

Brooklyn
Spacious dwellings in
affordable Clinton Hill

Mt. Vernon
Renovated homes
in a Targeted
city corridor

New Jersey
New residence in a
Town steeped in history

Syracuse
Home To The Famous
Angie's cigar bar



FINANCING SPECIAL NEEDS	
HOUSING	5
BRONX & MANHATTAN	6
BROOKLYN, QUEENS, STATEN	
ISLAND & LONG ISLAND	8
HUDSON VALLEY	10
ALBANY & EASTERN NEW YORK	12
SYRACUSE & CENTRAL	
NEW YORK	14
PARKCHESTER CONDOMINIUM	
RENOVATIONS ARE COMPLETE	16
BUFFALO & WESTERN	
NEW YORK	18
NEW JERSEY	20
CPC RESOURCES, INC.	22
LENDING AREAS	24
FINANCIALS	26
DIRECTORS & OFFICERS	28
OFFICERS & STAFF	30
OFFICE LOCATIONS	31
PARTICIPATING INSTITUTIONS	32

THE COMMUNITY PRESERVATION CORPORATION (CPC) AND ITS DEVELOPMENT SUBSIDIARY, CPC RESOURCES, INC. (CPCR), ARE PROUD TO CELEBRATE 31 YEARS OF WORKING IN PARTNERSHIP WITH GOVERNMENTS AND COMMUNITIES TO BUILD AND PRESERVE NEIGHBORHOODS BY HELPING TO SOLVE THEIR DIVERSE AFFORDABLE HOUSING NEEDS.

THIS YEAR, A HISTORIC ACHIEVEMENT EXEMPLIFIES OUR MISSION: THE COMPLETION OF THE RESTORATION OF THE 12,271 HOMES OF THE PARKCHESTER CONDOMINIUMS. THE TEN-YEAR, \$250 MILLION EFFORT INVOLVED UPGRADED PLUMBING AND ELECTRICAL SYSTEMS, EXTENSIVE INTERIOR AND EXTERIOR RENOVATION, 65,000 NEW WINDOWS, AND THE REJUVENATION OF HUNDREDS OF SHOPS AND STORES.

WORKING TOGETHER WITH ALL OUR PARTNERS — PARKCHESTER'S RESIDENTS, ELECTED OFFICIALS AND COMMUNITY LEADERS, CITY AND STATE GOVERNMENT AND OUR DEVELOPMENT TEAM — WE HAVE LITERALLY RECLAIMED THIS VITAL COMMUNITY, PROVIDING AFFORDABLE HOUSING AND SIGNIFICANT REAL ESTATE EQUITY TO ALMOST 40,000 RESIDENTS.



A vacant, former minimum security prison is being transformed into spacious, airy apartments filled with light in Central Harlem.

TO OUR MEMBERS

SIMILAR PARTNERSHIPS OVER THE YEARS HAVE ENABLED US TO FINANCE AND DEVELOP MORE THAN 115,000 UNITS OF HOUSING, REPRESENTING PUBLIC AND PRIVATE INVESTMENTS OF ALMOST \$5 BILLION. THE PRIVATE INVESTMENT HAS BEEN MADE WITH VIRTUALLY NO LOSSES AND HAS PROVIDED IMPORTANT HOUSING IN THE COMMUNITIES WE SERVE. OUR CAPABILITY IS UNMATCHED BECAUSE OUR FINANCIAL STRENGTH RESTS SOLIDLY ON A CONSORTIUM OF 79 MEMBER BANKS, INSURANCE COMPANIES AND SOME OF THE NATION'S LARGEST PUBLIC EMPLOYEE PENSION FUNDS. WE HAVE HANDS-ON LENDING AND DEVELOPMENT EXPERTISE, SHARPENED BY THREE DECADES DEDICATED TO REBUILDING OUR COMMUNITIES.

IN COMMUNITIES THROUGHOUT NEW YORK AND NEW JERSEY, CPC AND CPCR DISCOVER OPPORTUNITIES TO REVERSE DECLINE AND TO REINVIGORATE, PRESERVE AND IMPROVE AFFORDABLE HOUSING. THE SHAPE AND FORM OF THESE OPPORTUNITIES HAVE EVOLVED, AND CPC AND CPCR HAVE ADAPTED TO MEET CHANGING NEEDS. IN CPC'S EARLY DAYS OUR FOCUS WAS ON RESTORING AND REBUILDING NEW YORK'S AGING NEIGHBORHOODS. WE FINANCED THE REHABILITATION OF THOUSANDS OF DETERIORATED AND DILAPIDATED APARTMENTS IN UPTOWN MANHATTAN, THE BRONX AND CENTRAL BROOKLYN, AND WORKED WITH GOVERNMENT TO RECLAIM DEVASTATED NEIGHBORHOODS IN HARLEM, THE SOUTH BRONX AND EAST NEW YORK. AS CPC EXPANDED TO UPSTATE AND NEW JERSEY, THESE APPROACHES WERE EXTENDED TO HELP REBUILD

DETERIORATED DOWNTOWN AND INNER CITY NEIGHBORHOODS.

IN THE PAST DECADE AND A HALF, THE REGION'S ECONOMY HAS GROWN RAPIDLY, AND WITH IT THE NEED FOR NEW HOUSING. THE HOUSING SHORTAGE ATTRIBUTABLE TO THIS GROWTH IS ESTIMATED AT BETWEEN 200,000 AND 300,000 UNITS IN NEW YORK CITY ALONE. THIS SHORTAGE HAS COMPOUNDED THE ALREADY CHRONIC SCARCITY OF AFFORDABLE HOUSING, WHICH IS ADJUSTING TO SHRINKING FEDERAL SUPPORT.

CPC HAS BEEN AN ACTIVE LENDER IN ADDRESSING THESE PROBLEMS. WE ARE A MAJOR CONSTRUCTION LENDER FOR THE DEVELOPMENT OF SMALL, NON-LUXURY APARTMENT BUILDINGS IN EMERGING NEIGHBORHOODS THROUGHOUT THE REGION. WE HAVE ALSO BEEN VERY ACTIVE, WITH THE SUPPORT OF THE CITY AND STATE GOVERNMENT, IN RESTRUCTURING AND REBUILDING AFFORDABLE RENTAL AND COOPERATIVELY OWNED HOUSING. INDEED, IN SEVERAL LARGE URBAN HOUSING DEVELOPMENTS, SUCH AS THOSE BUILT UNDER THE STATE MITCHELL-LAMA PROGRAM AND FEDERAL SECTION 8 PROGRAM, WHERE EXISTING SUBSIDIES ARE EXPIRING, CPC STEPPED IN TO PROVIDE FINANCING TO WORK WITH NEW PROGRAMS THAT WILL EXTEND AFFORDABILITY.

Michael D. Lappin

OUR RECENT PURCHASE AND REHABILITATION BY CPCR OF THE 92-UNIT WILLARD PRICE APARTMENTS IN BEDFORD STUYVESANT AND THE 130-UNIT RIP VAN WINKLE COMPLEX IN POUGHKEEPSIE WILL PRESERVE THIS AFFORDABLE HOUSING FOR ANOTHER GENERATION. SIMILARLY, OUR TIMELY FINANCING OF THE URBAN HOMESTEADING ASSISTANCE BOARD'S PURCHASE OF THE GATES PATCHEN APARTMENT COMPLEX IN BEDFORD STUYVESANT IS A MODEL THAT CAN BE REPLICATED IN OTHER COMMUNITIES.

WE WILL ACCELERATE THESE EFFORTS IN THE COMING YEAR. WE INTEND TO MOVE FORWARD WITH THE LOW COST INFILL HOUSING MODEL THAT CPCR DEVELOPED DURING THE PRECEDING YEAR. THE FIRST TWO PROJECTS WILL CONSIST OF 12 INFILL BUILDINGS IN TWO LOCATIONS. ASSISTED BY GOVERNMENT, BOTH PROJECTS WILL BE AFFORDABLE TO LOW AND MODERATE INCOME HOUSEHOLDS — ONE A LOW-INCOME RENTAL AND THE SECOND FOR MODERATE-INCOME HOME OWNERSHIP. MORE THAN 1,500 SUCH INFILL UNITS ARE IN PLANNING FOR THE COMING YEARS.

WE ARE ALSO MOVING AHEAD ON SEVERAL MAJOR SITES THROUGHOUT NEW YORK STATE. IN DOWNTOWN SPRING VALLEY WE ARE THE DESIGNATED DEVELOPER OF TWO MIXED USE SITES CONTAINING 150 UNITS OF AFFORDABLE HOUSING AND SENIOR HOUSING WITH RETAIL ON THE GROUND FLOOR. IN POUGHKEEPSIE PLANS ARE MOVING FORWARD TO OBTAIN ENTITLEMENTS FOR MIXED USE FOR THE 180 ACRE FORMER STATE PSYCHIATRIC HOSPITAL. AND ON THE BROOKLYN WATERFRONT, WE HOPE TO MAKE A

SUBSTANTIAL CONTRIBUTION TO THE AFFORDABLE HOUSING NEEDS OF WILLIAMSBURG BY OBTAINING ZONING APPROVAL OF A RESIDENTIAL MIXED-INCOME DEVELOPMENT.

THIS YEAR WE HOPE TO SEE A MAJOR EXPANSION OF A PROGRAM WE BEGAN ON A DEMONSTRATION BASIS IN 2001 — THE FINANCING OF GROUP HOMES FOR SPECIAL NEED INDIVIDUALS. WORKING WITH THE STATE OF NEW YORK MORTGAGE AGENCY AND VARIOUS STATE SOCIAL SERVICE AGENCIES, WE ARE PROVIDING THE CAPITAL FUNDS FOR THE PURCHASE AND CONSTRUCTION OF SUCH FACILITIES.

FINALLY, WE LOOK FORWARD TO A GEOGRAPHIC EXPANSION OF OUR EFFORTS. WE PLAN TO ESTABLISH OUR SECOND OFFICE IN NEW JERSEY TO SERVE THE URBAN AREAS IN THE SOUTHERN PART OF THE STATE. AT THE CORE OF THE CPC MISSION IS EXTENDING THE AVAILABILITY OF FINANCING TO SMALL, UNDERCAPITALIZED AND UNSOPHISTICATED BUILDER/DEVELOPERS THAT EXIST IN MANY OF OUR LOWER INCOME COMMUNITIES. BY CREATING A SIMPLIFIED PROCESS THAT MAKES PUBLIC AND PRIVATE FUNDS EASILY ACCESSIBLE IN A SOUND BUSINESS-LIKE WAY, WE UNLEASH THE ENTREPRENEURIAL ENERGIES OF SUCH BUILDER/DEVELOPERS TO REVITALIZE OUR URBAN NEIGHBORHOODS. THIS APPROACH HAS WORKED SUCCESSFULLY IN NEW YORK, AND WE HOPE TO REPLICATE IT AS WE EXPAND.

