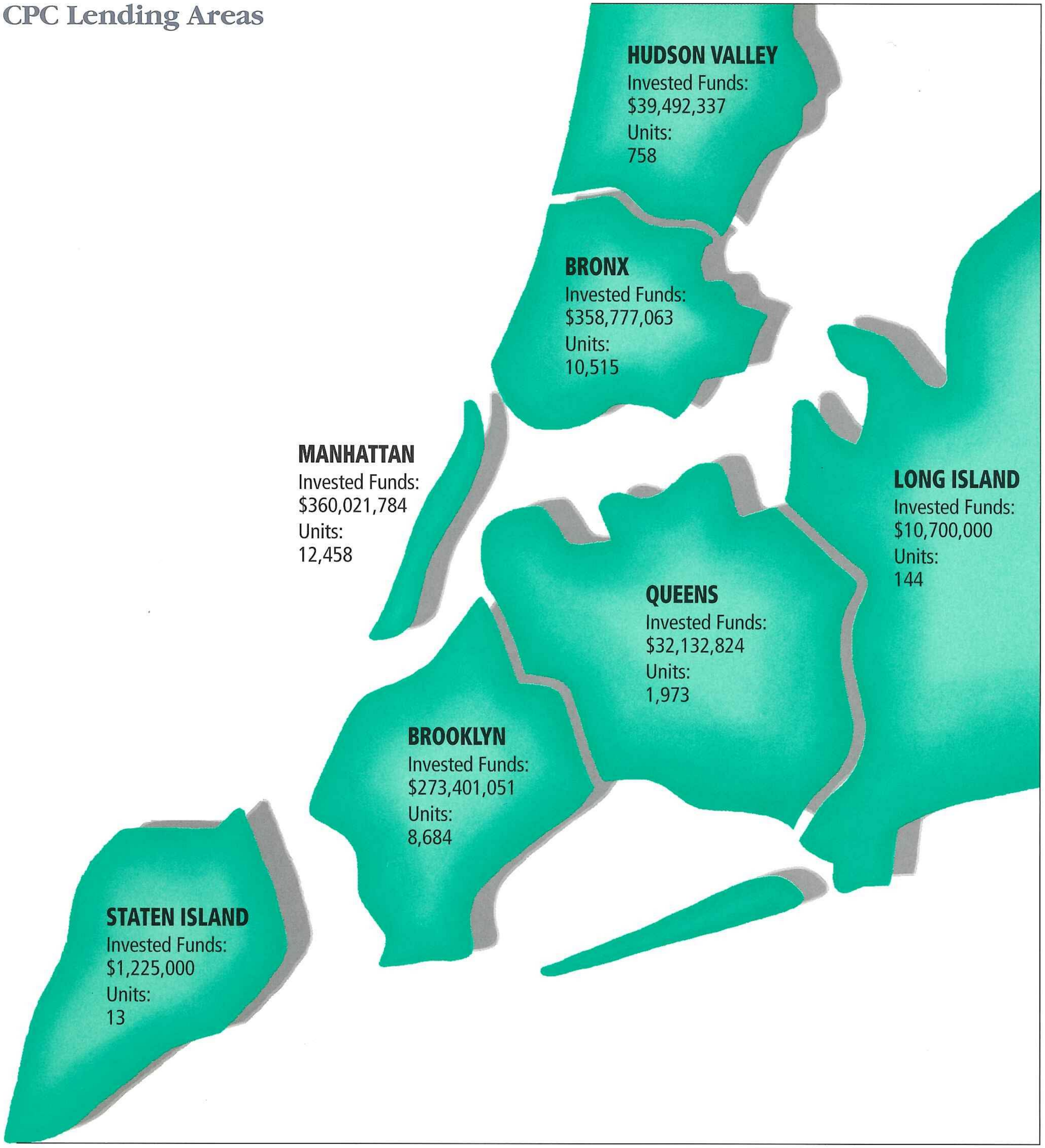
Harry D. Garber
Chairman

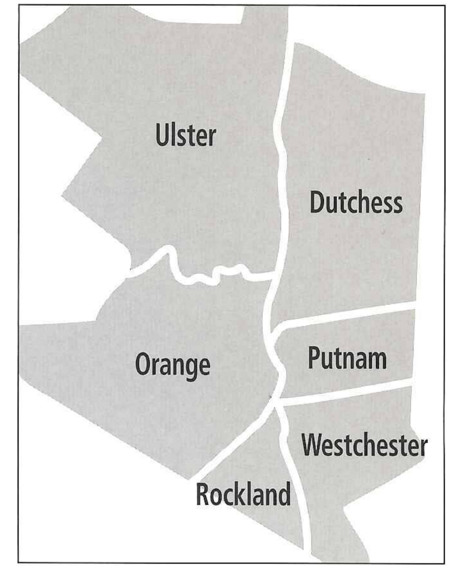
Michael Hegarty
Vice Chairman

Michael D. Lappin
President & CEO

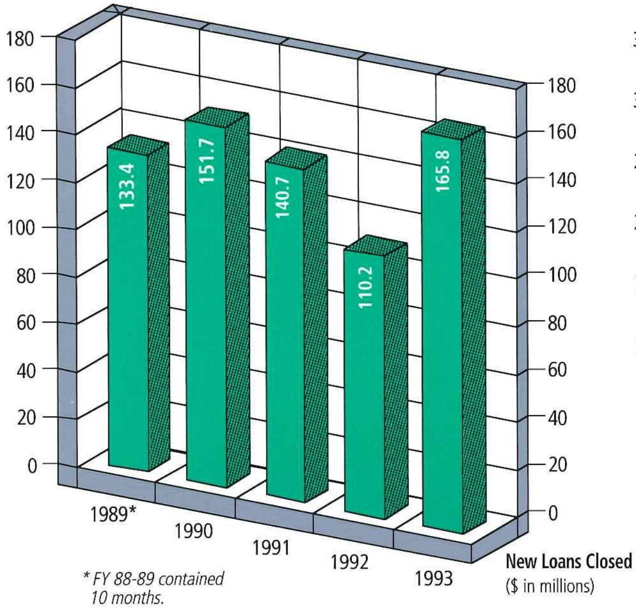
Raymond V. O'Brien, Jr.
Chairman of the Executive Committee
(not pictured)

CPC Lending Areas

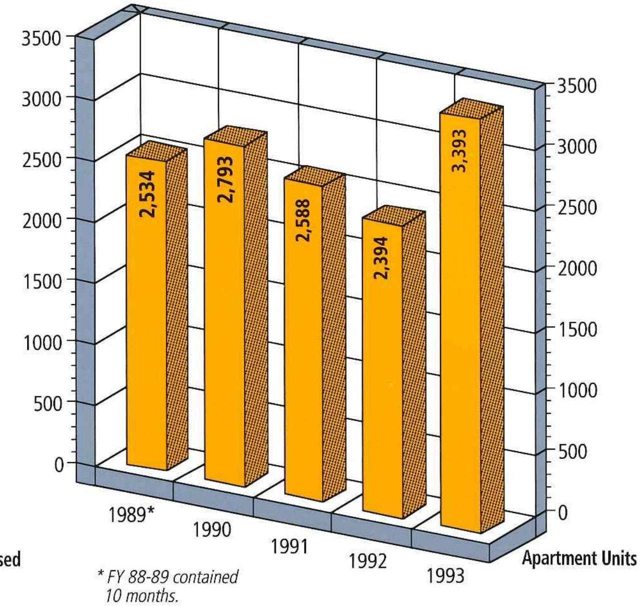




HUDSON VALLEY



* FY 88-89 contained 10 months.



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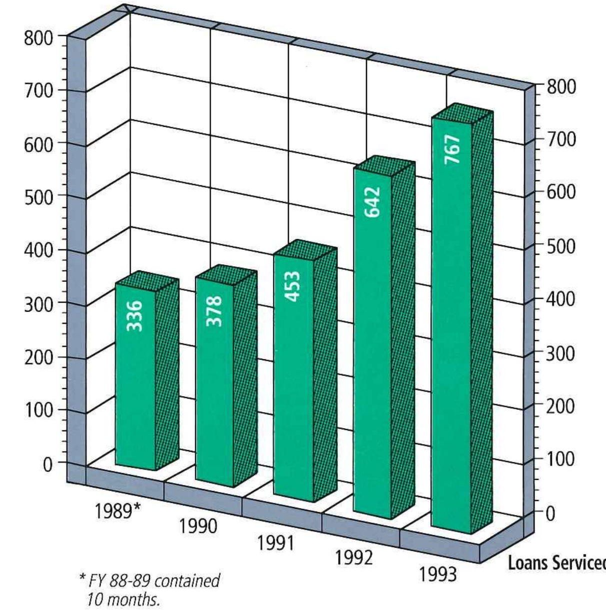
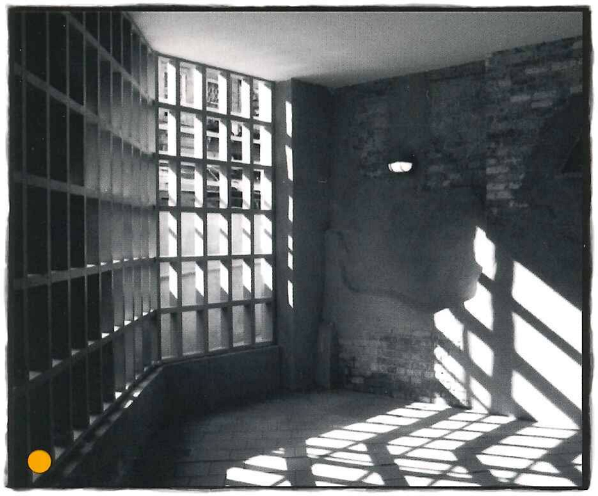


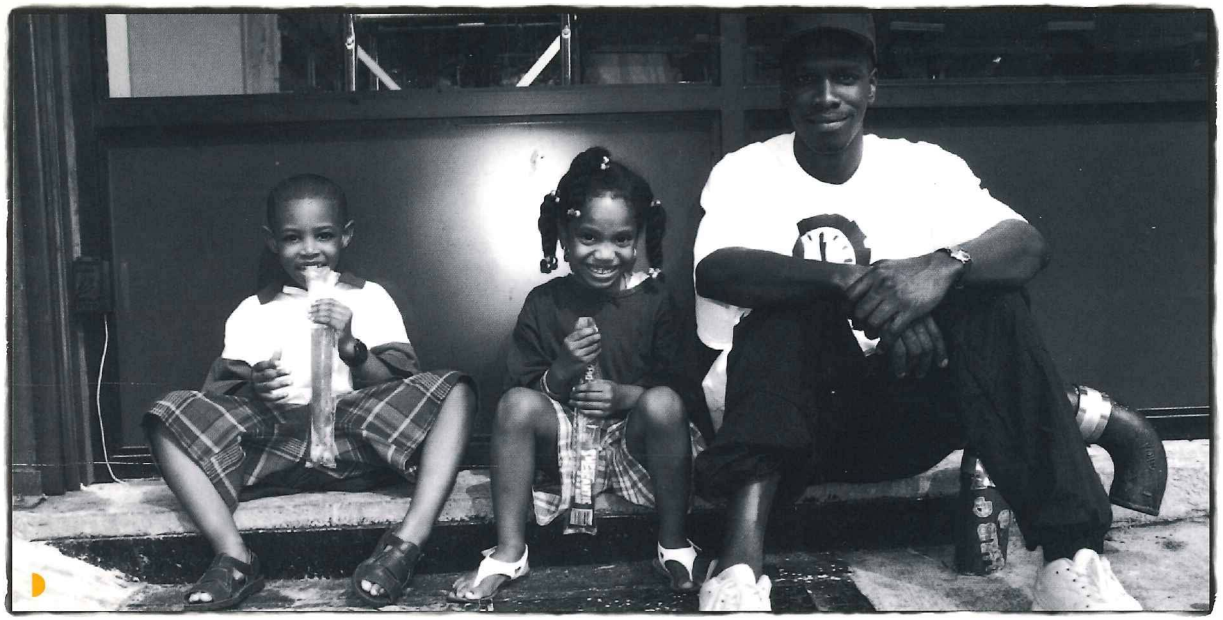
* FY 88-89 contained 10 months.

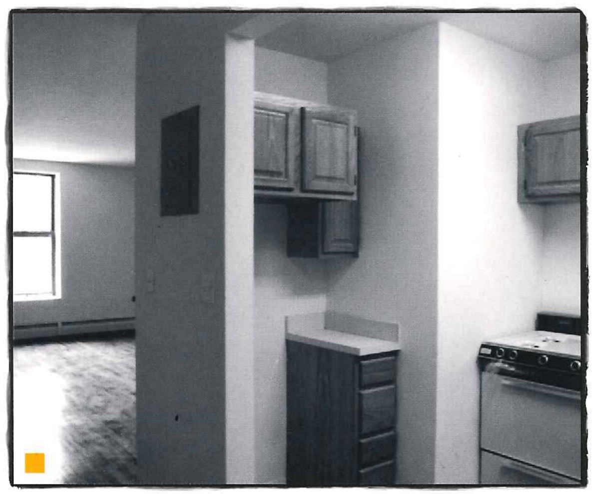
▲ *Governor Mario Cuomo joins in the commemoration of CPC's $1 billion lending milestone. Left to right: Michael Lappin, President of CPC; Governor Mario Cuomo; Harry Garber, Chairman of CPC; Robert Lehrman, CPC Board Member.*

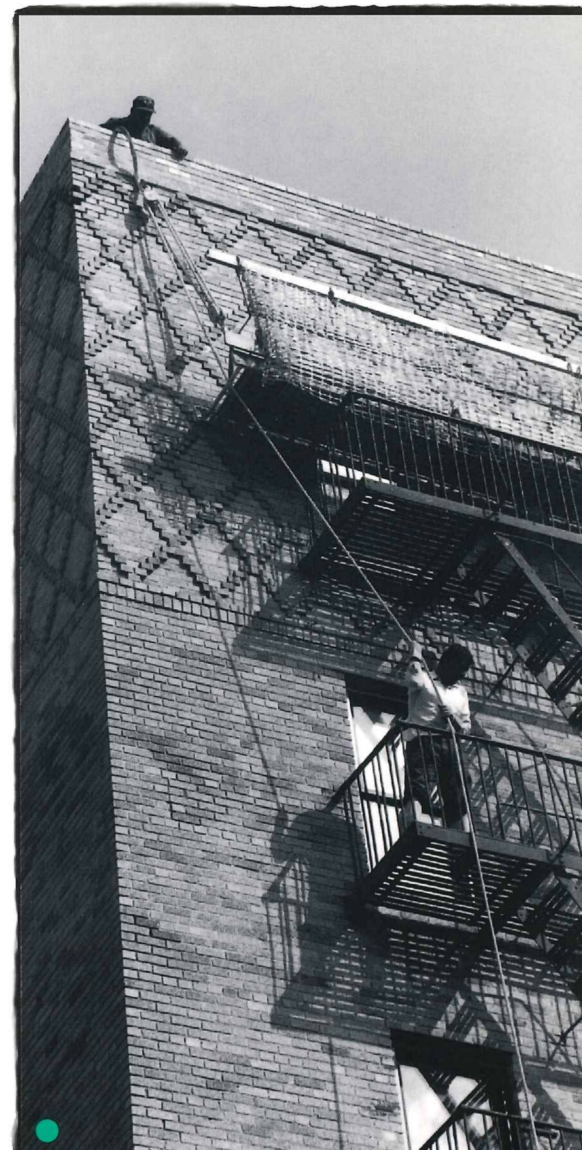
A Sampling of CPC's Buildings



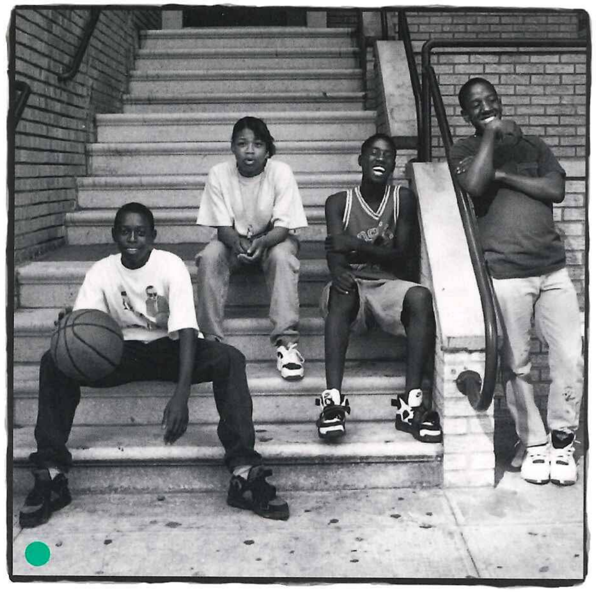
● HUD awarded a Housing Development Action Grant (HoDAG) to help finance the gut rehabilitation of 144-150 Ludlow Street on Manhattan's Lower East Side. 52 apartments for low and moderate income families will be created. ■ Tenants are pleased with their new apartments at 932 St. Marks Place, Brooklyn, a 29-unit gut renovation for low and moderate income families under NYC's Vacant Building RFP Program. ▲ Just east of Harlem's recently renovated Morningside Park on 116th Street, CPC has financed the gut rehabilitation of four vacant buildings under NYC's Vacant Building RFP Program. Rents in the 28 newly created apartments range from $335 to $575.

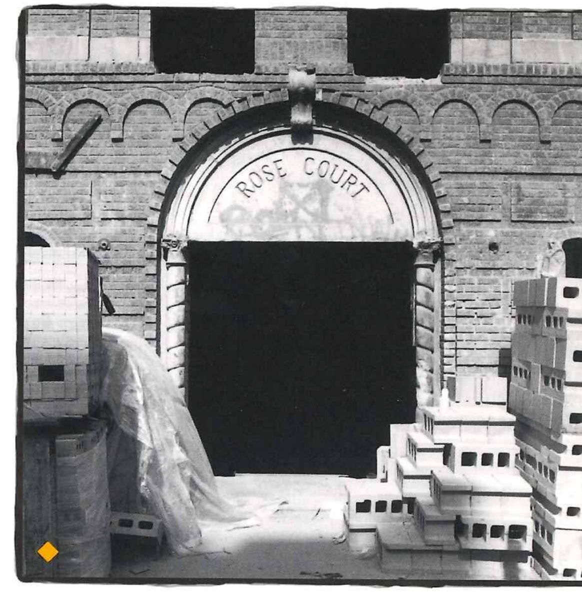


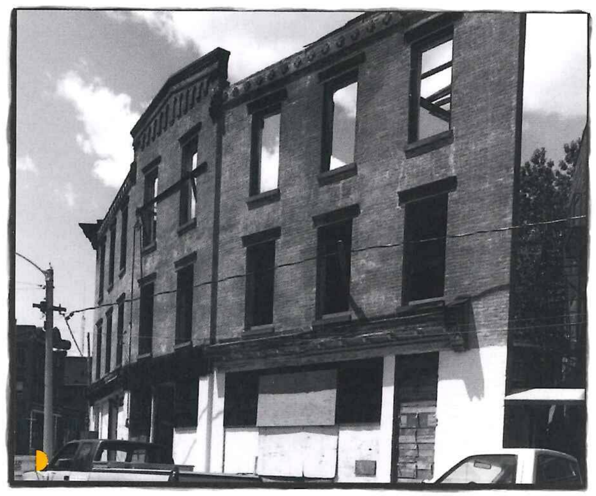




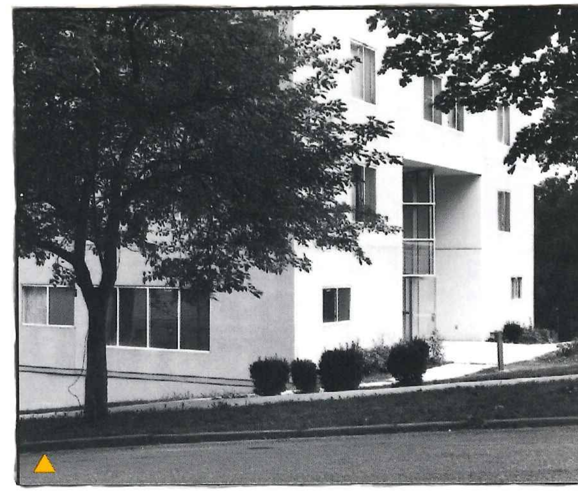
Taking a break at 636 Classon Avenue, Brooklyn, a 33-unit gut renovation for low and moderate income families under NYC's Vacant Building RFP Program. ▲ *A CPC-financed moderate rehabilitation in the West Farms section of the Bronx, 1234 Stratford Avenue contains 38 units with average monthly rents of $455 for one-bedroom and $491 for two-bedroom apartments.* ■ *Interior at 502 Vermont Street in East New York, a 35-unit gut rehabilitation under NYC's Rehab & Sale Program. Condominium prices range from $30,000 to $50,000.* ● *Moderate rehabilitation at 1710 Montgomery Street in the Tremont section of the Bronx was financed by CPC and NYC's Participation Loan Program. Average monthly rents in the 50-unit building range from $403 to $543 for four-bedroom apartments.*

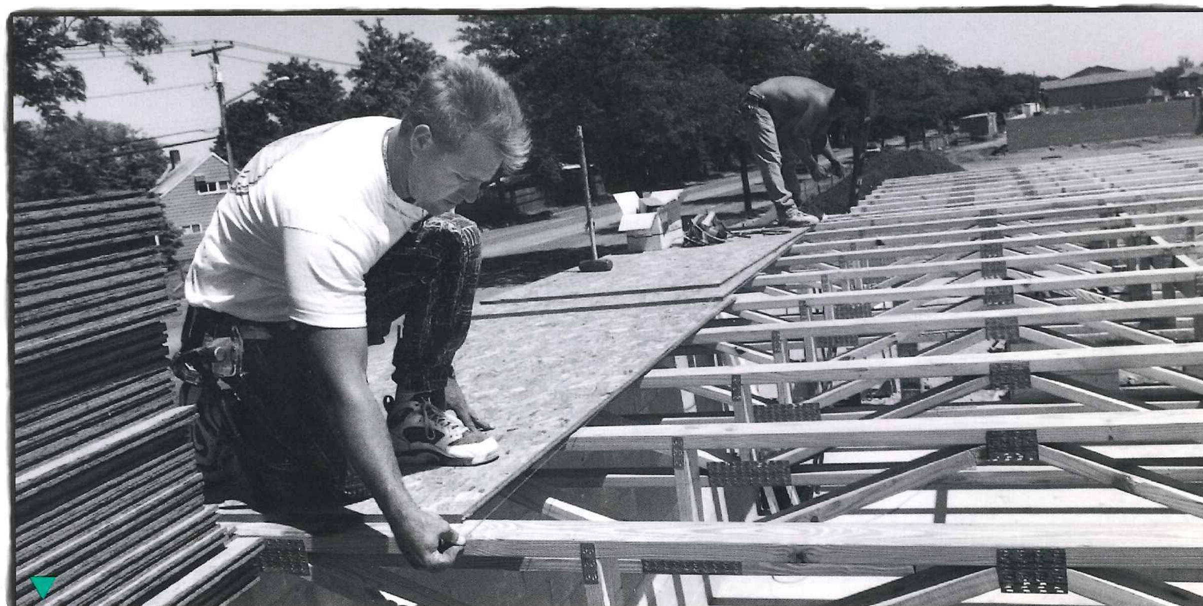




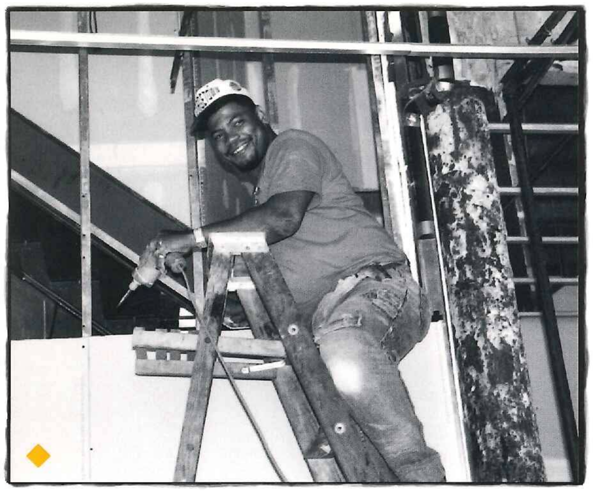


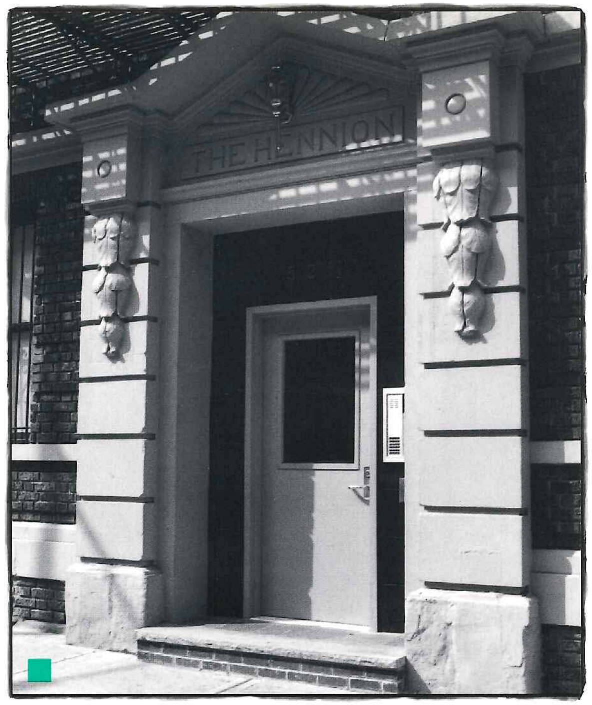
▼ *Eight very low income families will find homes in this historic brick Victorian on North Street in Newburgh. This project was made feasible by combining CPC financing with Orange County HOME funds.* ● *Part of a seven-building, 170-unit project in the Melrose section of the Bronx, 1048 Sheridan Avenue was rehabbed under NYC's Vacant Building RFP Program. Rents range from $450 to $650 for a three-bedroom apartment.* ◆ *A 67-unit building in the Soundview section of the Bronx, 1106 Boynton Avenue was the only vacant multifamily building in the area. This imposing structure is undergoing a gut renovation for moderate income tenants financed by CPC and NYC's Vacant Building Participation Loan Program.* ▲ *Financed by CPC in conjunction with NYC's Rehab & Sale Program, 13 condominium units in the Morrisania section of the Bronx will sell for between $45,000 and $65,000.* ◗ *Six apartments for low income families will result from the gut rehabilitation of 478-482 Main Street in Beacon. Financing sources, in addition to CPC, include the Federal Home Loan Bank's Affordable Housing Finance Fund and the Beacon Community Development Agency.* ■ *Located in Central Harlem near many projects previously financed by CPC and NYC's Department of Housing Preservation and Development (HPD), 1979 Adam Clayton Powell Boulevard is one of six vacant buildings renovated into 63 apartments under NYC's Vacant Building RFP Program. Rents range from $286 to $475.*

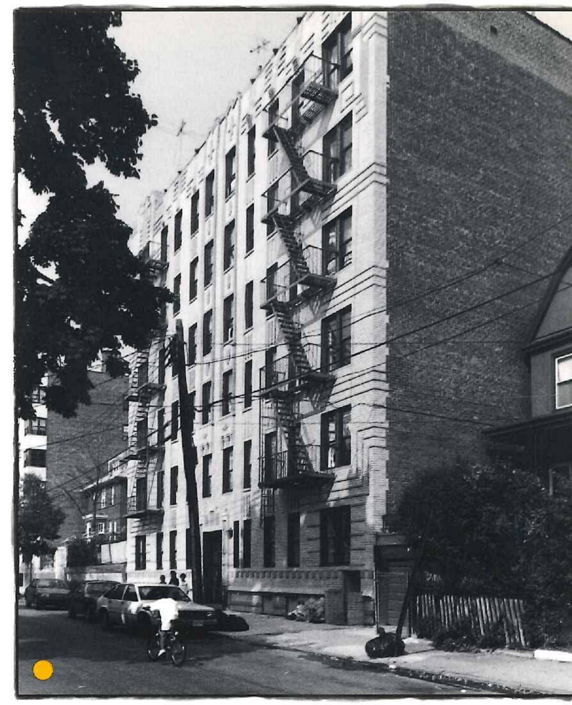


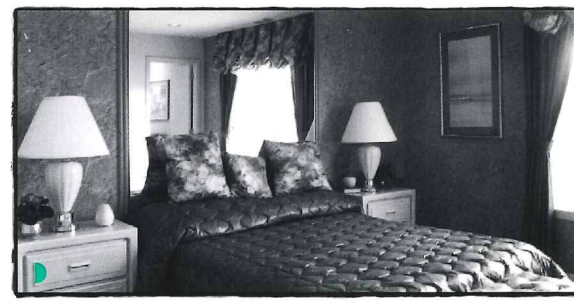


Financed by CPC in conjunction with NYC's Rehab & Sale Program, the 18 condominiums at Stuyvesant Court in Brooklyn are priced from $40,000 to $60,000. ● Detail from Strivers Plaza Phase I: Eight buildings renovated into 48 apartments and 17,500 square feet of commercial space under NYC's Vacant Building Participation Loan Program. Monthly rents range from $509 to $709 for a three-bedroom apartment. Strivers Plaza is the first phase of a comprehensive development plan that will reinforce the area's existing anchors, including Strivers Row, the Harlem YMCA, and the Schomburg Center for Research in Black Culture. ▲ CPC permanent financing was coupled with financing from the Federal Home Loan Bank's Affordable Housing Finance Fund to provide 25 homes for very low income tenants at Livingston Arms in Poughkeepsie. Low Income Housing Tax Credits are also being utilized. ▼ CPC's first project on Long Island, cooperative apartments for moderate income senior citizens in East Meadow, is under construction.