IN THIS CONTEXT, WE HAVE BEEN THE PRIME CONSULTANT TO A SISTER ORGANIZATION TO RAISE FUNDS AND ESTABLISH A LENDING

FISCAL YEAR PERFORMANCE

Year Ended June 30, 2005 Unless Otherwise Stated

NEW CONSTRUCTION AND PERMANENT LOANS CLOSED

CPC, Pension Fund & Other Private Funds	\$490,653,039
Public Funds	\$ 73,366,788
Total Funds	\$564,019,827

NEW CONSTRUCTION AND PERMANENT LOANS CLOSED (UNITS)

Bronx	1,303	Hudson Valley	717
Brooklyn	935	Eastern Region	741
Manhattan	337	Central Region	347
Queens	71	Western Region	370
Staten Island	9	New Jersey	280
Long Island	36	Total	5,146

PERMANENT CONVERSION (DOLLARS)

CPC, Pension Funds & Other Private funds	\$58,667,460
Public Funds	\$15,139,760
Total	\$73,807,220

LENDING RECORD

	1974-2005
CPC Closed Loans (Dollars)	\$4,671,007,288
CPC Closed Loans (Units)	111,077

PROGRAM TO FOCUS ON A SIMILAR MARKET IN THE LOS ANGELES AREA. THIS VISION CAME TO FRUITION IN LATE 2005, AS THE CENTURY COMMUNITY LENDING COMPANY LAUNCHED A \$100 MILLION PROGRAM FOR SHORT AND LONG TERM FINANCING FOR APARTMENT DEVELOPMENT IN LOW AND MODERATE-INCOME COMMUNITIES IN THAT REGION.

ALL OF OUR ACTIVITIES REQUIRE A CONTINUAL EXPANSION OF OUR CREDIT FACILITIES. ON THE DEBT SIDE WE ARE PURSUING VARIOUS LEVERAGING STRATEGIES TO SUPPORT CPC'S FINANCING PROGRAMS, WHICH WE EXPECT TO GROW TO ABOUT \$600 MILLION THIS FISCAL YEAR. ADDITIONALLY, WE EXPECT TO WELCOME NEW INVESTORS, AS WELL AS OBTAIN INCREASED COMMITMENTS FROM OUR CURRENT INVESTORS.

ON THE EQUITY SIDE, WE RECENTLY RAISED \$93 MILLION TO PURCHASE PROPERTIES FOR DEVELOPMENT THROUGH CPCR. LEVERAGED WITH MORTGAGE FINANCING, WE EXPECT THAT THIS WILL GENERATE ABOUT \$500 MILLION OF NEW DEVELOPMENTS IN THE AREAS WE SERVE.

SURPLUSES FROM ALL OUR ACTIVITIES, BOTH FROM THE LENDING SIDE AND THE FOR PROFIT DEVELOPMENT SIDE, WILL BE USED TO SUPPORT OUR GROWING CREDIT NEEDS, AS WELL AS SUPPLYING FUNDS TO EXPAND THE REACH OF OUR AFFORDABLE HOUSING EFFORTS. WE BELIEVE OUR MISSION IS SOUND, AND ESSENTIAL TO THE HEALTH OF OUR COMMUNITIES. TO THE EXTENT THAT WE CAN RESPONSIBLY MANAGE THE GROWTH OF OUR COMPANIES TO

BETTER SERVE OUR COMMUNITIES, WE WILL DO SO.

WE WISH TO THANK CPC'S HARDWORKING STAFF, OUR DEDICATED BOARD OF DIRECTORS AND OUR SPONSORING INSTITUTIONS FOR SUPPORTING THE WORK OF THIS REMARKABLE ORGANIZATION. WE WISH TO PARTICULARLY THANK FORMER CHAIR AND RETIRING DIRECTOR JOHN SOMERS FOR HIS MANY YEARS OF COMMITMENT TO THIS ORGANIZATION. HIS UNWAVERING COMMITMENT TO SUPPORTING CPC'S WORK HAS BEEN AN ESSENTIAL ELEMENT IN THE SUCCESSFUL GROWTH OF THE COMPANY.

SINCERELY,

Leonard S. Simon

LEONARD S. SIMON
CHAIR

Michael D. Lappin

MICHAEL D. LAPPIN
PRESIDENT & CHIEF EXECUTIVE OFFICER

Leonard S. Simon



Financing Special Needs Housing

The Willowbrook consent decree of 1975 helped close one of New York State's most notorious mental hospitals and recognized the rights of the mentally retarded and the disabled to live in community residences. The decree spurred the growth of voluntary agencies and the expansion of special education and day programs. The judgment also precipitated the wholesale closing of large institutional mental hospitals where thousands of the mentally ill — and physically disabled — were housed in appalling, often squalid, conditions. The State was then faced with the need to house thousands of former residents and future patients in smaller group homes, where the disabled could get the compassionate and attentive care they so desperately needed. Predictably, the demand far outstripped the available resources. In response to this need the State initiated an intensive program in 1979 to address the substantial numbers of disabled persons released from state institutions into community residences. In 1999, the waiting list remained at 15,000 and the present need continues to grow from births, further deinstitutionalization and the transfer from homes to state and non-profit agency residences. CPC reached out to partner with non-profit agencies to develop this

housing, with the State providing operational funding for the care of the disabled. CPC has provided capital funds and expertise to organizations statewide that needed help to develop this type of housing. CPC is now a vital part of a successful program that has helped to develop more than 42 properties around the state and has assisted more than 730 individuals with mental and physical handicaps. CPC has financed housing from Potsdam to Riverhead, and from Buffalo to Castleton with developments ranging in size from just a few rooms to a development with 50 residences. CPC works closely with the Office of Mental Retardation and Developmental Disabilities, the Office of Mental Health and other State agencies to guarantee quality housing along with quality care. We have invested more than \$61 million to date. Our investment has increased steadily since we first began in 2001, from a \$4 million initial investment to more than \$36 million in the first six months of this fiscal year. We are committed to increasing our support for this housing.



Corland, NY
3 homes
20 residents
Traumatic
brain injury



Westbury, Long Island
2 homes, 8 residents
Mental disabilities



Hudson, NY
2 homes
15 residents
Physical
injuries

PC CONTINUES TO WORK WITH THE NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT (HPD) TO CREATE PROGRAMS THAT ADDRESS THE NEEDS OF NEW YORK CITY'S DIVERSE COMMUNITIES. HPD'S NEWEST EFFORT IS THE ESTABLISHMENT OF A NEW CONSTRUCTION PARTICIPATION LOAN PROGRAM. UNDER THE CURRENT GUIDELINES, HPD WILL PROVIDE \$65,000 PER UNIT AT 1% FINANCING AND CPC WILL PROVIDE THE BALANCE OF THE LOAN. IN EXCHANGE FOR THE SUBSIDY, THE DEVELOPERS AGREE THAT 30% OF THE UNITS ARE AFFORDABLE TO TENANTS EARNING BETWEEN 50% AND 60% OF THE AREA MEDIAN INCOME. THE BALANCE OF THE RENTS ARE SET AT MARKET RATES. THREE NEW LOANS HAVE BEEN CLOSED UNDER THIS PROGRAM WITH SEVERAL MORE READY TO CLOSE IN CPC'S PIPELINE.

A HALLMARK OF CPC IS THE DIVERSITY OF ITS FINANCING. WE HAVE A HIGH VOLUME OF LENDING ON MANY TYPES OF PROJECTS INCLUDING SPECIAL NEEDS HOUSING, MITCHELL-LAMA WORKOUTS, COMMUNITY-BASED DEVELOPERS, AND MANY OTHERS. THE BRONX OFFICE HAS INTENSIFIED OUR PARTICIPATION IN SPECIAL NEEDS HOUSING, WHICH REQUIRES DEEP SUBSIDIES. FREQUENTLY, THESE PROJECTS DO NOT HAVE ENOUGH INCOME TO PAY DEBT SERVICE. HOWEVER A NUMBER OF THESE PROJECTS HAVE OBTAINED LOW INCOME TAX CREDITS AND PROVIDED US WITH THE OPPORTUNITY TO FINANCE THIS MUCH-NEEDED HOUSING. THIS PAST FISCAL YEAR WE INVESTED MORE THAN \$11 MILLION WITH AN ADDITIONAL \$23 MILLION IN THE PIPELINE. WE ALSO PROVIDED \$35 MILLION IN FINANCING FOR A TROUBLED MITCHELL-LAMA IN HARLEM AND WE WILL REACH OUT TO OTHER MITCHELL-LAMA PROJECTS IN NEED OF FINANCING. OUR OUTREACH TO SMALL COMMUNITY-BASED DEVELOPERS IS EXPANDING BECAUSE WE BELIEVE THAT THESE DEVELOPERS ARE CRITICAL TO THE ECONOMICS OF THE COMMUNITIES THEY SERVE.



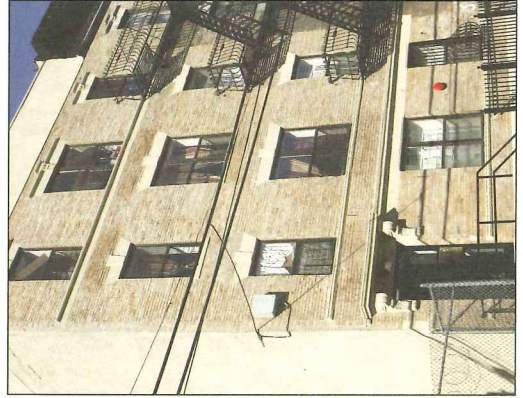
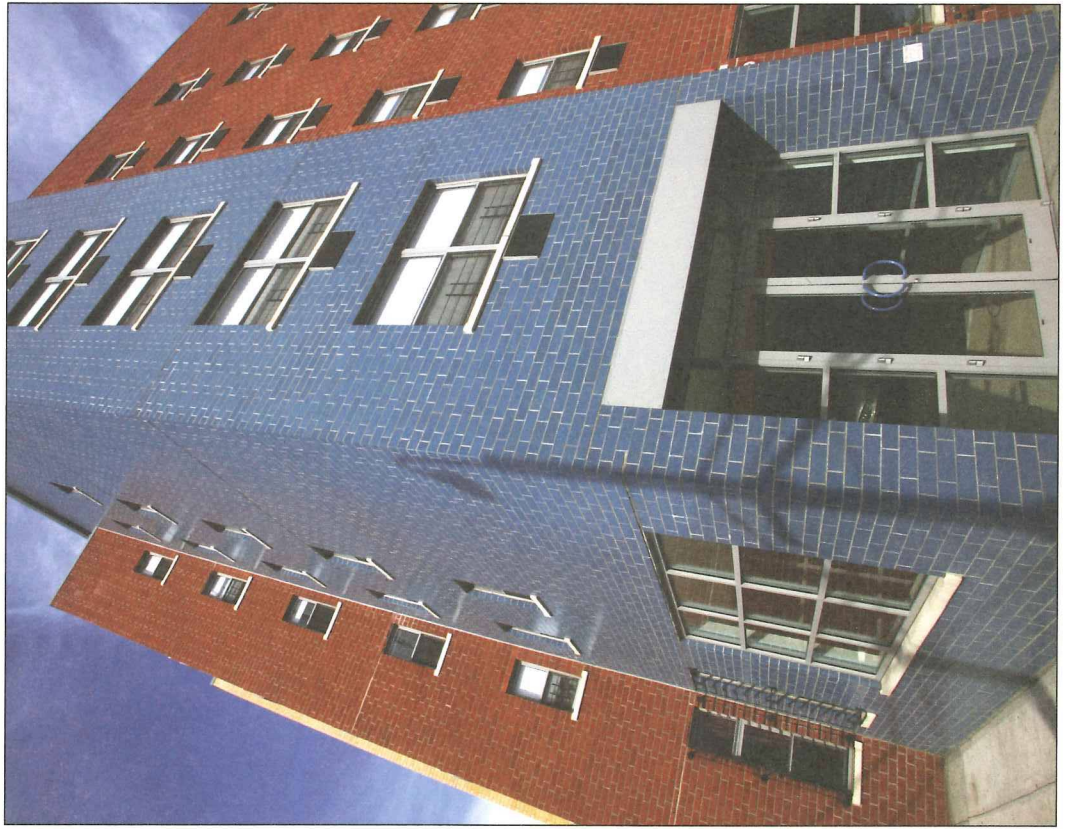
Left: This 51-unit tax credit project in the Bronx, where CPC provided a \$4.3 million construction loan and an \$810,000 permanent loan, will be rented exclusively to people over 62 years of age who are raising minors. Local Initiatives Support Corporation participated in the construction with a \$1 million loan, and the NYS Housing Trust Fund and NYC Housing Authority are providing permanent loans.