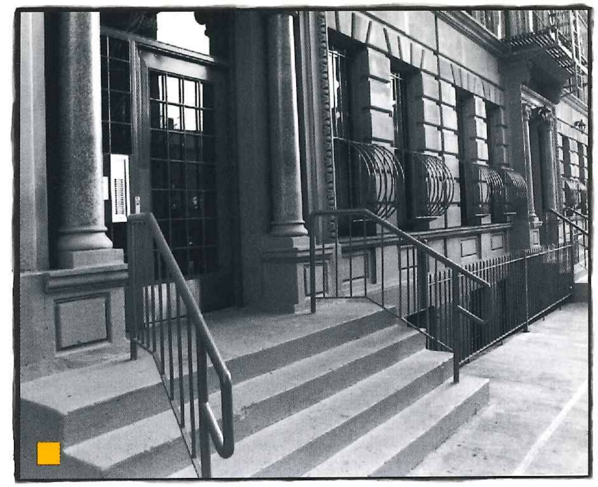


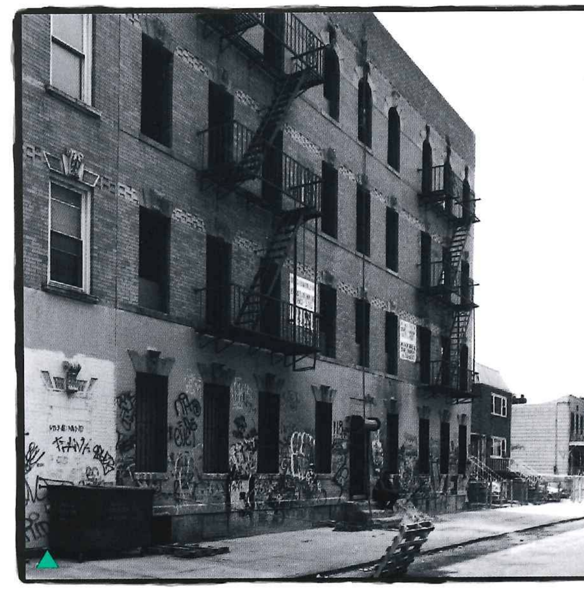




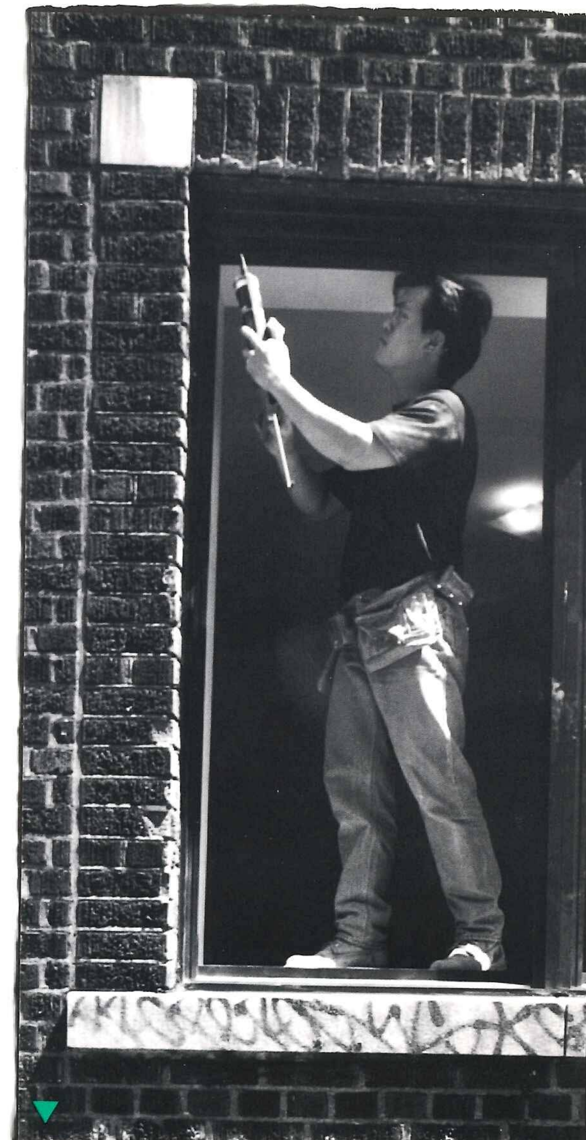


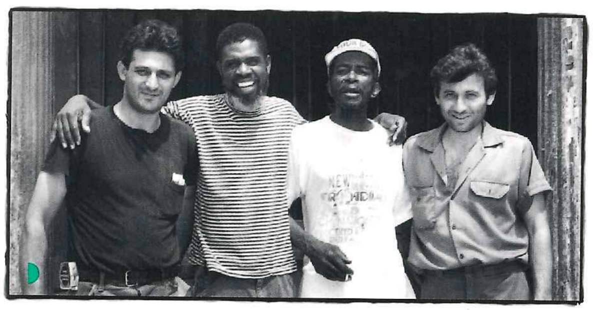
◆ At the corner of Macon and Fulton Streets in Bedford-Stuyvesant, 20 apartments are being created for low and moderate income families. CPC is financing the gut renovation under NYC's Vacant Building RFP Program. ■ The gut rehabilitation of 521-523 West 180th Street in the Highbridge section of Washington Heights has produced 21 apartments for moderate income families. This five-story building was one of the last vacant buildings in the neighborhood. ● CPC provided all of the financing for the moderate rehabilitation of 1710 & 1730 Popham Avenue in the Tremont section of the Bronx. 72 one- and two-bedroom apartments rent for $450 and $544, respectively. ▲ CPC provided the permanent financing for the gut rehabilitation of the fire-damaged 150 South Broadway in Yonkers. 24 apartments with rents ranging from $525 to $950 for a three-bedroom unit have been created. ▼ At 2470-2482 Frederick Douglass Boulevard in Harlem, the reconfiguration and renovation of seven vacant buildings into three buildings containing 67 apartments is being financed by CPC under NYC's Vacant Building RFP Program. Rents will range from $286 to $475 for a three-bedroom apartment. ◗ 24 single family attached homes have been built at Kings Estates in Warwick. Prices range from $95,000 for a two-bedroom home to $105,000 for a three-bedroom.





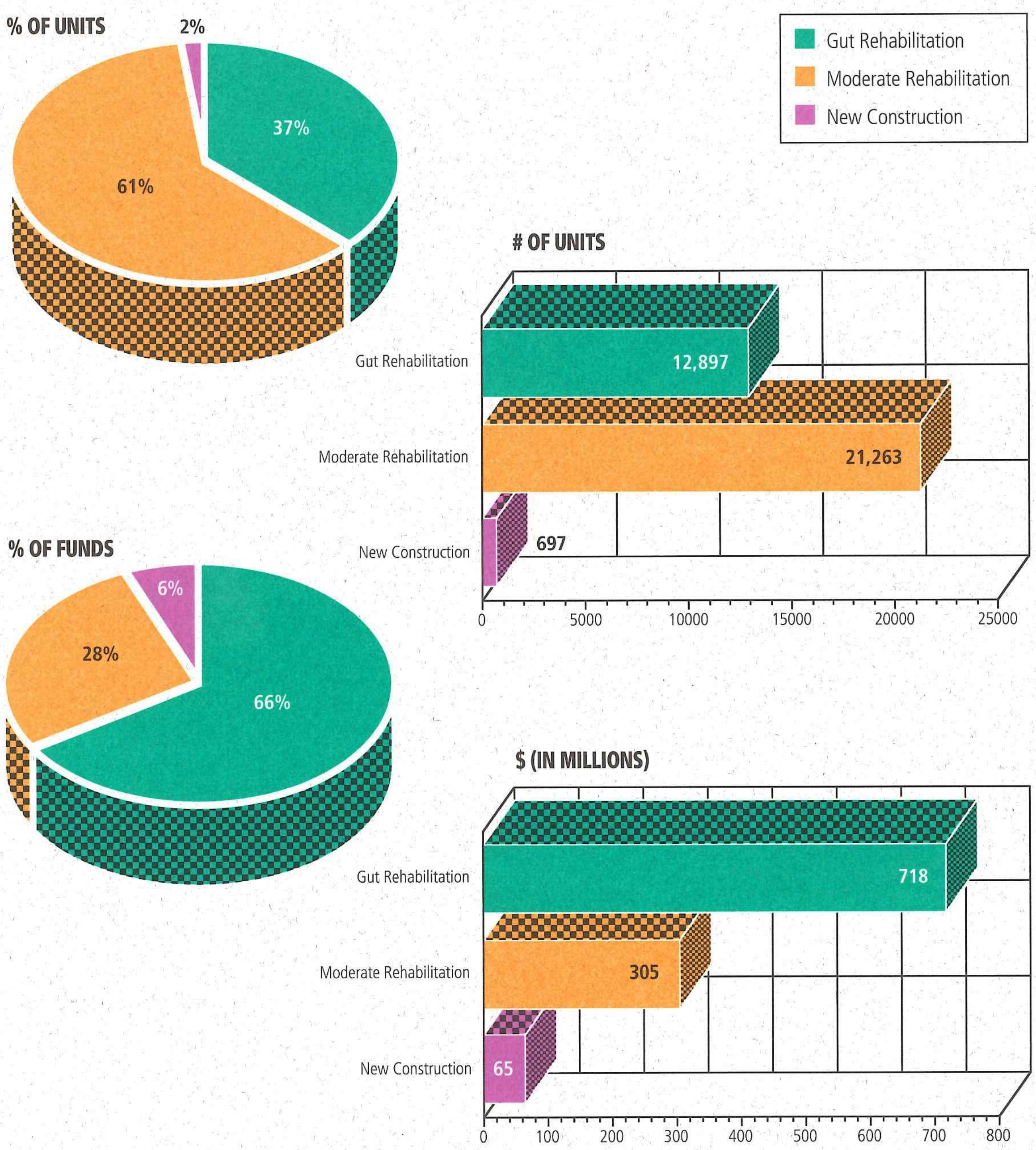
● *Residents of 1273 Pacific Street, Crown Heights, a CPC gut renovation under NYC's Vacant Building Participation Loan Program. The building contains 49 apartments for moderate income families.* ■ *240 West 122nd Street in Harlem is one of 10 buildings in a NYC Vacant Building RFP project financed by CPC. Rents range from $286 for a one-bedroom apartment for a previously homeless family to $750 for a three-bedroom apartment for a moderate income family.* ▲ *As part of NYC's Vacant Building RFP Program, 118 McKinley Street in East New York will undergo substantial rehabilitation, creating homes for 20 low and moderate income families.*





▲ *Before &* ● *After in Spring Valley: Construction financing sources for the moderate rehabilitation of 244 North Main Street, a 95-unit rental project for low and moderate income families, include Rockland County and Spring Valley Community Development Block Grants, as well as CPC. The New York State Housing Finance Agency is providing take-out financing.* ◗ *157 West 117th Street, Manhattan: Part of a six-building gut rehab; after-rehab rents will range from $286 to $475.* ◆ *The historic rehabilitation of 468-476 Main Street in Beacon produced 10 apartments for low and moderate income families and street level antique shops. Financing did not include any public subsidy.* ▼ *At 369 Lincoln Place in Crown Heights, the gut rehabilitation of 16 apartments for moderate income families is being financed by CPC in conjunction with NYC's Vacant Building Participation Loan Program.*

Funds Invested by Construction Type



Note: Charts above reflect investment of private and public funds through September 30, 1993.

CPC's Program for Financing Affordable Housing

CPC has invested almost $1.1 billion of private and public funds for the building of over 34,500 units of affordable housing in New York City, the Hudson Valley, and Long Island. The private funds have been invested at market rates on standard terms and have had virtually no defaults. CPC's investments have financed a variety of new and rehabilitated housing: rentals, cooperatives, condominiums, and one- and two-family homes. Primarily they have been targeted to low and moderate income residents, senior citizens, and first-time home buyers. Residents with special needs, such as the homeless, have been served by several of the projects. These investments have helped rebuild some of the most deteriorated neighborhoods in New York: 3,800 units of rehabilitated housing in Harlem; 6,100 units in the South Bronx; 7,500 units in Washington Heights and Inwood. This housing has been built and rehabilitated mainly by small builder/owners and nonprofit developers at low cost. These successes have occurred through strong and productive partnerships with government.