Top Right: Three brick Harlem tenement apartment buildings constructed circa 1900 will be conveyed to a new owner via the City's Third Party Transfer Program. CPC and HPD's \$4.5 million loan will modernize the property.

Bottom Center: CPC provided \$301,000 of the \$922,000 construction and permanent financing, the balance coming from PIP and HOME funds. Located in the High Bridge section of the Bronx, the rents in this new building are affordable to households earning between 50% and 60% of AML.

Bottom Right: CPC's \$392,000 construction and permanent loan along with HPD and HOME financing will completely renovate this 1900 building and transform the three upper levels to create six new apartments in Mott Haven, the Bronx.

Bronx Lebanon Hospital is



constructing an 8-story, 51-unit elevator building with preference given to people with special needs.

BROOKLYN, QUEENS, STATEN ISLAND & LONG ISLAND

CPC'S FOUNDING CONCEPT WAS TO SERVE NEGLECTED COMMUNITIES SUCH AS CROWN HEIGHTS IN BROOKLYN AND WASHINGTON HEIGHTS IN MANHATTAN. TODAY, WE HAVE EXPANDED BEYOND THESE AREAS TO SUCH NEIGHBORHOODS AS CONEY ISLAND, BRIGHTON BEACH AND WILLIAMSBURG IN BROOKLYN AND THE ROCKAWAYS IN QUEENS. AS WE BROADEN OUR REACH, WE CONTINUE TO FULFILL OUR ORIGINAL MANDATE TO CREATE AFFORDABLE HOUSING, ESPECIALLY IN SMALLER DEVELOPMENTS OF 2 TO 3 FAMILY HOMES. THIS PAST FISCAL YEAR, 36% OF BROOKLYN LENDING WAS FOR THE RENOVATION OF 1-4 UNIT PROPERTIES.

THE BROOKLYN OFFICE IS ALSO REACHING OUT TO OWNERS OF 1-2 UNIT PROPERTIES LOCATED ABOVE COMMERCIAL SPACE. THESE PROPERTIES HAVE LITTLE ACCESS TO INSTITUTIONAL FINANCING BUT ARE SIGNIFICANT PARTS OF NEIGHBORHOOD ECONOMIES. A PROMINENT TREND THAT THE BROOKLYN OFFICE IS ALSO EXPERIENCING IS THE SIGNIFICANT AMOUNT OF UNSUBSIDIZED DEVELOPMENT GOING ON IN THESE NEW EMERGING COMMUNITIES. THAT TREND IS ALSO STARTING TO TAKE PLACE IN MORE TRADITIONAL CPC LENDING AREAS SUCH AS BEDFORD STUYVESANT AND FAR ROCKAWAY.

CPC IS ALSO UNIQUELY SUITED TO THE CHALLENGE OF COMPLEX TURNAROUNDS. FOR EXAMPLE, THE BROOKLYN OFFICE FINANCED SIX BROOKLYN/QUEENS BUILDINGS IN A 12 BUILDING PORTFOLIO OF TAX-FORECLOSED PROPERTIES ACQUIRED BY THE NOT-FOR-PROFIT URBAN HOMESTEADING ASSISTANCE BOARD (UHAB). (CPC'S BRONX OFFICE FINANCED THE OTHER SIX BUILDINGS.) CPC INITIALLY CLOSED ON A LINE OF CREDIT TO PAY FOR THE SOFT COSTS ASSOCIATED WITH THE DEVELOPMENT AND FINANCED AN EXTENSIVE MODERATE REHABILITATION. ALL OF THE BUILDINGS ARE OCCUPIED. THERE ARE 265 UNITS IN TOTAL AND A COMBINED ESTIMATED LOAN AMOUNT OF OVER \$33 MILLION. AFTER PERMANENT LOAN CONVERSION, THE PROPERTIES WILL BE CONVERTED TO HDPC COOPERATIVES. UHAB WILL PROVIDE TENANT TRAINING AND MONITORING TO ENSURE THE LONG-TERM VIABILITY OF THE PROPERTIES.



Eleven condominium units will be created from a vacant four story building in Clinton Hill, Brooklyn with sales averaging

Left: This is one of seven HUD-owned properties being conveyed to an experienced developer after being rehabbed with CPC financing.

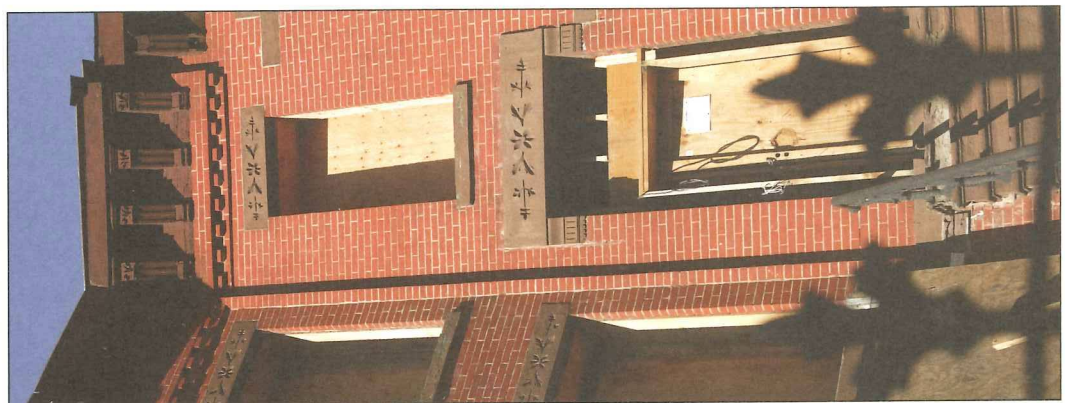
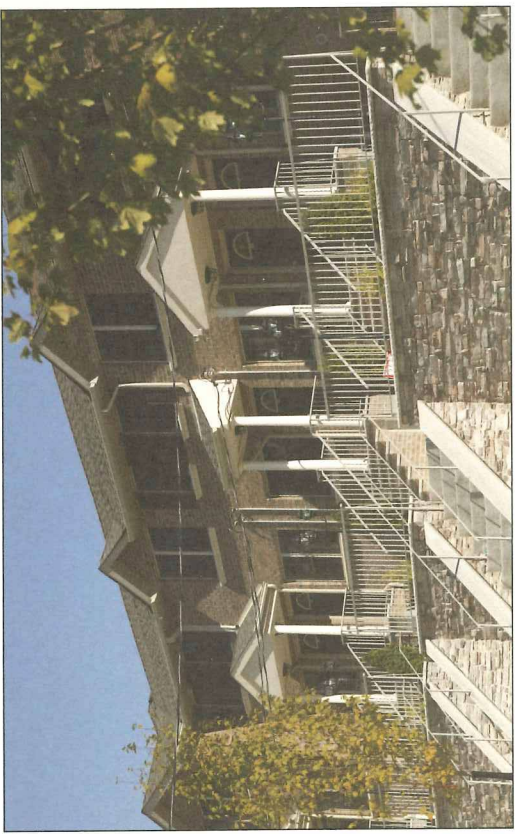
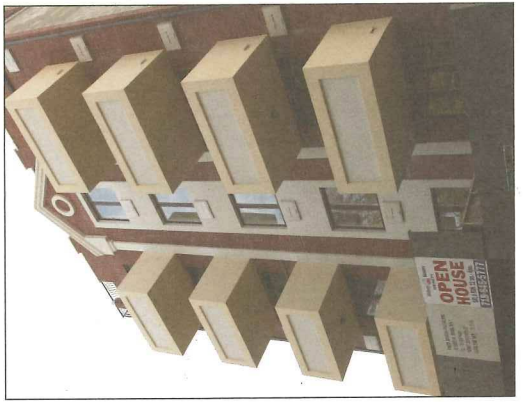
Top Center: The gut renovation of six vacant walkup buildings will create 72 new apartments with a \$12 million CPC construction loan in Brooklyn's Crown Heights.

Top Right: Nine single-family homes are going up in the Bay Terrace community on Staten Island with a \$1.4 million construction loan.

Bottom Left: A vacant one-story structure was demolished to make way for a new elevator building with balconies, a rooftop garden, and ground floor retail space on Jackson Avenue in Queens.

Bottom Center: Two vacant, four story buildings in Crown Heights are being transferred to new owners through HPD's Third Party Transfer program. CPC will provide the financing.

Bottom Right: A 12-unit middle-income condominium in Sheepshead Bay, Brooklyn is being built with a \$2.2 million CPC construction loan.



HUDSON VALLEY

THE CPC HUDSON VALLEY OFFICE HAS LONG WORKED WITH TOWNS AND CITIES THROUGHOUT THE LOWER HUDSON VALLEY TO HELP THEM REINVENT THEIR DOWNTOWN BUSINESS DISTRICTS. THE OFFICE HAS CREATED PROGRAMS TO MEET THE NEEDS OF CITIES, SMALL AND LARGE, TO REVITALIZE HISTORIC DOWNTOWNS — ONCE VITAL CENTERS FOR BUSINESS AND COMMERCIAL ACTIVITY — AS RESIDENTIAL CENTERS IN WHICH PEOPLE CAN WALK TO AMENITIES AND SHOPPING AND TRAVEL VIA PUBLIC TRANSPORTATION. CPC HUDSON VALLEY HAS CRAFTED INVESTMENT PRODUCTS THAT ENABLE THE CONVERSION OF DOWNTOWN OFFICE SPACE TO LIVE/WORK HOUSING AND PROVIDE FINANCING FOR HISTORIC FACADE RESTORATIONS. CPC WILL CONTINUE TO AGGRESSIVELY WORK WITH TOWNS THAT NEED TO BRING PEOPLE BACK DOWNTOWN.

CPC HUDSON VALLEY HAS BEEN SUCCESSFUL IN NEW ROCHELLE AND PEESKILL, WORKING TOGETHER WITH DOWNTOWN BUSINESS IMPROVEMENT DISTRICTS, TO ACQUIRE MAIN STREET GRANTS FROM THE NY STATE DIVISION OF HOUSING AND COMMUNITY RENEWAL. THE GRANTS WILL BE USED TO BRING BACK HISTORIC FACADES AND ADAPTIVELY RE-USE LONG VACANT OFFICE SPACE FOR RESIDENTIAL LOFT LIVING. WE SEE THIS AS A TREND IN THE HUDSON VALLEY AND WE HOPE TO REPEAT OUR SUCCESS THROUGHOUT OUR LENDING AREA.



Peekskill Manor's young charges enjoy a little down time.