THE MAIN CHALLENGE

Building low and moderate income housing is a daunting challenge in even the best of circumstances. Most properties are small (in New York City, properties typically range from three to 60 units). The amounts required for their rehabilitation are small compared to other types of commercial mortgages. The developers and owners are often "mom and pop" builders with limited financial resources and sophistication. Many are recent immigrants. In some neighborhoods nonprofit organizations are the major builder/owners.

The rehabilitation or new construction of low and moderate income units is further complicated by the necessity for public subsidy programs to bridge the gap between housing costs and affordability. Subsidy takes such forms as below market-rate loans, grants, tax credits, HOME funds, real estate tax abatements and exemptions, rental subsidies, or low-cost land. Many transactions require not one, but several public subsidies. Each subsidy program typically has its own requirements and restrictions, and separate government agencies are often responsible for their administration.

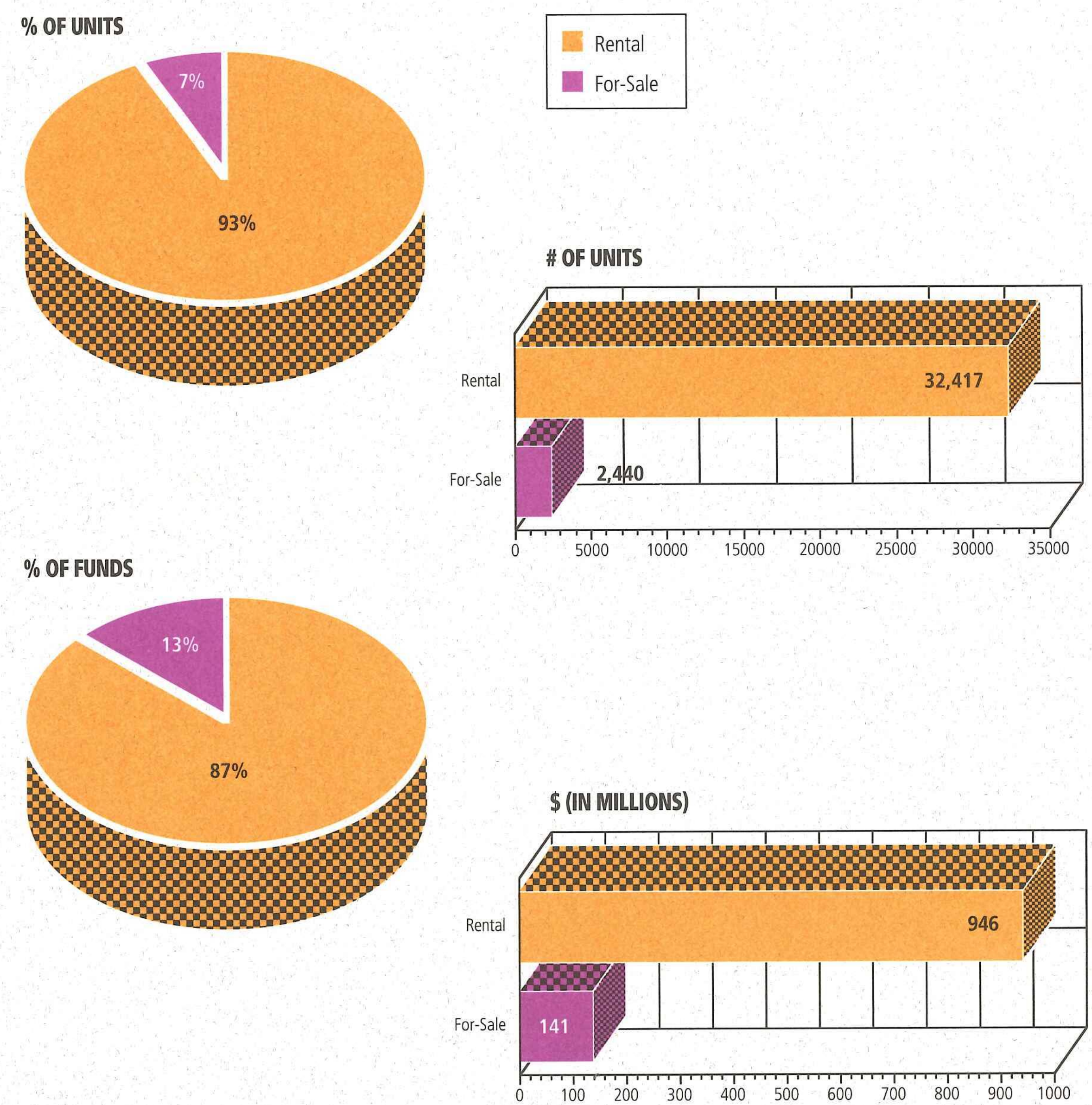
To interact with this complicated market, the credit system must underwrite such usual market factors as rental income, operating budgets, and construction costs. It must also deal with inexperienced builder/owners who are often poorly capitalized. Lenders must also understand and rely on the timely provision of public subsidies to make these investments work.

Low and moderate income projects are particularly sensitive to interest rate fluctuations. Construction lenders are wary that rises in rates during construction might make projects unaffordable. Permanent lenders must be sensitive to adverse social and economic conditions that might disproportionately affect lower income communities. Similarly, environmental risks, such as lead paint or user fees for water, loom larger in these same communities.

These problems can increase the pricing of a transaction and, as is so often the case with low and moderate income housing, make public credit enhancement necessary. This adds even more layers of complexity.

Given the risks and problems, it is little wonder that this market is largely unserved. Most lenders find that they cannot be adequately compensated for the time and hand-holding needed. Furthermore, the consolidation of the banking industry has weakened knowledge of and interest in these local markets.

Rental Vs. For-Sale Housing



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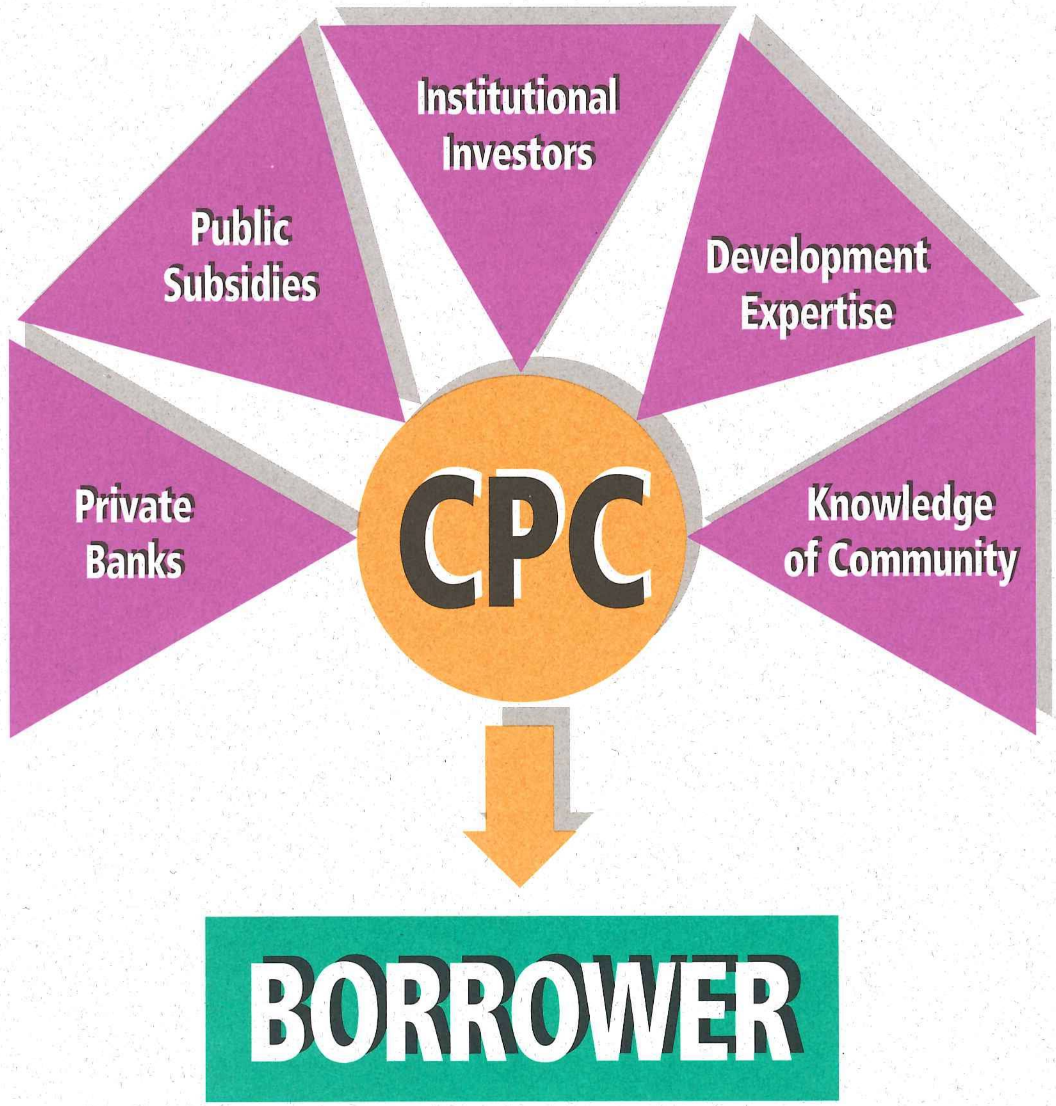
CPC's "One Stop Shop"



The projects that do go forward are usually large, featuring sophisticated developers who provide coordination among the various public supports and the construction and permanent lenders. These transactions are both time consuming and costly. A strong case can be made that the bulk of the value of public subsidies is absorbed by the process rather than going into the building.

Yet the need for such financing is clear: the nation's cities have vast stretches of deteriorated housing. According to the Joint Center for Housing Studies of Harvard University's "State of the Nation's Housing," the supply and condition of rental housing is inadequate, particularly in inner cities.

Over the past two decades, a number of specialized lending organizations have been established nationally to deal with the decline of credit resources in low and moderate income communities. These organizations have various forms such as bank community development companies, loan consortia, community development loan funds, or local housing agencies. Each institution has adopted individual strategies to deal with the problems of their respective communities.

THE CPC MODEL: THE "ONE STOP SHOP"

CPC focuses on individual communities, seeking to understand their particular needs, problems, and opportunities; and on how to work with private owners and community groups. Solutions typically involve mixing various public supports with private funds and constructing a system that can routinely provide the appropriate private monies.

CPC's success lies in creating a system to provide easy access to funds and to work with government in providing a "one stop shop" where small developers receive construction and permanent financing and technical assistance and gain access to needed public supports.

A prime example of the "one stop shop" is CPC's program to renovate rental apartment buildings in New York City with public subsidies. Mortgage documents were worked out in advance with city officials, with the borrower receiving one loan commitment for both the public and private monies for construction and permanent financing. Under this system, a single loan closing takes place with the City depositing all of its subsidy funds with CPC. Construction documents, including standard specifications and cost guidelines, were worked out in advance. One engineer represents both private lender and the City during construction, with CPC administering all advances.

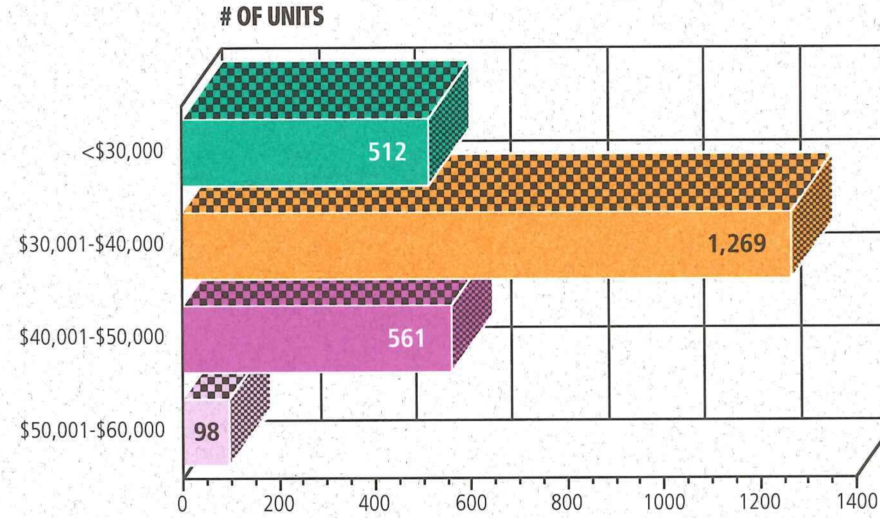
Concurrently, CPC provides technical advice to the borrower regarding work scopes and recommendations for contractors, if necessary. CPC also provides assistance in filing for other public actions which typically would include tax abatement and tax exemption, rent increases and, on some occasions, individual rent subsidies.

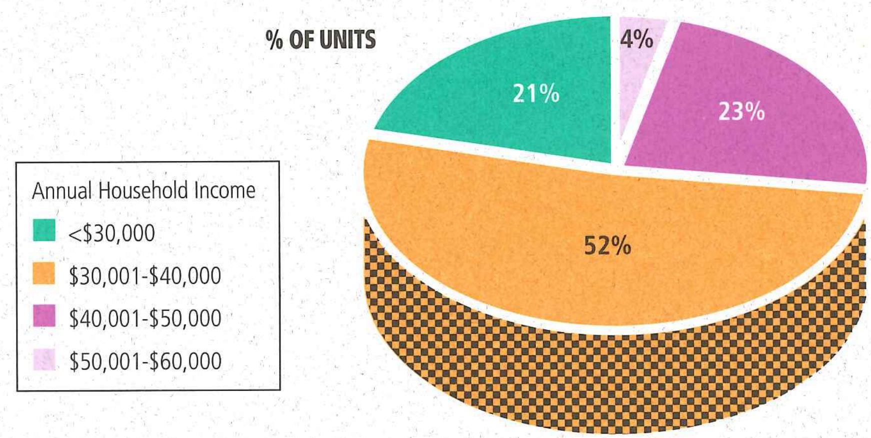
VOLUME HOUSING AT LOW COST AND AFFORDABLE PRICES

A streamlined development process opens the door, often for the first time, to small builder/owners who want to build or rehabilitate properties. More than 60% of CPC's first-time borrowers owned fewer than four properties and most had never participated in an extensive rebuilding program, let alone one involving government assistance. Along with their family members, they went on to perform many of the development and ownership roles. They were subcontractors, building managers, superintendents, etc. They kept costs low and operations efficient.