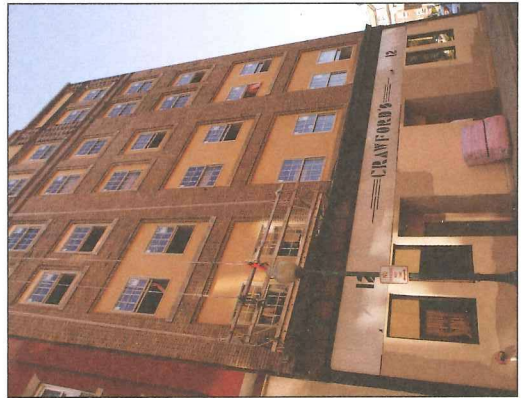
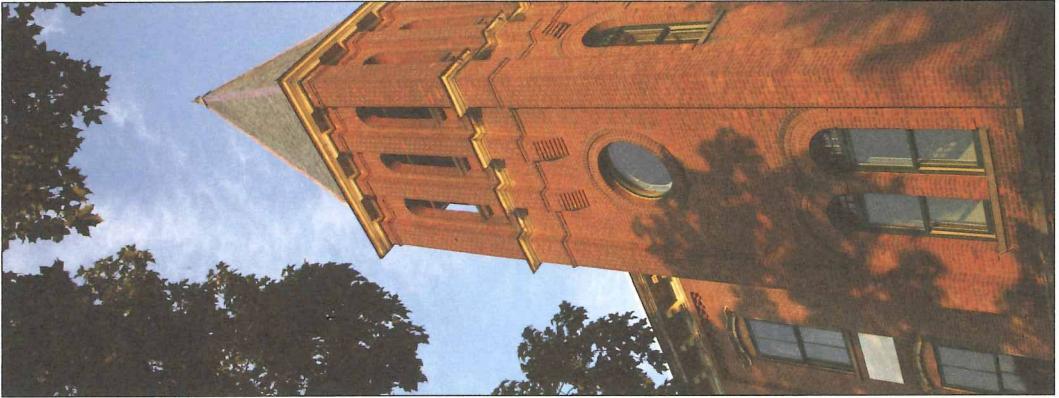
Top Left: A single family home is going up on a vacant lot outside Kerkhouson with a \$175,000 CPC construction loan made to the owner of the neighboring rooming house.

Top Center: The gut renovation of 325 Highland Avenue in Mt. Vernon will create 15 spacious condominium apartments in this circa 1911 building. CPC's \$2.825 million construction loan will be repaid through the sale of the units.

Far Right: After being used mainly as storage space since the 1960s, the historic Ulster Academy in the city of Kingston is being transformed into 18 large loft-style condominium apartments with a \$2.1 million construction loan.

Bottom Left: CPC is providing a 10-year, interest only Freddie Mac first mortgage for two properties in Mt. Vernon. The capital will be used to provide cash back to the borrowers for completed work.

Bottom Second to Left: The Crawford Building on King Street in Middletown, a former warehouse and furniture store, will contain 35 senior apartments on the upper floors and 3,600 sf of office/retail space on the ground floor as a result of CPC construction and permanent financing.

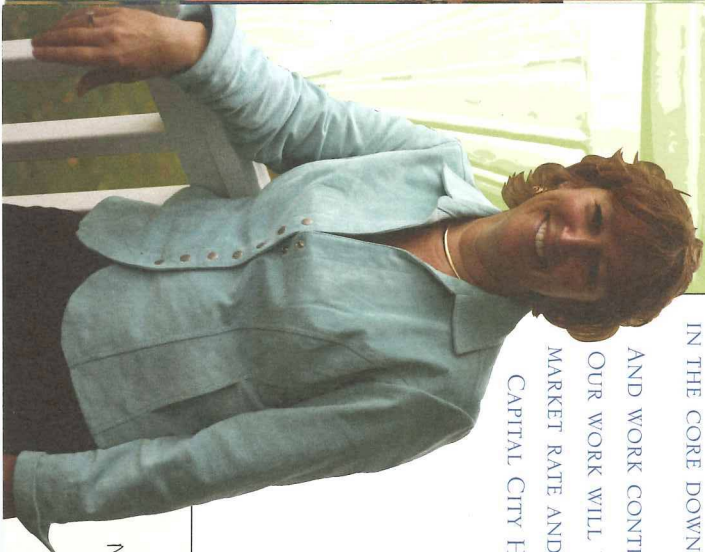


THE ALBANY OFFICE FINANCED 43 LOANS WITH A TOTAL INVESTMENT OF \$55 MILLION THIS PAST FISCAL YEAR. THESE INCLUDED SEVERAL FREDDIE MAC TRANSACTIONS, LOW INCOME HOUSING TAX CREDIT PROJECTS FOR SENIORS AND FAMILIES, SPECIAL NEEDS HOUSING ACROSS THE STATE, SMALL BUILDING LOANS, AND A PRIMARY CARE HEALTH CENTER IN A DISINVESTED URBAN COMMUNITY. THIS WAS A FIRST FOR CPC.

ONE OF THE MOST SUCCESSFUL LENDING PROGRAMS IN THE EASTERN REGION IS CPC'S "TAKE STOCK IN YOUR BLOCK." IT PROVIDES FINANCING FOR HOMEOWNERS IN THE CITY OF TROY WHO WANT TO PURCHASE AND RENOVATE MULTI-FAMILY BUILDINGS IN THEIR NEIGHBORHOOD. THE PROGRAM'S SECOND PHASE WILL INVEST ANOTHER \$250,000 OF LOW INTEREST LOANS AND GRANTS TO SOLIDIFY THE GAINS AND BROADEN THE GEOGRAPHIC SCOPE OF THE PROGRAM.

THE DOWNTOWN HOUSING INITIATIVE FOR ALBANY ALSO HAS BEEN LAUNCHED, WITH THREE APPROVED TRANSACTIONS. THE ALBANY OFFICE'S GOAL IS TO CREATE A CRITICAL MASS OF NEW HOUSING UNITS IN THE CORE DOWNTOWN, MAKING IT A MORE ATTRACTIVE PLACE TO LIVE AND WORK.

AND WORK CONTINUES IN THE ARBOR HILL COMMUNITY, ONE OF THE REGION'S POOREST AREAS. OUR WORK WILL INCLUDE THE REDEVELOPMENT OF VACANT BUILDINGS, THE DEVELOPMENT OF MARKET RATE AND SUBSIDIZED HOUSING, INCREASED HOME OWNERSHIP AND THE EXPANSION OF CAPITAL CITY HOUSING'S DEVELOPMENT ACTIVITIES.



New resident, Karen Dressel, relaxes on her balcony at The newly built Forest Pointe Apartments complex in East Greenbush.

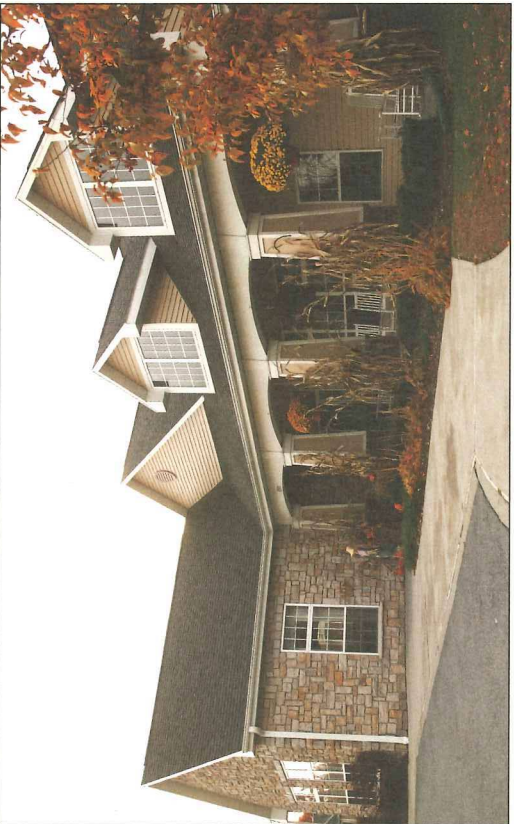
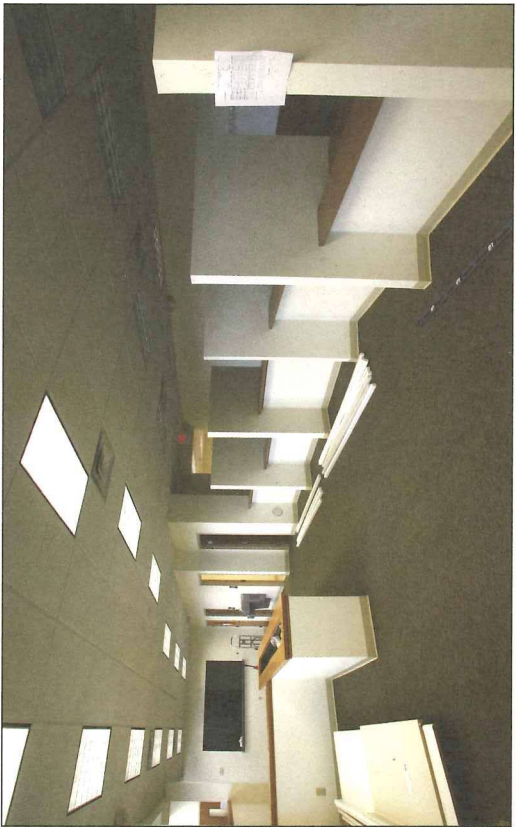
Top Left: CPC construction and permanent financing will provide capital improvements to the 34-unit Park Place Apartments.

Top Center: A \$3.1 million permanent loan allowed a nonprofit to purchase this 42-unit property in Saratoga Springs that serves the elderly. The new owner will stabilize its finances, relocate residents and make improvements to Home of the Good Shepherd.

Top Right: This three-story building has been financed under CPC's successful "Take Stock in Your Block" program that encourages homeowners in the City of Troy to renovate buildings in their own communities.

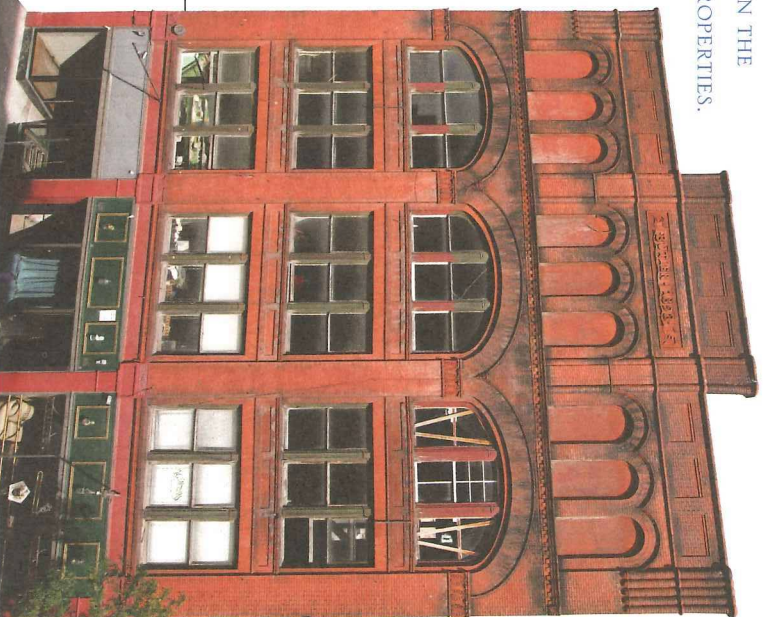
Bottom Left: This former car dealership on State Street in Schenectady has been transformed into a new and expanded health care center with financing from CPC, Primary Care Development Corporation, Metroplex Development Authority, and grant funds from Congressman Michael McNulty.

Bottom Right: A closed hospital property in Cambridge has been transformed into housing for seniors thanks to a \$2.566 million construction loan from CPC.



OVER THE PAST TWO YEARS CPC SYRACUSE HAS BECOME A VIABLE LENDER FOR DEVELOPERS COMPLETING LARGER, MORE SUBSTANTIAL PROJECTS WHILE CONTINUING TO FINANCE SMALLER PROPERTIES. THIS IS EVIDENCED BY THE RECORD NUMBER OF TRANSACTIONS CLOSED AND DOLLARS INVESTED IN FY 2005. THE CENTRAL OFFICE CLOSED 20 TRANSACTIONS FOR AN INVESTMENT OF \$20 MILLION. STEADFAST TO THE CPC MISSION, THE OFFICE CLOSED 14 SMALL BUILDING LOANS LAST YEAR. PROJECTS RANGED IN SIZE FROM 112 UNITS TO ONE RESIDENTIAL UNIT, WITH LOAN VALUES FROM \$6.5 MILLION TO \$72,000.