During the last year moderate rehabilitation projects averaged $9,000 per unit, while gut rehabilitations of vacant properties averaged $52,000. These represent up to half the cost of projects without such streamlining.

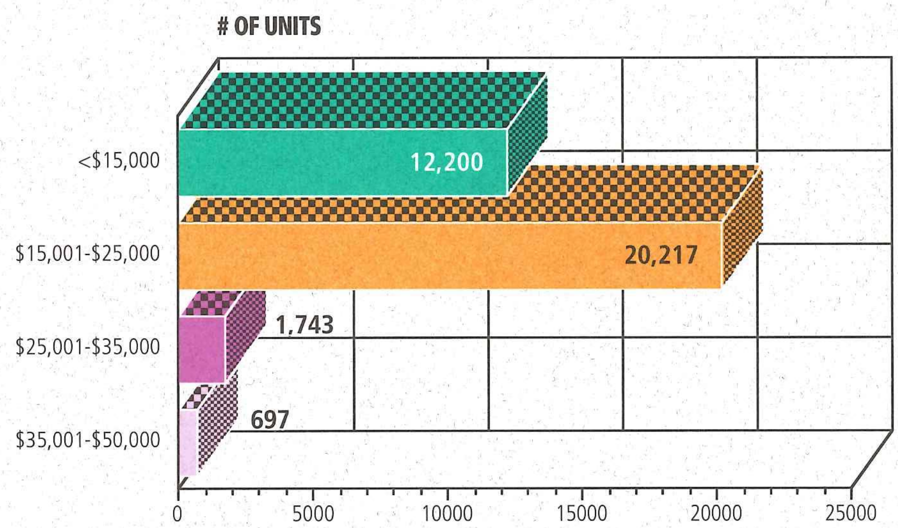
Income Groups Served by CPC For-Sale Housing

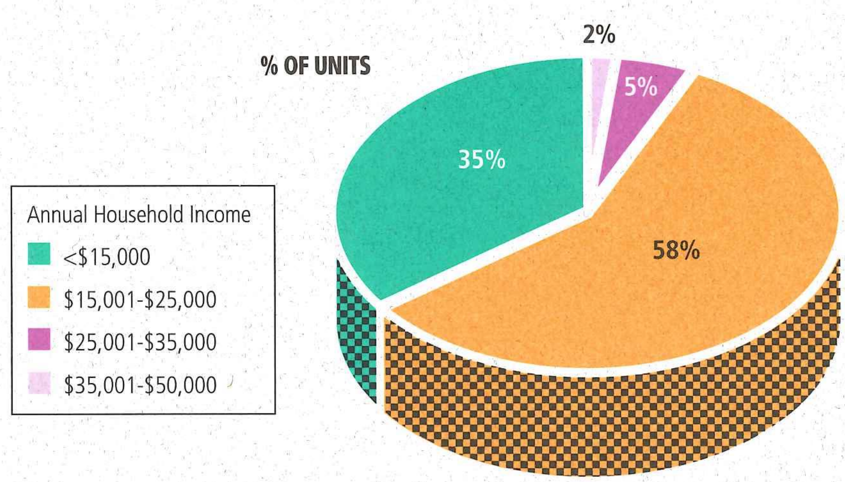




Note: Charts above reflect lending activity through September 30, 1993.

Income Groups Served by CPC Rental Housing





Note: Charts above reflect lending activity through September 30, 1993.

Low development costs translate into low rents and sale prices. On an inflation-adjusted basis, 58% of CPC-financed rentals have been affordable to households earning between $15,000 and $25,000 a year; 35% have been affordable to those earning below that amount; 5% have been affordable to families earning between $25,000 and $35,000 annually; with the remainder affordable to households earning over $35,000 but less than $50,000.

Low-cost development also means that fewer public subsidies are needed because private financing can be maximized. Throughout the entire cooperative relationship between government and CPC, a flexible program has minimized the use of public funds, while adjusting to individual building needs with respect to work scopes and affordability.

REBUILDING URBAN COMMUNITIES

This system has been key to helping rebuild large areas of New York City. Washington Heights/Inwood in northern Manhattan, a community the size of Richmond, Virginia, was reinvigorated over an eight-year period as CPC financed more than 7,500 units of renovated housing — more than 10% of the total housing stock. This work was done without altering the ethnic or economic mix of the area, and with sparing use of scarce public subsidies. It sparked other private investments that reinforced the revival of many northern Manhattan neighborhoods.

In Harlem 3,800 units are either under construction or have been completed, and in the South Bronx, 6,100 units have been financed. All of these efforts have complemented other public efforts, not only in housing, but in retail and economic development.

Rebuilding a neighborhood requires the active support of the community. In Washington Heights and Inwood much of the rebuilding took place while tenants remained in occupancy. Buildings typically were replumbed, rewired, and had their windows and heating systems replaced, with tenants in place. For the process to work, tenants had to be confident that the inconvenience was worth the price, and that they would not be displaced because of unaffordable rent increases. The latter concern was allayed by the prudent use of subsidies, while confidence in the process was reinforced by the active support of community leaders. These local leaders supported these efforts, as they understood that such rehabilitation, despite the inconvenience and imperfections, was important to the long-term health and stability of the community. Where this leadership was present and involved, rebuilding efforts were a success.

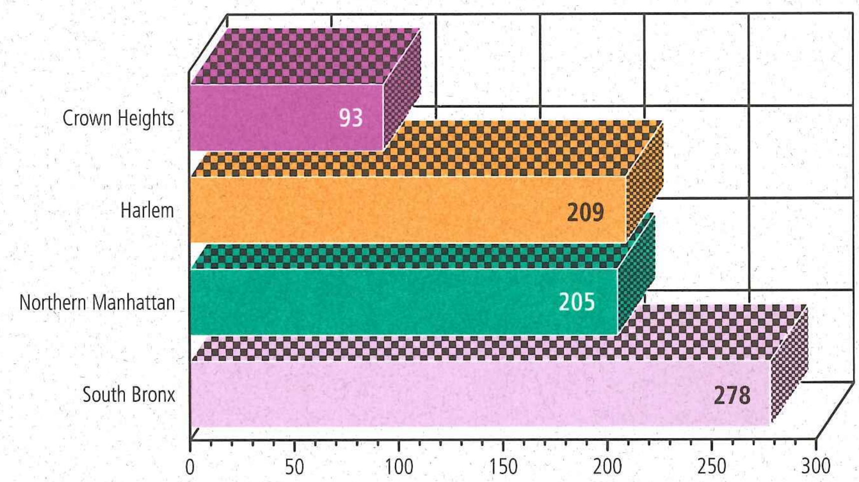
BRIDGE TO INSTITUTIONAL FINANCING

Rebuilding inner city neighborhoods takes place one building at a time, but in total requires vast sums of capital. About a million units of privately-owned housing are located in New York City's low and moderate income communities. A vast majority of these properties were built prior to World War II and require capital to upgrade their aging systems. Rebuilding costs, together with refinancing existing debt, will require capital in the $20 billion plus range.

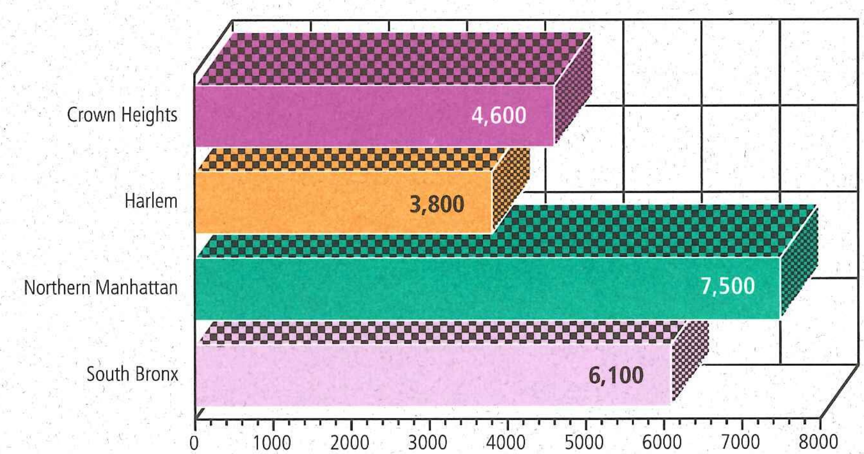
In order to meet capital requirements of such a magnitude, substantial financial lines to banks and institutional investors are necessary. CPC has arranged a revolving credit arrangement with its participating banks through which CPC funds all its construction loans. Participating banks receive a prime rate of interest from the date funds are advanced to the agent bank which, in turn, advances funds to CPC for the funding of construction loans.

CPC Selected Neighborhood Lending

INVESTED FUNDS (in millions)

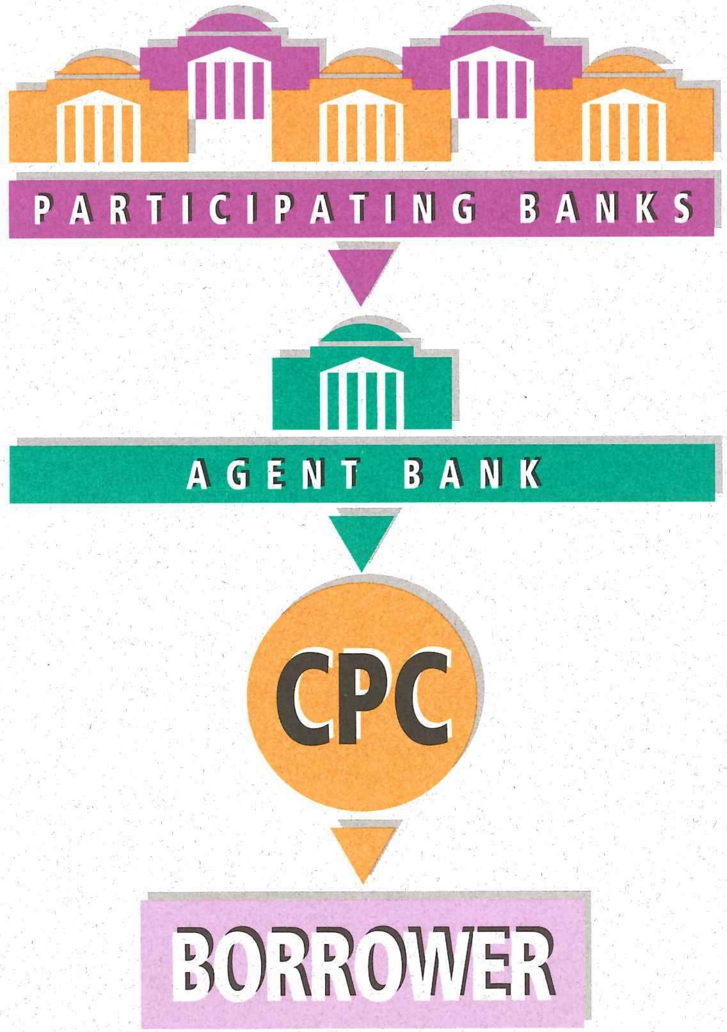


 # OF UNITS



Note: Charts above reflect investment of private and public funds through September 30, 1993.

Revolving Credit for Construction Loans



- Participating banks advance funds to agent bank twice yearly.
- Prime rate of interest paid to participating banks.

CPC's permanent financings are funded from several sources (see chart on page 20). Participating banks purchase securities backed by CPC-originated multifamily mortgages at forward-committed rates set at the time of construction closing. These mortgage-backed securities are sold in the form of collateral trust notes (CTNs). Four New York City and State public pension funds (NYC Employees Retirement System, NYC Police Pension Fund, Teachers Retirement System of NYC, and New York State Common Retirement Fund) have agreed to purchase up to $400 million in whole loans originated by CPC, also at a forward-committed rate. Loans sold to the pension funds are insured by the State of New York Mortgage Agency (SONYMA). Participating insurance companies purchase mortgage-backed securities issued by Fannie Mae. (This program has been used only in connection with single family mortgages, or "end loans.") CPC's newest secondary market program is a "swap program" under which Fannie Mae will issue Fannie Mae-guaranteed mortgage-backed securities in exchange for multifamily loans delivered to it by CPC.

The ability to create this credit infrastructure is premised on a regulatory environment that is conducive to private investment. Hence, the desirability of regulations concerning matters such as building standards or rent regulation must be reasonably balanced against the economic constraints of building and maintaining housing for low and moderate income households. A formidable challenge to this system is posed by new and anticipated requirements affecting water billings and lead paint remediation. How these issues are addressed will be an important factor in determining the success of CPC's ongoing efforts to rebuild communities.

A NATIONAL FINANCING PROGRAM

Access to the long-term credit markets is a problem that is common to originators of loans for affordable multifamily housing. Modeled after the successful program pioneered by CPC and the New York City public pension funds, CPC has developed a proposal to deliver forward-committed long-term credit to selected low and moderate income communities around the country.