AS A RESULT, CPC HAS BEEN INSTRUMENTAL IN THE DEVELOPMENT OF SEVERAL UNDERUTILIZED DOWNTOWN PROPERTIES, AND HAS FACILITATED A DOWNTOWN RENAISSANCE — THE CREATION OF DESIRABLE "LOFT STYLE" LIVING UNITS IN SYRACUSE'S CITY CENTER. REINFORCING THIS CORE DEVELOPMENT, THE OFFICE CONTINUES TO HELP DEVELOPERS REVITALIZE AND STRENGTHEN SURROUNDING NEIGHBORHOODS BY INVESTING IN THE REHABILITATION OF LIVING UNITS IN SMALLER PROPERTIES.



Top Left: The popular Asti Café at the gateway to Syracuse's Little Italy is expanding by more than 3,500 sf to restore the property to its original state and accommodate its growing business with a \$485,000 CPC construction and permanent loan.

Center: A \$1.35 million Freddie Mac loan will refinance CPC's original 1996 permanent loan on Port Watson Commons in the City of Cortland.

Far Right: The Cherry Street School, constructed in 1925, is being converted 80 years later into 24 one-, two- and three-bedroom affordable units with a \$980,000 construction and permanent CPC loan.

Bottom Left: This 1893 property in historic Hanover Square is being renovated to contain commercial and residential space in its two upper stories thanks to a \$350,000 CPC permanent loan.

Bottom Center: Designed by legendary architect, Archimedes Russell, this 1916 property already has attracted a design firm on the first floor. CPC's \$500,000 loan will finance the large loft unit above.

Built in The early 1800s and home To Arwel



Al's, Syracuse's famous cigar bar, The Butler Building is being brought back to life To house hip urban professionals.

Parkchester Condominium Renovations

P A R K C H E S T E R

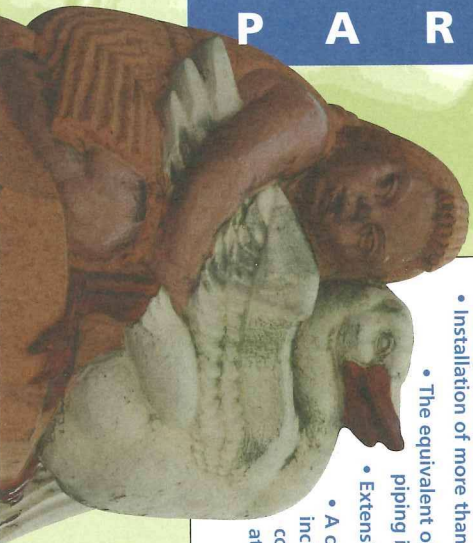
More than ten years of hard work on the part of CPC, CPC Resources and our many public and private partners has reversed the deterioration of Parkchester. The visionary renovation of the Parkchester North and South Condominiums is now complete. Both condominiums are seeing substantial increases in apartment values and in overall quality of life. Unit sales activities and prices have increased dramatically. Prices have increased from \$22,000 to \$85,000 for one-bedroom units and from \$35,000 to \$135,000 for two-bedroom units. A new wave of homeowners is once again finding Parkchester an appealing and affordable place to live.

Built by Metropolitan Life between 1939 and 1942 as middle-income rental housing, Parkchester was the largest privately built planned community in America. In 1968 the Helmsley organization purchased the complex and later converted it into two separate condominiums. By 1995, almost three decades later, the complex was old and deteriorated, and CPC was approached to help. The plumbing system suffered over 60 pipe breaks per day. The original casement windows were warped and drafty. The original 15 amp electrical service couldn't support air conditioners or modern appliances. Even worse, the condominiums were unable to borrow to make much needed repairs. Individual unit values had plummeted, the community's retail area was lagging and Parkchester's Macy's branch (its first) was about to close.

CPC Resources and its partners, affiliates of real estate developers Morton Olshan and Jeremiah O'Connor, stepped in to help. CPC Resources formed a joint venture, Parkchester Preservation Company (PPC), to acquire 6,361 unsold residential units, 500,000 square feet of commercial space and five parking garages from the Helmsley organization. These assets were then offered as collateral so the condominiums could borrow funds to make the necessary repairs and improvements.

The moderate rehabilitation of the Parkchester North and South Condominiums cost in excess of \$250 million (including equity contributions from PPC), took six years to complete and included:

- Installation of more than 65,000 new windows.
- The equivalent of 50 miles of new, high capacity wiring and copper piping in 12,271 apartments in 171 buildings.
- Extensive interior and exterior refurbishment.
- A complete revitalization of the commercial space, including a renovation program and a long-term commitment from Macy's, and active marketing to attract more national retailers.



Harry Brown, President of The North Condominium



are Complete

- The reentry of secondary mortgage markets allowing lenders to make purchase money and refinancing loans available to Parkchester homeowners once again.

Financing for the renovation was led by CPC with participations sold to several of its member banks, including Bank of America (formerly Fleet Bank), Emigrant Savings Bank, JPMorgan Chase (formerly JP Morgan Bank), Citibank, Washington Mutual (formerly The Dime Savings Bank of New York), Apple Bank for Savings, Astoria Federal Savings and Loan Association, HSBC, Independence Community Bank, and the Amalgamated Bank of New York. Permanent loan financing of \$220 million was provided by Freddie Mac, with mortgage insurance provided by SONYMA.

Fannie Mae and Freddie Mac have waived many of their standard requirements for condominium projects in their contracts with several of CPC's member banks, enabling those lenders to make purchase money loans and to refinance older high interest rate loans for Parkchester residents.

The New York State Energy Research and Development Agency (NYSERDA) provided a \$4.7 million grant to the North Condominium for energy conservation improvements, including upgrades to the heating system, hallway and stairwell lighting replacement and energy efficient refrigerators.

The cost of the renovation is being paid by the unit owners through increases in common charges. The increased costs are partially offset by real estate tax abatements granted through special legislation enacted by the City and State of New York. This will result in unit owners paying no real estate taxes for 15 years or longer. In addition, PPC is providing subsidies for low-income senior and disabled residents in both condominiums to help absorb the increased costs. In the North Condominium, where delays in starting the work led to even higher increases for unit owners, PPC is providing additional subsidies to unit owners to phase in the common charge increase.

Today, Parkchester is thriving. Demolition of one of the unused parking garages is scheduled for 2006 to make way for a new community center with a health center and a swimming pool. The condominiums are well on the way to sounder and more efficient management and financial stability. They are able to plan for additional capital improvements that will improve the quality of life at Parkchester even more. Parkchester is once again an attractive option for moderate and middle-income residents – a success story that defines our mission.

Margaret Walsh, President of The South Condominium



BUFFALO & WESTERN NEW YORK

CPC'S SMALL BUILDING LOAN PROGRAM (SBL) WAS CREATED TO STREAMLINE THE FINANCING AND DEVELOPMENT OF SMALL PROPERTIES, BY PROVIDING LESS PAPERWORK, REDUCED FEES AND FASTER PROCESSING. TO EXPAND THIS PROGRAM, CPC SPONSORS LANDLORD TRAINING SEMINARS IN THE BUFFALO AND ROCHESTER AREAS THAT NOT ONLY EDUCATE POTENTIAL BORROWERS, BUT ALSO OFFER SUPPORT AND FUNDING. ITS SUCCESS IS EVIDENCED BY THE INCREASE IN PARTICIPATION OVER THE PAST TWO YEARS. THE SBL PROGRAM WAS EXPANDED THIS YEAR WITH THE HIRING OF A NEW MORTGAGE OFFICER WHO WILL CONCENTRATE SOLELY ON SMALLER PROPERTIES.

THE BUFFALO OFFICE HAS A PRESENCE ON VARIOUS NEIGHBORHOOD BOARDS INCLUDING THE RENTAL ASSISTANCE CORPORATION AND THE BUFFALO DOWNTOWN NEIGHBORHOOD DEVELOPMENT CORPORATION. CPC'S PARTICIPATION ON THESE BOARDS ILLUSTRATES OUR COMMITMENT TO LEADERSHIP IN PROVIDING FUNDING FOR DOWNTOWN HOUSING AND MIXED-USE PROJECTS, INCLUDING THE "800" BLOCK OF MAIN STREET A/K/A THE GRANITE WORKS.

THE "800" BLOCK IS A FULL BLOCK OF VACANT BUILDINGS THAT HAS INTERRUPTED DEVELOPMENT OF THE MAIN STREET CORRIDOR BETWEEN DOWNTOWN AND THE STATE SUPPORTED BUFFALO-NIAGARA MEDICAL CAMPUS, A STATE-OF-THE-ART CANCER RESEARCH FACILITY. CPC, WITH FANNIE MAE, CLOSED FINANCING ON A RENOVATION PLAN THAT CLEARS THE WAY FOR THE REDEVELOPMENT OF THIS AREA OF DOWNTOWN BUFFALO. THE "800" BLOCK IS A VITAL PART OF THE CITY'S PLANS FOR "INFORMATION AGE" EMPLOYMENT GROWTH. IT HAS SPURRED PROMINENT DEVELOPERS TO IMPLEMENT PLANS FOR THE ACQUISITION AND DEVELOPMENT OF PROPERTIES IN DOWNTOWN BUFFALO. GOING FORWARD, THE BUFFALO OFFICE WILL CONTINUE TO WORK WITH THE CITY OF BUFFALO, THE CITY OF ROCHESTER AND VARIOUS HOUSING AGENCIES TO DEVISE INNOVATIVE STRATEGIES AND PROGRAMS FOR REBUILDING COMMUNITIES.

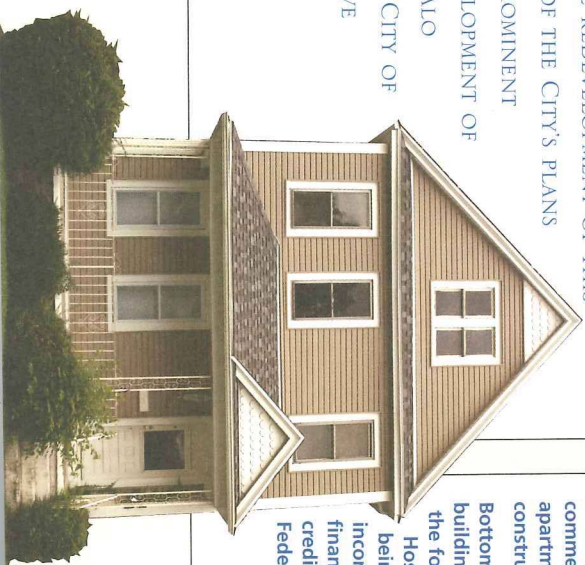
Left: This failed Rochester coop with long deferred maintenance has received a \$1.05 million construction loan and a \$400,000 1% CDFI permanent loan, along with tax credits and other funds, to address structural as well as financial problems.

Top Center: A \$530,000 construction loan and \$300,000 permanent loan, along with low income tax credits, financed the acquisition and rehabilitation of the 22-unit Parkview Apartments in Rochester, New York.