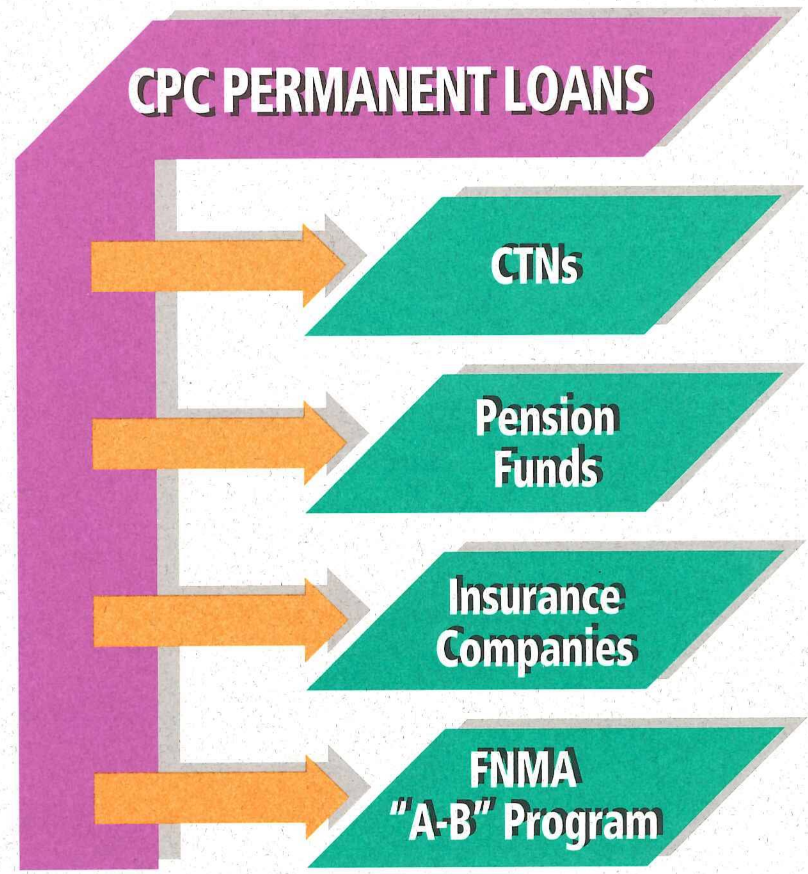
CPC's proposal builds on the origination expertise acquired over the last two decades by lending institutions that have focused on building and rehabilitating low and moderate income housing. CPC would work with these originators to organize relationships with government comparable to those that CPC and the City of New York have structured. By establishing a vehicle for the investment of institutional funds in affordable housing, the proposed program would greatly expand the production potential of these originators.

The program calls for the structuring of a multiclass mortgage-backed security to provide long-term financing for affordable multifamily housing projects. The senior class would be purchased on a forward-committed rate basis, primarily by public and/or private pension funds and, possibly, by some life insurance companies. The senior securities would either be guaranteed by a government-sponsored enterprise (GSE) or rated by private rating agencies. One or more junior classes of securities would be sold to high yield investors. The most junior, or "first loss," position would be retained by the various local originators participating in the program.

CPC has proposed to the Federal Housing Administration (FHA) that it reinsure a portion of the debt under its risk-sharing pilot program. FHA credit enhancement would reduce the cost of the junior debt and, thereby, the cost of the housing. The FHA has expressed interest in CPC's proposal.

These efforts are based on the belief that rebuilding the nation's inner city neighborhoods will depend in large part on the ability to routinely deliver capital to those who can cost-effectively build housing for low and moderate income families. By increasing and routinizing access to capital for low-cost builders, a major obstacle to rebuilding these neighborhoods will have been removed.

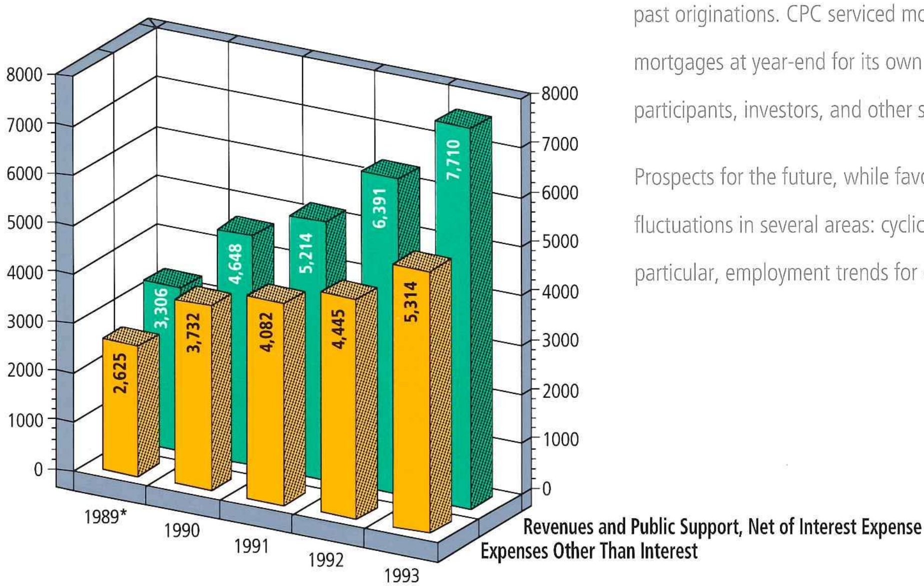
Permanent Financing Sources



Financial Overview

The Community Preservation Corporation completed its nineteenth year with an operating surplus of $2.4 million. Accumulated surpluses and reserves from all years now total approximately $13.7 million. Income from operations has exceeded expenses in each year since 1979. This financial stability enables an assertive pursuit of CPC's objectives: 1) It furnishes a reserve against possible losses on construction loans, which carry inherent risks and are generally ineligible for mortgage insurance. CPC's construction and warehoused loan balances totaled $113.8 million at this year's end, with another $42.3 million yet to be funded on closed loans. Over 50 percent of the company's construction lending this year represents financing of gut rehabilitations of vacant buildings, which carry greater construction risks than do rehabilitations of occupied properties. 2) It satisfies the working capital requirement under the revolving credit agreement with CPC's members and supplies the mandated financial strength for CPC's continued eligibility as an FHA-approved lender. 3) It provides the minimum financial requirements for seller/servicer status for Fannie Mae and Freddie Mac. CPC this year became a Freddie Mac Program Plus Seller/Servicer. 4) It enables CPC to expand its range of services. This year CPC closed its first two loans on Long Island, CPC's newest lending area.

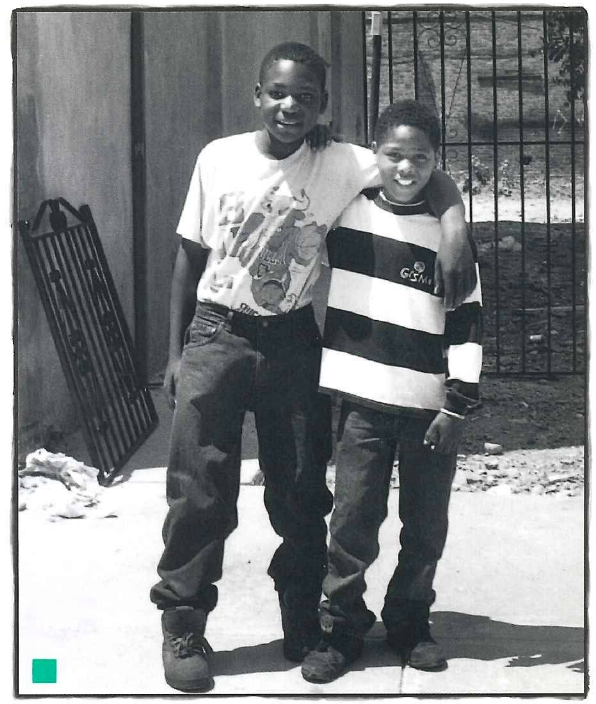
CPC INCOME AND EXPENSES
($ in thousands)



**In comparing this year's results with those of prior years, it should be noted that FY 1988-1989 contained only 10 months due to a change in the company's fiscal year-end.*

There are three major sources of CPC's net income: interest spread on construction loans, commitment fees, and servicing fee income. Servicing fee income has made a larger contribution to income in recent years, largely reflecting cumulative portfolio growth from past originations. CPC serviced more than $1.1 billion in mortgages at year-end for its own account and on behalf of participants, investors, and other servicing clients.

Prospects for the future, while favorable, continue to be subject to fluctuations in several areas: cyclical economic trends including, in particular, employment trends for city residents and the rising government levies on housing, especially taxes and water/sewer billings; the supply of public subsidies; and the efficient functioning of government agencies affecting rental housing. A fourth factor that will impact CPC's rehabilitation activities in the coming year is uncertainty surrounding the issue of lead paint, including, among other things, the development and general acceptance of responsible abatement standards and the availability of liability insurance.



Stabilized neighborhoods — enduring friendships.

Financial Overview

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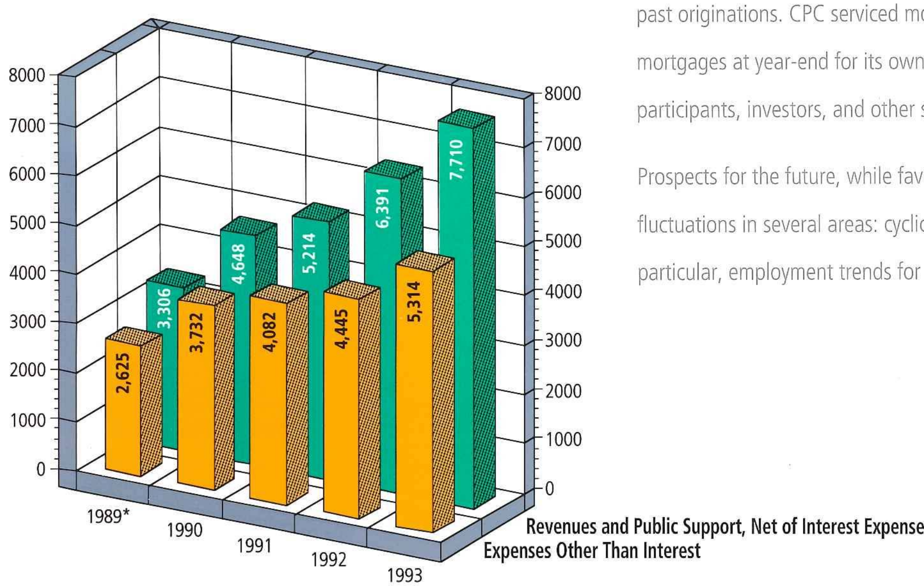

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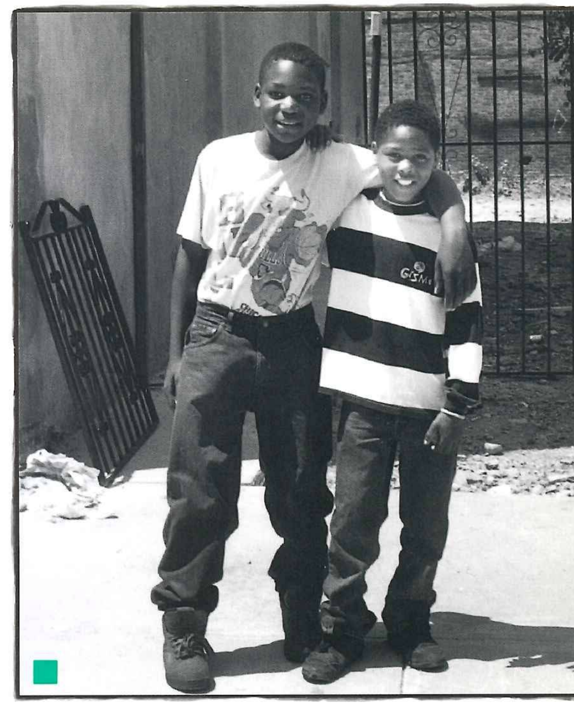


Stabilized neighborhoods — enduring friendships.

▲ CPC provided construction financing for Tiffany Fox III, 85 homes built by the New York City Housing Partnership in the Morrisania section of the Bronx. The homes, all of which have been sold, were affordable to families with incomes of $36,000.

Statements of Support, Revenues and Expenses and Changes in Fund Balance

FOR THE YEARS ENDED JUNE 30, 1993 AND 1992

	1993	1992
Revenues and Public Support:		
Interest on first mortgage loans	$ 8,960,176	$ 7,843,773
Servicing fee income	2,460,723	1,947,898
Interest on short-term investments	495,432	621,064
Commitment fees	324,454	398,022
Other revenues	422,482	372,318
Public support	67,325	75,800
Total revenues and public support	12,730,592	11,258,875
Expenses:		
Interest expense (Note 12)	5,020,481	4,867,520
Employee compensation and benefits (Note 14)	2,733,685	2,242,894
Professional fees	613,927	454,484
Office expenses (Note 13)	860,823	746,286
Depreciation and amortization	386,273	369,722
Other expenses	719,563	631,905
Total expenses	10,334,752	9,312,811
Provision for Possible Investment Losses	—	200,000
Excess of Revenues and Public Support over Expenses and Provision for Possible Investment Losses	2,395,840	1,746,064
Fund Balance, *beginning of year*	10,381,792	8,635,728
Fund Balance, *end of year*	$12,777,632	$10,381,792

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

For the years ended June 30, 1993 and 1992

1 ORGANIZATION AND PURPOSE

The Community Preservation Corporation ("CPC" or the "Corporation") was incorporated on July 10, 1974, under the Not-For-Profit Corporation Law of the State of New York, for the purpose of making mortgage financing available in selected neighborhoods which are experiencing deterioration or disinvestment.

The Corporation accomplishes its purpose by making construction and permanent mortgage loans to the private sector for the development and preservation of residential properties in low and moderate income areas of New York City and surrounding areas within New York State. The housing stock of certain communities within these areas is experiencing physical deterioration which the Corporation's management believes can be ameliorated through the combined effort and resources of government and the private sector. Governmental agencies and private sector organizations participate with the Corporation in many of the mortgage loans that it originates.

Membership in the Corporation is achieved by obtaining approval of the Board of Directors, making a capital contribution to the Corporation, and committing to participate as a lender in the revolving credit agreement and the nonrecourse collateral trust note purchase agreement (Notes 7 and 8). Capital contributions are evidenced by nontransferable capital certificates which are not redeemable. The Corporation is prohibited from distributing any assets or property to any individual or member of the Corporation.