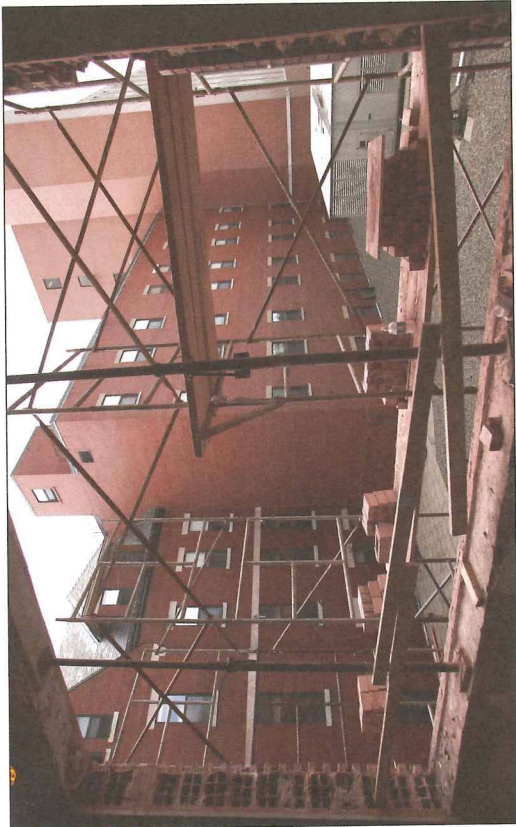
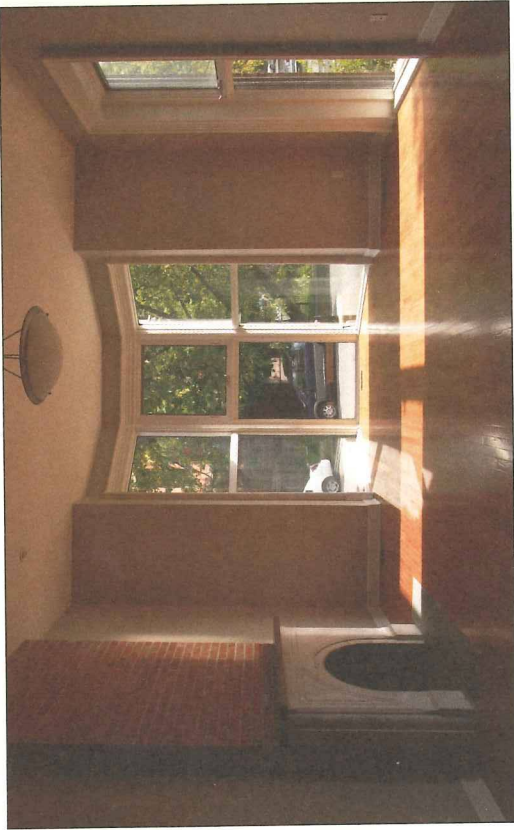
Top Right: CPC's \$370,000 permanent loan will take out the construction loan used to renovate this Victorian era property on Franklin Street in Buffalo.

Bottom Center: This 1930 four story Buffalo building will have its exterior completely restored and interior renovated into two commercial spaces and seven apartments with a \$700,000 construction and permanent loan.

Bottom Right: The St. Luke's building and the Victory building at the former Our Lady of Victory Hospital of Lackawanna are being transformed into 74 low-income senior apartments with financing from CPC, KeyBank, tax credits, HOME funds, and a Federal Home Loan Bank award.



Four smaller properties



NEW JERSEY

THE NEW JERSEY OFFICE PIONEERED ONE OF CPC'S MOST SUCCESSFUL AND FLEXIBLE LOAN PRODUCTS. KNOWN AS THE REVOLVER, IT ENABLES REHAB SPECIALISTS TO ACQUIRE AND QUICKLY RECYCLE DERELICT 1-4 UNIT PROPERTIES COMMON IN NORTHEAST AND CENTRAL NEW JERSEY URBAN AREAS. THE OFFICE SETS UP REVOLVING DEBT FACILITIES FOR THESE BORROWERS THAT ALLOW THEM TO BORROW FUNDS FOR ACQUISITION AND REHAB AND PAY OFF DEBT AS PROPERTIES ARE RENOVATED AND SOLD. THIRTY BUILDINGS CLOSED IN THE FIRST YEAR. HALF HAVE BEEN PAID OFF UPON SALE TO HOMEOWNERS OR SMALL INVESTORS. OTHER REGIONAL OFFICES HAVE FOLLOWED THIS EXAMPLE AND HAVE COMMITTED REVOLVERS IN THE HUDSON VALLEY AND IN SYRACUSE. A SECOND OFFICE IS BEING PLANNED TO SERVE SOUTHERN NEW JERSEY. CPC'S MISSION IS TO MAKE FINANCING AVAILABLE TO THE MANY SMALL, UNDERCAPITALIZED AND UNSOPHISTICATED BUILDER/DEVELOPERS WHO ARE ACTIVE IN MANY OF NEW YORK'S AND NEW JERSEY'S LOWER INCOME COMMUNITIES. BY CREATING A SIMPLIFIED PROCESS THAT MAKES PUBLIC AND PRIVATE FUNDS EASILY ACCESSIBLE, WE CAN NURTURE COMMUNITY ENTREPRENEURS WHO CAN REVITALIZE URBAN NEIGHBORHOODS. WITH THE ADDITION OF AN OFFICE IN SOUTHERN JERSEY WE WILL CREATE A MORE LOCAL PRESENCE IN THOSE COMMUNITIES — A STRATEGY THAT HAS BEEN THE FOUNDATION OF OUR SUCCESS IN NEW YORK CITY AND STATE.

Left: 52 Bright Street in Jersey City was gut renovated in 1992 as part of a plan to house low income tenants displaced by a condominium conversion. CPC's \$350,000 loan will refinance their existing loan and provide funds for repairs to the roof and other structural damage to the property.

Top Center: The six apartments on the upper level have been vacant since a fire severely damaged the property in 1996. CPC's \$632,500 construction and permanent loan allowed the borrower to purchase this Newark property and renovate the residential units.

Far Right: The \$11 million mortgage on 224-232 Hudson Street, a 1,150-unit building with 150 affordable units and 4,600 sf of commercial space in Hoboken, was assigned to CPC allowing subsidies from UDAG and JUMPP to remain in place.

Bottom Center: CPC provided a \$3.3 million construction loan to finance the transformation of this 134 year old commercial building in Paterson into 20 spacious condominium units, the first market-rate units in the Historic Mill District.



The new homes be



CPC RESOURCES, INC.

THIS YEAR CPCR WILL COMPLETE ITS 1,000TH UNIT IN GUT REHABILITATED OR NEWLY CONSTRUCTED HOUSING FOR LOW, MODERATE AND MIDDLE INCOME NEW YORKERS. WHETHER IT IS CREATING TWO FAMILY HOMES IN EAST NEW YORK OR RENOVATING MODERATE INCOME HOUSING IN BUFFALO, CPCR SUPPORTS LOCAL DEVELOPERS, NOT-FOR-PROFITS AND RELIGIOUS INSTITUTIONS IN CREATING AFFORDABLE HOUSING AND SUSTAINING COMMUNITIES BY EQUITY INVESTMENTS THROUGHOUT NEW YORK AND NEW JERSEY.

THE AVAILABILITY OF LAND HAS BECOME A MAJOR ISSUE IN MANY COMMUNITIES. ONE OF CPCR'S RESPONSES TO THAT SHORTAGE WAS THE DEVELOPMENT OF AN "INFILL HOUSING" MODEL THAT CAN TAKE ADVANTAGE OF THE HUNDREDS OF SMALL VACANT LOTS THAT EXIST THROUGHOUT THE CITY. THIS YEAR WE WILL BE EXPANDING OUR MODEL FOR REPLICATION IN SEVERAL NEW COMMUNITIES. THE MODEL, A LOW COST FOUR STORY WALK-UP, MAKES EFFICIENT USE OF SMALL PARCELS, CONSTRUCTIVE USE OF GOVERNMENT SUBSIDIES AND COMPLEMENTS MANY NEIGHBORHOOD CONTEXTS. WE HAVE PROJECTS UNDERWAY WITH FRONTAGE OF AS LITTLE AS 45 FEET, TO WHOLE NEW COMMUNITIES OF FOUR STORY TOWNHOUSES. THE MODEL EASILY TRANSLATES FROM MARKET RATE AND MODERATE-INCOME CONDOS TO LOW INCOME RENTALS, CREATING QUALITY HOUSING ACROSS THE INCOME SPECTRUM. MORE THAN 1,500 SUCH UNITS ARE NOW BEING PLANNED FOR THE COMING YEARS.



Hudson Heritage Park in Poughkeepsie will be a master

Left: This 49,000 sf elevator rental apartment building was recently completed in East Harlem and offers 43 units. Total development costs were \$8.9 million, with construction financing through HUD's NHOPI program, and credit enhancement from HSBC and the Bank of China.

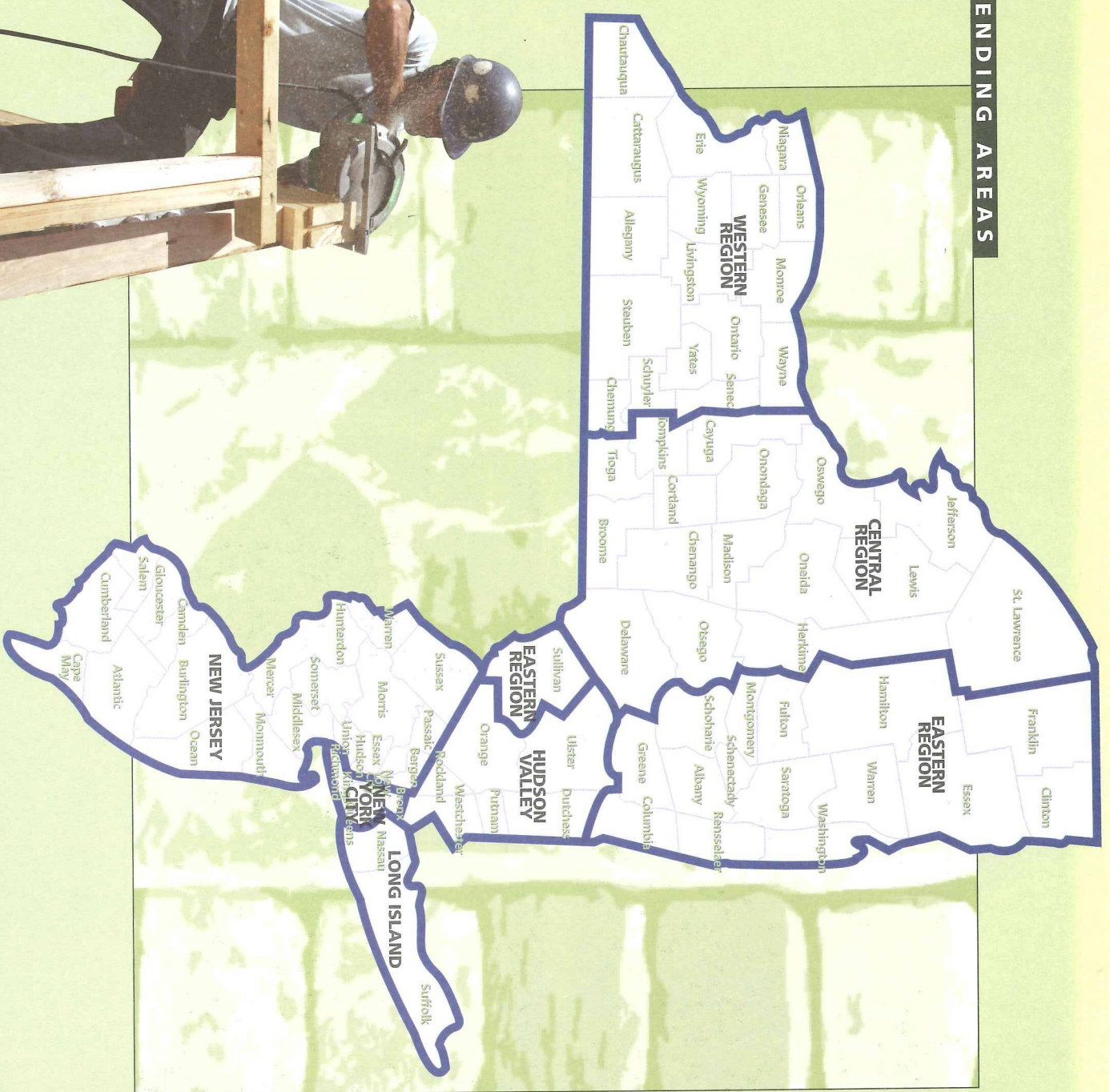
Top Center (before) and Far Right (after): The renovation of Rip Van Winkle Apartments in Poughkeepsie, a HUD section 236 decoupling project, is nearly complete. This Section 8 project was financed utilizing tax exempt bonds and low income housing tax credits.