On November 2, 1992, CPC Resources Inc. (the "Subsidiary") was incorporated under Section 402 of the Business Corporation Law of the State of New York as a for profit corporation. CPC is the sole shareholder of the Subsidiary's 100 issued and outstanding shares of $1 par value stock. Additionally, CPC made capital contributions to the Subsidiary of $300,000 and $1,850,000 on January 8, 1993 and August 4, 1993, respectively.

The purpose of the Subsidiary is to function primarily as a servicer for mortgage loans held by the private sector and to seek equity participation in loans or real estate ownership of residential properties in low and moderate income neighborhoods within New York City and New York State. The Subsidiary did not have any operations during the year ended June 30, 1993. CPC's investment in the Subsidiary is stated at cost and is included in investments and other assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of CPC are as follows:

Federal Income Taxes

The Internal Revenue Service has determined that the Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. This determination does not however apply to any net income earned from business which is not directly related to the tax-exempt purposes of the Corporation. During the current year, CPC generated unrelated business net income which CPC earned from the servicing of certain mortgage loans for the private sector. As a result, CPC has recorded taxes payable of $21,049, which are included in accounts payable and accrued expenses in the accompanying financial statements.

Income Recognition

Interest on first mortgage loans is accrued monthly based on the daily outstanding principal balances of such loans. Servicing fee income on loans serviced by the Corporation is accrued monthly based on the outstanding principal balances of such loans or on the aggregate amount of unadvanced deposits made by participating lenders to fund their share of construction loan commitments, or both as applicable.

The Corporation ceases to accrue interest on specific loans for financial reporting purposes when required payments of principal and/or interest have not been received for a period of more than 90 days. In such circumstances, the Corporation also reverses any previously recorded unpaid interest.

Commitment Fees

Commitment fees are charged to prospective borrowers principally to offset the Corporation's costs of originating construction loans. Direct loan origination costs are offset against any related commitment fees collected and the net amount is deferred. If the commitment is exercised, the net deferred amount is recognized over the life of the loan as an adjustment to income. If the commitment expires unexercised, the deferred portion is recognized in income upon expiration of the commitment. If the loan is subsequently sold, any remaining deferred balance is recognized in income at the time of the sale.

As of June 30, 1993 and 1992, net deferred commitment fees consisted of the following:

	1993	*1992*
Unamortized deferred commitment fees	*$3,927,632*	*$3,565,383*
Unamortized deferred loan origination costs	*(3,323,733)*	*(2,714,992)*
	$ 603,899	*$ 850,391*

Net deferred commitment fees are included on the balance sheets as part of the Corporation's investment in first mortgage loans (Note 4).

Pledged Mortgage Loans

Mortgage loans pledged as collateral for nonrecourse collateral trust notes are accounted for as if they had been sold to the holders of the notes. Accordingly, no accounting recognition is given to the pledged loans or the nonrecourse collateral trust notes (Note 8) in the accompanying financial statements.

◆ *Cross Creek Townhomes in Spring Valley: 86 new townhouses with sale prices ranging from $94,000 to $99,000 for three-bedroom homes. Financing was provided by the New York State Affordable Housing Corporation and CPC.*

Depreciation and Amortization
Office furniture and equipment, computer equipment and automobiles are depreciated using the straight-line method over their estimated useful lives which range from 5 to 8 years. Purchased computer software is amortized over 5 years.

Cash Equivalents
The Corporation defines cash equivalents as short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities, at the date of acquisition, of 90 days or less.

3 DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such a value:

Cash and Cash Equivalents
For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Investment in First Mortgage Loans
CPC considers the carrying amount of its investment in first mortgage loans to be a reasonable estimate of fair value as the interest rates on its construction loans float with market rates and the fixed rates on its permanent loans are set at market prior to their origination date and are sold or pledged at par, generally within a two year period from the date of conversion.

Deposit Liabilities
CPC considers the fair value of participants' deposits and escrow and other deposits of borrowers to be their face amounts, as participant deposits are held to be advanced at par, and borrower deposits are to be either retained by CPC at par, paid at par for applicable purposes or returned at par to eligible borrowers.

Notes Payable
CPC considers the carrying amount of its notes payable under the revolving credit agreement to represent their fair value as the interest rate on this obligation floats with market rates.

Commitments to Extend Credit
CPC considers the fair value of these commitments to be equal to the contractual amounts to be funded by CPC on each loan.

The last undeveloped site in the Westside Urban Renewal Area, 102 West 91st Street in Manhattan is a New York City Public Housing Authority Turnkey project for senior citizens. CPC is providing construction financing for the 87-unit project.

4 INVESTMENT IN FIRST MORTGAGE LOANS AND RELATED COMMITMENTS

The following is a summary of closed first mortgage loans as of June 30, 1993 and 1992 (000's omitted except for number of loans):

1993	*Construction*	*Permanent*	*Total*
Number of loans	157	355	512
Funded commitments:			
Total funded balance, net of repayments	$247,434	$472,171	$719,535
Less-			
Participants' interests	167,601	279,055	446,656
Mortgage loans sold (Note 9)	—	117,118	117,118
Mortgage loans pledged (Note 8)	—	40,496	40,496
Corporation's portion	79,833	35,502	115,335
Allowance for possible investment losses	(900)	—	(900)
Net deferred commitment fees	(421)	(183)	(604)
	$ 78,512	$ 35,319	$113,831

1992	*Construction*	*Permanent*	*Total*
Number of loans	140	311	451
Funded commitments:			
Total funded balance, net of repayments	$230,382	$363,209	$593,591
Less-			
Participants' interests	162,162	205,299	367,461
Mortgage loans sold (Note 9)	—	83,838	83,838
Mortgage loans pledged (Note 8)	—	39,785	39,785
Corporation's portion	68,220	34,287	102,507
Allowance for possible investment losses	(900)	—	(900)
Net deferred commitment fees	(750)	(100)	(850)
	$ 66,570	$ 34,187	$100,757

In Ocean Hill/Brownsville, a row of formerly vacant buildings on Macdonough Street has been gut renovated under NYC's Rehab & Sale Program to create 32 condominiums. Prices range from $29,000 to $49,000.

At June 30, 1993, the Corporation is obligated to fund the following additional construction loan commitments (000's omitted except for number of loans):

	Number of Loans	Amount
Existing construction loans	157	$42,312
Commitments for new loans including those for which borrower acceptance is pending	61	41,354
	218	$83,666

The Corporation's participants in various existing construction loans and commitments for new construction loans are obligated to lend an aggregate of an additional $111 million in connection with such loans and commitments.

5 ALLOWANCE FOR POSSIBLE INVESTMENT LOSSES

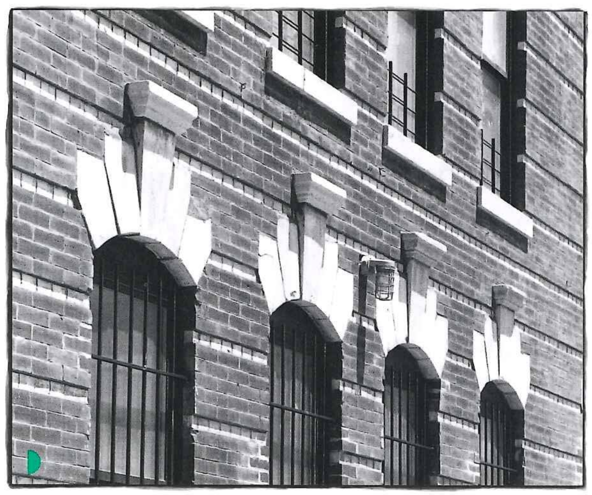
The Corporation maintains an allowance for possible investment losses on its portion of the mortgage loan portfolio at a level which, in management's judgment, is adequate to reflect potential losses which may result from known adverse conditions affecting the ability of the Corporation's borrowers to meet their obligations to the Corporation.

Substantially all permanent mortgage loans which are held by the Corporation (including the interests of nongovernmental agency participants) which are expected to be pledged to secure nonrecourse collateral trust notes or sold to city or state pension funds, are insured with the Rehabilitation Mortgage Insurance Corporation ("REMIC") or the State of New York Mortgage Agency ("SONYMA"). The REMIC and SONYMA programs provide insurance coverage against losses resulting from the foreclosure and sale of the mortgage loan. These programs provide insurance in amounts ranging from the first 50% up to 75% of the principal balance of each loan, covering losses of principal, unpaid interest and costs of foreclosure and sale. The Corporation's management believes that these insurance programs make remote the probability of the Corporation incurring any losses on permanent mortgage loans.

Construction loans in the Corporation's portfolio are not presently eligible for REMIC or SONYMA insurance and, accordingly, the Corporation and its participants bear the entire risk of losses as a consequence of borrower defaults. There are significant risks associated with the financing of residential construction projects which may increase or decrease as a result of changes in general economic or other conditions affecting the Corporation's borrowers.

In addition to national or local general economic conditions, the ability of the Corporation's borrowers to meet their obligations to the Corporation depends upon, among other things, their ability to: complete construction work on a timely basis within acceptable standards and at the contemplated cost; successfully market condominium or cooperative housing units or, alternatively, convert them to rental units at rates which support debt service; successfully lease up rental projects and obtain any required rent subsidies and/or real estate tax abatements from governmental sources.

At June 30, 1993, the Corporation's portion of construction and permanent loans for which, pursuant to the Corporation's accounting policies, interest is no longer being accrued, aggregated approximately $7.7 million, including $900,000 which is in the process of foreclosure. At June 30, 1993, the Corporation did not hold any properties as a result of foreclosure actions.



On Lafayette Street in Bedford-Stuyvesant, a formerly vacant building was substantially rehabilitated to create 23 apartments for moderate income families. The project is being developed under NYC's Vacant Building RFP Program.

The following summarizes the activity in the allowance for possible investment losses for the years ended June 30, 1993 and 1992:

	1993	1992
Balance, beginning of year	$900,000	$700,000
Provision for the year	—	200,000
Balance, end of year	$900,000	$900,000

No amounts have been charged to the allowance since the time at which it was established.

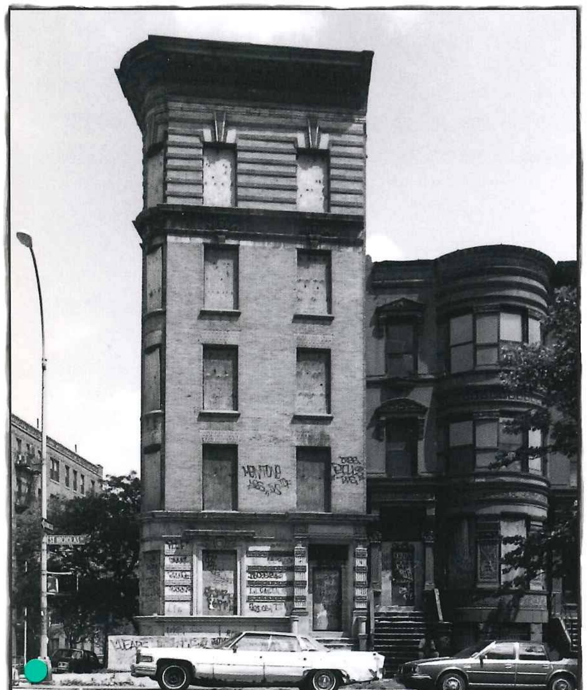
In addition, the Corporation's unrestricted fund balance of approximately $12.8 million at June 30, 1993, is available to cover any presently unforeseen losses which may occur as a result of its lending activities.

6 RESTRUCTURED FIRST MORTGAGE LOANS

During August 1992, a trustee appointed by federal court in connection with the bankruptcy proceedings of seven related borrowers, sold seven properties on which the Corporation and its participants held mortgage liens aggregating approximately $4.2 million and $11 million, respectively. In connection with these sales, the Corporation and its participants restructured the related mortgage loans to provide for additional advances aggregating approximately $1.8 million to be used for, among other things, payment to the Corporation of delinquent interest on the prior mortgage loans. The interest rates on the original loans were also adjusted to reflect current market rates. The transferee of the properties paid $500,000 in cash, in addition to assuming the debt of the restructured mortgages. At the closing, certain amounts were placed in escrow with the title insurer pending resolution of certain title matters. In addition, the trustee and the transferee assigned to the Corporation the right to refunds of certain property taxes previously paid during the pendency of the bankruptcy. As a result of this transaction, and when escrows are released and tax refunds received, the Corporation expects to receive and to recognize approximately $900,000 of income during its fiscal year ending June 30, 1994, representing the amount of interest which the Corporation, in accordance with its accounting policies, had not previously accrued.

7 REVOLVING CREDIT AGREEMENT

On November 16, 1992, the Corporation renewed its credit agreement with certain banks. Under the terms of the renewed credit agreement, the banks have agreed to lend the Corporation up to approximately $134 million through January 31, 1998, generally for the purpose of financing construction loans made by the Corporation. Borrowings are evidenced by notes which mature on January 31, 1999. The notes bear interest at the prime lending rate of the agent bank. No compensating balances are required to be maintained under the agreement; however, the Corporation is required to, among other things, maintain working capital, as defined, equal to the lesser of $50,000 or 5% of all outstanding sums borrowed pursuant to the agreement.



An unusual six-story building in the Hamilton Heights section of Manhattan, 400 West 153rd Street is surrounded by turn-of-the-century townhouses. Its CPC-financed renovation will produce 25 apartments for moderate income families.

Borrowings under this agreement during fiscal 1993 and 1992 were at interest rates which ranged from 6.0% to 6.5% and 6.5% to 8.5%, respectively. At June 30, 1993 and 1992, the interest rates on these borrowings were 6.0% and 6.5%, respectively. At June 30, 1993 and 1992, the outstanding balances under this agreement were $68.5 million and $66 million, respectively.

8 NONRECOURSE COLLATERAL TRUST NOTES

The Corporation is a party to a note purchase agreement with certain banks whereby the banks have agreed to purchase up to approximately $108.7 million of nonrecourse collateral trust notes issued by the Corporation, subject to certain conditions.