Bottom Center: CPC Resources is developing a vacant former rectory and school in Bedford-Stuyvesant, Brooklyn, into 35 affordable condominium units creating homeownership opportunities for moderate- and middle-income families.

Bottom Right: A new six-story elevator building with 18 units is being developed by CPC Resources in this East Harlem corridor, the scene of a significant amount of new construction over the past two years.



LENDING AREAS

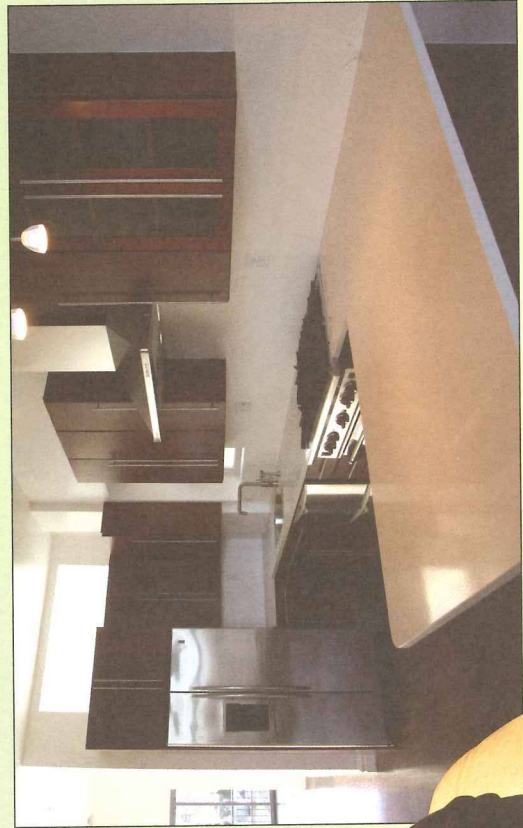
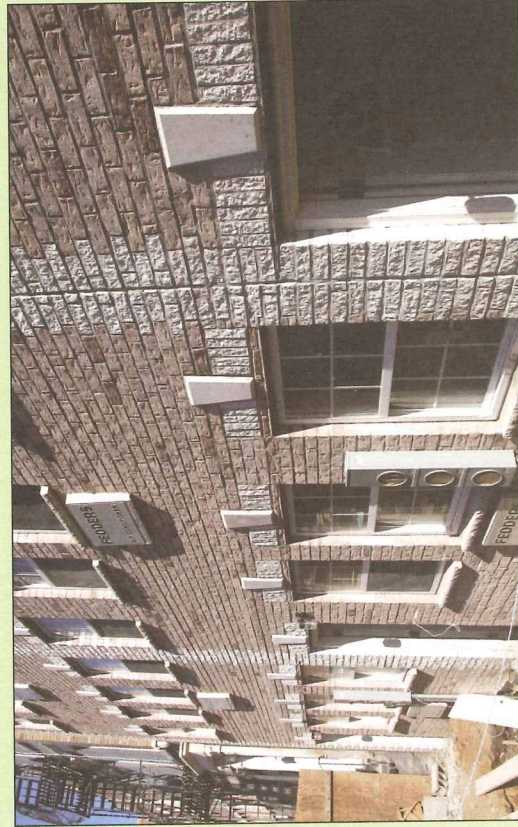


NEW YORK STATE	
Buffalo & Western	370 Units
Syracuse & Central	347 Units
Albany & Eastern	741 Units
Hudson Valley	717 Units
Long Island	36 Units
NEW YORK CITY	
Bronx	1,303 Units
Brooklyn	935 Units
Manhattan	337 Units
Queens	71 Units
Staten Island	9 Units
NEW JERSEY	
	280 Units
TOTAL	5,146 Units

Top Left: Seven three-family houses are going up in East New York, Brooklyn with CPC construction financing. Each of the apartments in these three-family homes will have two bedrooms, two baths, and a study. With rental income from two units, the houses will be affordable to families with incomes under \$35,000 annually.

Right: Two three family homes affordable to families earning \$45,000 have been built on vacant lots in Bedford Stuyvesant, Brooklyn with CPC construction financing of \$600,000. The rental income from two rental units in each property will offset 70% of the monthly carrying charges.

Bottom Left: This newly constructed six story five-unit condominium on West 122nd Street in Harlem was financed under CPC's Small Building Loan Program that features lower fees, faster processing and less paperwork.



FINANCIAL OVERVIEW

FOR THE FISCAL YEAR ENDED JUNE 30, 2005, THE COMMUNITY PRESERVATION CORPORATION (CPC), A NOT-FOR-PROFIT 501 (C)(3) ORGANIZATION, CLOSED \$56.4 MILLION IN NEW FINANCINGS IN 261 SEPARATE DEALS, CONTINUING TO FULFILL ITS MISSION TO PRESERVE AND DEVELOP AFFORDABLE HOUSING.

CPC CONTINUED TO BE SELF-SUFFICIENT DURING THE YEAR, GENERATING A \$2.2 MILLION SURPLUS OF OPERATING REVENUES OVER EXPENSES. AS A RESULT, THE ACCUMULATED FUND BALANCE INCREASED TO \$61.1 MILLION. CPC'S FINANCIAL STRENGTH ENABLES IT TO ACT AS AN FHA-APPROVED LENDER AND AS A SELLER/SERVICER FOR FANNIE-MAE AND FREDDIE MAC, PROTECTING AGAINST THE RISK OF LOSSES ON LOANS HELD IN ITS LOAN PORTFOLIO.

THE FUND BALANCE ALSO ENABLES CPC, THROUGH CPC RESOURCES, TO CONTINUE PROVIDING EQUITY INVESTMENTS TO PIVOTAL LARGE-SCALE AND SMALL-SCALE COMMUNITY PROJECTS. AS OF JUNE 2005, CPCR HAS OVER \$25 MILLION INVESTED INCLUDING A LARGE INVESTMENT IN THE ACQUISITION OF A FORMER DOMINO SUGAR PROCESSING PLANT IN WILLIAMSBURG, BROOKLYN, AND TWO OPPORTUNITY FUNDS: A FULLY-COMMITTED \$42.5 MILLION FUND (WITH \$5 MILLION OF CPCR EQUITY) AND A \$93 MILLION NEWLY CLOSED FUND (WITH \$10 MILLION OF CPCR EQUITY).

THE PRIMARY SOURCE OF OPERATING CASH CONTINUES TO BE INTEREST SPREAD ON CONSTRUCTION LOANS, COMMITMENT FEES AND SERVICING FEES. THE SERVICING PORTFOLIO AS OF THE

FISCAL YEAR-END WAS APPROXIMATELY \$2.2 BILLION.

CPC'S DIRECT INVESTMENT IN PERMANENT AND CONSTRUCTION LOANS AT YEAR-END WAS \$215.0 MILLION AND \$85.3 MILLION, RESPECTIVELY. CPC HAS A REVOLVING CREDIT AGREEMENT WITH CERTAIN MEMBER BANKS WHEREBY IT CAN BORROW UP TO \$349 MILLION TO FINANCE CONSTRUCTION LOANS AND WAREHOUSED PERMANENT LOANS. CPC HAS ALSO EXPANDED A PROGRAM THAT INCREASES ITS LENDING CAPACITY BY SELLING PARTICIPATIONS IN ITS CONSTRUCTION AND CERTAIN PERMANENT LOANS.

OVER ITS 30-YEAR HISTORY, CPC HAS PROVIDED \$4.7 BILLION IN PUBLIC AND PRIVATE DEBT TO OUR LOW- AND MODERATE-INCOME MARKETS, ESTABLISHING IT AS A RELIABLE LENDING PARTNER FOR PROPERTY OWNERS AND A DEPENDABLE RESOURCE FOR PUBLIC AND PRIVATE REDEVELOPMENT EFFORTS.

A COMPLETE COPY OF THE CORPORATION'S AUDITED FINANCIAL STATEMENTS WILL BE FURNISHED UPON WRITTEN REQUEST.

WRITTEN REQUESTS SHOULD BE MAILED TO:

DESMOND MCGOWAN
CHIEF FINANCIAL OFFICER
THE COMMUNITY PRESERVATION
CORPORATION
28 EAST 28TH STREET
NEW YORK, NY 10016



THE COMMUNITY PRESERVATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (\$000) As of June 30, 2005 & 2004

ASSETS	2005	2004
Investment in First Mortgage Loans, Net	\$706,608	\$568,096
Cash and Cash Equivalents:		
Unrestricted	31,856	34,016
Restricted	93,339	86,603
Accrued Interest and Other Receivables	13,681	6,653
Properties Under Development	68,725	60,386
Other Assets, Net	20,214	19,104
Total Assets	\$934,423	\$774,858
LIABILITIES AND FUND BALANCE		
Notes and Participations Payable	\$684,756	\$542,174
Deposits and Other Liabilities	188,524	173,753
Total Liabilities	873,280	715,927
Fund Balance	61,143	58,931
Total Liabilities and Fund Balance	\$934,423	\$774,858

CONSOLIDATED STATEMENT OF REVENUES, PUBLIC SUPPORT AND EXPENSES (\$000) For the Years Ended June 30, 2005 & 2004

REVENUES AND PUBLIC SUPPORT	2005	2004
Interest Income	\$37,968	\$25,924
Servicing Fee Income	4,475	4,480
Other Income	6,745	8,677
Public Support, Exclusive of CDFI Grant	15	160
Total Revenues and Public Support	49,203	39,241
EXPENSES		
Interest Expense	26,963	15,953
Employee Compensation and Benefits	12,825	12,549
Depreciation and Amortization	377	508
Other Operating Expenses and Provisions	6,826	5,466
Total Expenses	46,991	34,476
Excess Revenues and Public Support		
Over Expenses before CDFI grant	\$2,212	\$4,765
CDFI grant	\$ 0	\$ 0
Excess Revenues and Public Support		
Over Expenses	\$2,212	\$4,765

An additional story has been added to this vacant dilapidated building on the corner of 116th Street and Eighth Avenue in Central Harlem which is being renovated to create 12 new apartments with a construction and permanent loan of \$2.35 million.

DIRECTORS & OFFICERS

BOARD OF DIRECTORS

LEONARD S. SIMON*
CHAIR

VICE CHAIRMAN
CHARTER ONE FINANCIAL, INC.