Notes issued pursuant to this agreement are secured solely by the pledge of specific permanent mortgage loans originated by the Corporation. The agreement permits the Corporation to issue both permanent and interim notes. Interim notes are issued periodically and, when an amount sufficient to warrant the issue of a permanent note has been accumulated, are replaced by permanent notes. The principal and interest received by the Corporation on mortgages pledged on a permanent basis, net of allowable fees and expenses, are remitted to noteholders quarterly. The principal and interest received on mortgages pledged on an interim basis, also net of allowable fees and expenses, are remitted to the noteholders at the time that the mortgages are pledged on a permanent basis.

At June 30, 1993 and 1992, the remaining outstanding principal balances of these notes were approximately $40.5 million and $39.8 million, respectively, which amounts are equal to the principal balances of the pledged mortgages. The unused portion of the amount committed under the amended agreement at June 30, 1993, was approximately $68.2 million.

9 MORTGAGE LOANS SOLD

The Corporation is a party to buy/sell agreements with the New York City Police Pension Fund, the New York City Employees Retirement System, the Teachers Retirement System of the City of New York and the New York State Common Retirement Fund (collectively, the "Pension Funds"). These agreements, as amended, provide among other things, for the Pension Funds to purchase certain permanent mortgages originated by the Corporation in a collective aggregate amount of up to $400 million.

Through June 30, 1993, 159 loans with an original principal amount of approximately $124.8 million have been sold to the Pension Funds, the remaining outstanding principal balance of which is approximately $117.1 million. At that date, the Pension Funds were committed to purchase approximately $137.4 million of CPC's portion of existing or committed construction loans upon their conversion to permanent mortgages. The unused remaining commitment of the Pension Funds at June 30, 1993, was approximately $145.5 million.

10 PARTICIPANTS' DEPOSITS

The Corporation has entered into agreements with the New York City Department of Housing Preservation and Development ("HPD") whereby HPD has agreed to participate in certain of the Corporation's mortgage loans. In connection with these agreements, HPD deposits funds with the Corporation to be used to fund the HPD commitment to participate in such loans. Under a July 1, 1988 agreement, CPC is required to segregate HPD's unadvanced loan commitments and the interest earned thereon into a separate account, invested on behalf of HPD in short-term investments until the funds are required to fulfill the HPD commitments or are otherwise used or remitted to HPD. The HPD portion of each mortgage loan bears interest at the rate of 1-1/4% per annum.

At June 30, 1993 and 1992, HPD deposits consisted of the following:

	1993	*1992*
Unadvanced loan commitments and accumulated interest on short-term investments	*$72,688,586*	*$80,996,991*
Mortgage interest collections and other deposits	*1,419,424*	*2,143,638*
	$74,108,010	*$83,140,629*

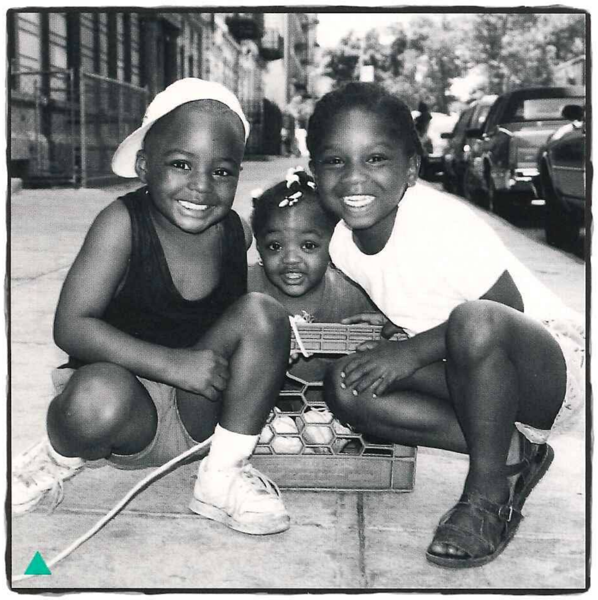
At June 30, 1993 and 1992, other participants had deposited an aggregate amount of $5,467,643 and $3,804,459, respectively, with respect to their commitments to participate in loans originated by the Corporation.

11 CONSTRUCTION AND PERMANENT LOAN SERVICING

Pursuant to the terms of a servicing agreement dated January 10, 1978, the Corporation services the mortgage loans pledged as collateral for the nonrecourse collateral trust notes. The Corporation receives an annual servicing fee of 1/4 of 1% based on the aggregate outstanding principal balances of the pledged mortgage loans.

Pursuant to the terms of several servicing agreements, the Corporation services the mortgage loans sold to the Pension Funds and receives annual servicing fees equal to 1/4 of 1% per annum of the outstanding principal balance of the mortgage loans sold to the Pension Funds.

The Corporation provides construction loan servicing with respect to loans originated by others on a portfolio of loans with an aggregate outstanding balance of approximately $222 million. CPC receives a servicing fee equal to 1/4 of 1% of the outstanding balance of each loan serviced. In addition, under servicing agreements entered into during 1992, the Corporation is providing permanent loan servicing with respect to loans owned by The Federal Home Loan Mortgage Corporation ("Freddie Mac") with an aggregate outstanding balance of approximately $141 million at June 30, 1993. CPC receives a servicing fee ranging from 1/8 of 1% to 1/2 of 1% of the outstanding balance of each loan serviced for Freddie Mac.



▲ There's something to smile about in Crown Heights.

The Corporation receives a servicing fee from HPD equal to 1/4 of 1% per annum on the aggregate advances made on each construction loan and 1/4 of 1% per annum on the aggregate balances of HPD deposits not yet advanced for each construction loan in which HPD has agreed to participate. Additionally, the Corporation services HPD's participation in permanent mortgage loans for a servicing fee equal to 1/4 of 1% of the outstanding principal balance.

12 INTEREST EXPENSE

Interest expense consisted of the following for the years ended June 30, 1993 and 1992:

	1993	*1992*
Interest on revolving credit agreement	*$4,065,468*	*$4,066,917*
Interest on escrows	*289,698*	*629,061*
Interest on construction performance deposits	*665,315*	*171,542*
	$5,020,481	*$4,867,520*

13 COMMITMENTS AND CONTINGENCIES

The Corporation leases office space in four locations under agreements which expire at various times through 1998. Annual base rents are subject to escalations or decreases as provided for in the leases. Rental expense for 1993 and 1992 was $377,223 and $378,080, respectively, and is included in office expenses in the accompanying consolidated financial statements. The minimum annual rentals under noncancelable leases are due as follows:

1994	*$286,626*
1995	*292,584*
1996	*75,980*
1997	*89,584*
1998	*44,917*
	$789,691

The Corporation is subject to several lawsuits and other claims directly or indirectly related to its normal activities. While the outcome of these proceedings is not presently determinable with certainty, management believes any such outcome will not have a material adverse effect on the financial position of the Corporation.

14 PENSION PLAN

In April 1982, the Corporation established a defined contribution pension plan (the "Plan") covering all officers and employees. Each officer or employee is a participant of the Plan after two years of service. The Plan, as amended, provides for the Corporation to contribute annually an amount up to 10% of the base salary of each eligible officer or employee. Benefits are payable upon retirement, or earlier, as provided for in the Plan. Pension expense for the years ended June 30, 1993 and 1992, was $195,000 and $182,640, respectively. The net plan assets available for benefits at June 30, 1993, the last valuation date of the Plan, was $1,473,440.

15 NEW ACCOUNTING PRONOUNCEMENTS

In June 1993, the Financial Accounting Standards Board issued Statement on Financial Accounting Standards No. 117 ("FAS No. 117"), Financial Statements of Not-for-Profit Organizations. As a result, the Corporation will be required to present a statement of cash flows accompanying its financial statements in accordance with Statement on Financial Accounting Standards No. 95. The Corporation is required to adopt FAS No. 117 in its fiscal year ending June 30, 1996.

Directors & Officers

BOARD OF DIRECTORS

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Vice Chairman (ret.)
The Equitable Financial Companies

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Vice Chairman
Senior Executive Vice President
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Theodossios Athanassiades
President & COO
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Jill M. Considine
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New York Clearing House Association

Glen E. Coverdale*
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Bankers Trust New York Corporation

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Michael D. Lappin
President & CEO
The Community Preservation Corporation

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President & CEO
Community Bankers Association of New York State

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River Bank America

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Chairman of the Board & CEO (ret.)
Emigrant Savings Bank

Frank J. Ollari
Senior Vice President
New York Life Insurance Company

William F. Olson
Chairman, President & CEO
Peoples Westchester Savings Bank

Robert W. Shippee
Senior Vice President
The Chase Manhattan Bank, N.A.

John A. Somers
Senior Vice President
Teachers Insurance & Annuity Association

Robert S. Strong*
Executive Vice President
The Chase Manhattan Bank, N.A.

**Resigned during 1992-93*

MORTGAGE COMMITTEES

Joseph S. Morgano
Chairman, NYC
Executive Vice President
Independence Savings Bank

Roland Peracca, Jr.
Vice Chairman, NYC
Vice President
The Chase Manhattan Bank, N.A.

Leonard Saluto
Chairman, Mid-Hudson Valley
First Senior Vice President
Peoples Westchester Savings Bank

Margaret A. O'Leary
Vice Chairwoman, Mid-Hudson Valley
Assistant Vice President
New York Life Insurance Company

James H. Bason
Assistant Vice President
The Bank of New York

Diane Borradaile
Vice President
Chemical Community Development, Inc.

Maureen D. Connolly
Vice President/Mortgage Officer
Mid-Hudson Savings Bank FSB

Charles A. Coolidge III*
Vice President
Mutual Life Insurance Company of New York

Leonard N. Druger*
Vice President
Citicorp Real Estate, Inc.

Bernice L. Giscombe
Vice President
Citibank, N.A.

Lewis P. Jones*
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President & CEO
The Community Preservation Corporation

Murray F. Mascis
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The Dime Savings Bank of New York, FSB

Patrick J. McEnerney
Northeast Regional Vice President
The Bank of New York Mortgage Company

Jansen Noyes III
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Emigrant Savings Bank

Virginia L. Philpott*
Senior Vice President
Chemical Community Development, Inc.

Joseph E. Sledge
Investment Officer
Metropolitan Life Insurance Company

John H. Van Loan*
Senior Vice President (ret.)
First National Bank of Rhinebeck

**Resigned during 1992-93*

OFFICERS AND MORTGAGE STAFF

Michael D. Lappin
President & CEO

John M. McCarthy
Executive Vice President & COO

Central Office

Carolyn Au
Assistant Vice President

Mary E. Enright
Vice President & Director of Closings

Nancy G. Feldman
Vice President for Advisory Services

Susan E. Foresta
Assistant Vice President

Jack Greene
Senior Vice President

Richard A. Kumro
Vice President, General Counsel & Secretary

Dale F. McDonald
Senior Vice President

Susan M. Pollock
Vice President

Stefan Sebastian
Treasurer

Manhattan/Bronx Office

Bruce Dale
Vice President

Richard P. Conley
Vice President

Christopher Garlin
Mortgage Officer

Patricia Lam
Assistant Mortgage Officer

Gunnel Rydstrom
Mortgage Officer

Brooklyn/Queens/Staten Island/Long Island Office

Mary A. Brennan
Senior Vice President

Patricia Figueroa
Mortgage Analyst

Marc A. Francis
Mortgage Officer - Long Island

Justin Peyser
Neighborhood Mortgage Officer

Alice M. Wong
Neighborhood Mortgage Officer
(Senior Vice President of Community Lending Corporation)

Hudson Valley Office

Thomas P. McGrath
Vice President
(Executive Vice President of Community Lending Corporation)

Sadie McKeown
Neighborhood Mortgage Officer

Mark D. Spiegel
Mortgage Officer

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EEA Inc.
Peter Franzese, P.E.
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Inspection & Valuation International
Garrison McNeil, P.E.
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Robert J. Santoriello, R.A.

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Arthur Andersen & Co.

CORPORATE COUNSEL

Sullivan & Cromwell

REAL ESTATE COUNSEL

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Law Offices of Lawrence McGaughey
Lord Day & Lord, Barrett Smith
Patterson, Belknap, Webb & Tyler
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LITIGATION COUNSEL

Hahn & Hessen

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Participating Institutions

COMMERCIAL BANKS

Amalgamated Bank of New York
Banco Popular de Puerto Rico
The Bank of New York
The Bank of Tokyo Trust Company
Bankers Trust Company
Barclays Bank of New York, N.A.
Canadian Imperial Bank of Commerce (NY)
The Chase Manhattan Bank, N.A.
Chemical Bank
Citibank, N.A.
European American Bank
First National Bank of Rhinebeck
The Fishkill National Bank
Key Bank of New York, N.A.
Marine Midland Bank, N.A.
Morgan Guaranty Trust Company of New York
National Westminster Bank USA
Sterling National Bank & Trust Company of New York
United States Trust Company of New York

SAVINGS INSTITUTIONS

Anchor Savings Bank
Apple Bank for Savings
Astoria Federal Savings & Loan Association
CrossLand Federal Savings Bank
The Dime Savings Bank of New York, FSB
The Dime Savings Bank of Williamsburgh
The East New York Savings Bank
East River Savings Bank, a Division of River Bank America
Emigrant Savings Bank
Flushing Savings Bank
The Green Point Savings Bank
Hamilton Federal Savings F.A.
Home Savings of America FSB
Independence Savings Bank
Jamaica Savings FSB
Lincoln Savings Bank, FSB
The Long Island Savings Bank, FSB
Middletown Savings Bank
Mid-Hudson Savings Bank FSB
North Fork Bank
North Side Savings Bank
Peoples Westchester Savings Bank
Putnam County Savings Bank
Queens County Savings Bank
Republic Bank for Savings/Republic National Bank of New York
Rhinebeck Savings Bank
Ridgewood Savings Bank
Roosevelt Savings Bank

INSURANCE COMPANIES

The Equitable Life Assurance Society of the United States
The Guardian Life Insurance Company of America
Metropolitan Life Insurance Company
Mutual Life Insurance Company of New York
New York Life Insurance Company, Inc.
Phoenix Home Life Mutual Insurance Company
Teachers Insurance & Annuity Association

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