RICHARD C. DE ZEGO
EXECUTIVE VICE PRESIDENT
HSBC BANK USA

MARIEL O. DONATH
PRESIDENT & CEO
COMMUNITY BANKERS
ASSOCIATION OF NEW YORK STATE

GEORGE L. ENGELKE, JR.*
CHAIRMAN, PRESIDENT & CEO
ASTORIA FEDERAL SAVINGS &
LOAN ASSOCIATION

RICHARD M. GUNTHER*
MANAGING PRINCIPAL
MERRITT CAPITAL

ALEXANDER B. V. JOHNSON
DEUTSCHE BANK
MANAGING DIRECTOR

MICHAEL D. LAPPIN*
PRESIDENT & CEO
THE COMMUNITY PRESERVATION
CORPORATION

PHILIP L. MULSTEIN*
PRINCIPAL
OGDEN CAP PROPERTIES LLC

ROBERT J. MUELLER
SENIOR VICE PRESIDENT (RET.)
THE BANK OF NEW YORK

ANNE F. POLLACK
SENIOR VICE PRESIDENT &
CHIEF INVESTMENT OFFICER
FINANCIAL MANAGEMENT
NEW YORK LIFE INSURANCE
COMPANY

JOHN A. SOMERS*
EXECUTIVE VICE PRESIDENT
TIAA-CREF

MARK A. WILLIS
EXECUTIVE VICE PRESIDENT
JPMORGAN CHASE COMMUNITY
DEVELOPMENT GROUP

*CFC RESOURCES BOARD MEMBERS

CPC Resources, Inc.
D. KENNETH PATTON
DEAN OF REAL ESTATE
NEW YORK UNIVERSITY
REAL ESTATE INSTITUTE

RONALD E. POE
PRESIDENT
RONALD F. POE & ASSOCIATES

MICHAEL J. WECHSLER
EXECUTIVE VICE PRESIDENT
CHARTERMAC

MORTGAGE COMMITTEES New York City

R. MICHAEL SWEARINGEN (CHAIR)
VICE PRESIDENT
JPMORGAN CHASE BANK

DIANE J. BORRADALE
SENIOR VICE PRESIDENT
BANK OF AMERICA

ERNEST FAIR, JR.
DIRECTOR
TIAA-CREF

GLENN GRIMALDI†
SENIOR VICE PRESIDENT
HSBC BANK USA

SUSAN KARGMAN†
VICE PRESIDENT
CITIBANK, N.A.

MICHAEL D. LAPPIN
PRESIDENT & CEO
THE COMMUNITY PRESERVATION
CORPORATION

MURRAY E. MASCI†
EXECUTIVE VICE PRESIDENT (RET.)
WASHINGTON MUTUAL BANK, FA

DANIEL MCKILLOP
MANAGING DIRECTOR
NEW YORK LIFE INSURANCE
COMPANY

DANIEL NISSENBAUM
SENIOR VICE PRESIDENT
HSBC BANK USA

JANSEN NOYES III†
SENIOR VICE PRESIDENT (RET.)
EMIGRANT SAVINGS BANK

JOSE RODRIGUEZ
VICE PRESIDENT
CITIBANK, N.A.

MICHAEL SOLOMON
VICE PRESIDENT
MERRILL LYNCH COMMUNITY
DEVELOPMENT CORPORATION

ROBIN THOMPSON
SENIOR VICE PRESIDENT
APPLE BANK FOR SAVINGS

Hudson Valley

JAMES BASON (CHAIR)
SENIOR VICE PRESIDENT & CHIEF
LENDING OFFICER
CARVER FEDERAL SAVINGS BANK

ROGER B. BRAXTON
SECOND VICE PRESIDENT
NEW YORK LIFE INSURANCE
COMPANY

STEPHEN G. DORMER
SENIOR VICE PRESIDENT
PROVIDENT BANK

ROBIN GALLAGHER†
VICE PRESIDENT
THE BANK OF NEW YORK

The Center of Urban Rehabilitation and Empowerment, Inc. (CURE), a not-for-profit developer in The City of New York, is building

JACK GREENE
SENIOR VICE PRESIDENT
THE COMMUNITY PRESERVATION
CORPORATION

JOHN H. LAMOREE
VICE PRESIDENT
M&T BANK

JAMES A. MARTIN
SENIOR VICE PRESIDENT
PUTNAM COUNTY SAVINGS BANK

WILLIAM F. MELCHER
VICE PRESIDENT
HUDSON UNITED BANK

MARY PADEN
VICE PRESIDENT
KEYBANK NATIONAL ASSOCIATION

Albany & Eastern New York
NORMAN V. NICHOLS (CHAIR)
SENIOR VICE PRESIDENT & CHIEF
CREDIT OFFICER

KEYBANK NATIONAL
ASSOCIATION

M. LYNN BRADLEY
VICE PRESIDENT & DIRECTOR OF
COMMERCIAL REAL ESTATE
THE TROY SAVINGS BANK

THOMAS E. GRIFFITHS
SENIOR VICE PRESIDENT
CENTRAL NATIONAL BANK

NEIL E. HANNAN
VICE PRESIDENT
TD BANKNORTH

JAMES J. MORRIS, IV
VICE PRESIDENT
CHARTER ONE BANK

DAVID NILES
VICE PRESIDENT
M&T BANK

EDWARD J. SIGLER[†]
VICE PRESIDENT
JPMORGAN CHASE BANK

ANDREW ZANOTTA[†]
VICE PRESIDENT
BANKNORTH, N.A.

Syracuse and Central New York
KATHY L. DAVIS (CHAIR)

VICE PRESIDENT
ALLIANCE BANK, N.A.

RICHARD W. DRISCOLL
VICE PRESIDENT
M&T BANK

JAMES M. HAMER, SR.
ASSISTANT VICE PRESIDENT
ROME SAVINGS BANK

STEPHEN OSBORNE
VICE PRESIDENT
FULTON SAVINGS BANK

R. SCOTT SCHMID
VICE PRESIDENT
JP MORGAN CHASE COMMUNITY
DEVELOPMENT GROUP

Buffalo & Western New York
JOSEPH G. EICHELDERGER (CHAIR)
VICE PRESIDENT
CITIGROUP, INC.

TERRY BERTRAM (VICE CHAIR)
PRESIDENT & CEO
MAPLE CITY SAVINGS BANK, FSB

MICHAEL S. ANTHONY
VICE PRESIDENT
M&T BANK

G. GARY BERNER
EXECUTIVE VICE PRESIDENT &
CHIEF LENDING OFFICER
FIRST NIAGARA BANK

STEPHEN L. BODJAK
VICE PRESIDENT
CITIZENS BANK, N.A.

CHRISTOPHER MONTANTE
VICE PRESIDENT
HSBC BANK USA

New Jersey

MARK E. KABAKOW (CHAIR)
VICE PRESIDENT
WACHOVIA BANK

DIANE J. BORRADAILE
SENIOR VICE PRESIDENT
BANK OF AMERICA

ROBERT V. DOWDY
VICE PRESIDENT
THE BANK OF NEW YORK

JAMES P. MEICKE
VICE PRESIDENT
NORTHFORK BANK

DANIEL A. NISSENBAUM[†]
DIRECTOR
MERRILL LYNCH COMMUNITY
DEVELOPMENT COMPANY

[†]RESIGNED DURING 2004-2005

Two family homes on vacant land, CPC and The City of Bankers provided \$1.16 million.



OFFICERS & STAFF

MICHAEL D. LAPPIN
PRESIDENT & CHIEF EXECUTIVE
OFFICER

JOHN M. MCCARTHY
EXECUTIVE VICE PRESIDENT &
CHIEF OPERATING OFFICER

Central Office

CAROLYN AU
SENIOR VICE PRESIDENT,
DIRECTOR OF CLOSINGS

BARBARA BAER
VICE PRESIDENT, GOVERNMENTAL
AFFAIRS

ROSE BROWNE
SENIOR VICE PRESIDENT

ESTRELLA DAGDAYAN
ASSISTANT CONTROLLER

ANDREA GLADSTONE
ASSOCIATE COUNSEL

JACK GREENE
SENIOR VICE PRESIDENT,
DIRECTOR OF LOAN ORIGINATIONS

JOAN GUERRA
OFFICER MANAGER/H.R.
ADMINISTRATOR

ALEXANDRA KLEIN
ASSISTANT TO THE PRESIDENT/
POLICY ANALYST

RICHARD A. KUMRO
VICE PRESIDENT, GENERAL
COUNSEL & SECRETARY

ERIKA LAKE
VICE PRESIDENT, CLOSING DEPT.

DIANNA LOOK
SENIOR VICE PRESIDENT, LOAN
SERVICING DEPARTMENT

DESMOND MCGOWAN
CHIEF FINANCIAL OFFICER &
DIRECTOR OF HUMAN RESOURCES

KATHLEEN MURPHY
ASSISTANT VICE PRESIDENT

PAUL PARK
CONTROLLER

BRENDA RATLIFF
VICE PRESIDENT FOR
COMMUNICATIONS

HELENE S. RUDOLPH
VICE PRESIDENT, DEPUTY GENERAL
COUNSEL

CPC Resources, Inc.

KATHLEEN A. DUNN
EXECUTIVE VICE PRESIDENT FOR
DEVELOPMENT

VIOLA BAGINSKI
PROJECT DEVELOPMENT ASSISTANT

CHARLES BRASS
SENIOR VICE PRESIDENT

NICOLE CHAPINS
CONTROLLER

SCOTT DYER
ASSOCIATE PROJECT MANAGER

MARY E. ENRIGHT
SENIOR VICE PRESIDENT,
PORTFOLIO MANAGEMENT &
INVESTMENTS

ISAAC HENDERSON
PROJECT MANAGER

ROGER LINDSAY
ASSISTANT CONTROLLER

BARRY S. LIGHT
VICE PRESIDENT, DIRECTOR OF
CONSTRUCTION

THOMAS MCGRATH
SENIOR VICE PRESIDENT

SARAH MONROE
VICE PRESIDENT

SUSAN M. POLLOCK
SENIOR VICE PRESIDENT

JAMES ROHRBACHER
CONSTRUCTION MANAGER

DAVID SOLES
SENIOR PROJECT MANAGER

JOHN P. WEST III
SENIOR VICE PRESIDENT FOR
DESIGN

DEBORAH WIDERKEHR
VICE PRESIDENT

REGIONAL STAFF
Bronx/Manhattan
BRUCE DALE
SENIOR VICE PRESIDENT,
REGIONAL DIRECTOR

RICHARD P. CONLEY
SENIOR VICE PRESIDENT,
MORTGAGE OFFICER

NANCY GONZALEZ
ASSISTANT MORTGAGE OFFICER

NAIM BROWN
ASSISTANT MORTGAGE OFFICER

YOLANDA QUINONES
ASSISTANT MORTGAGE OFFICER

MICHAEL LAMBERT
MORTGAGE OFFICER

HILARY WEINSTEIN
NEIGHBORHOOD MORTGAGE
OFFICER

**Brooklyn/Queens/Staten
Island/Long Island**

MARY BRENNAN
SENIOR VICE PRESIDENT,
REGIONAL DIRECTOR

MARCUS BROOKS
NEIGHBORHOOD MORTGAGE
OFFICER

PATRICIA FIGUEROA
MORTGAGE ANALYST

SUSAN E. FORESTA
ASSISTANT VICE PRESIDENT

LAUREN GIAMBRONE
ASSISTANT MORTGAGE OFFICER

AARON GRAP
NEIGHBORHOOD MORTGAGE
OFFICER

ANITA PINS
VICE PRESIDENT
ROBERT RIGGS
MORTGAGE OFFICER
DANIEL J. WHEELER
MORTGAGE OFFICER

Albany

ANDERS TOMSON
SENIOR VICE PRESIDENT,
REGIONAL DIRECTOR

Christophe Betts

ASSISTANT VICE PRESIDENT

SANDRA ADAMS
MORTGAGE OFFICER

Patrick Miller

ASSISTANT MORTGAGE OFFICER

Tracy Conley

ASSISTANT MORTGAGE OFFICER

Gerald B. Fitzgerald

FINANCE CONSULTANT FOR
ALBANY OFFICE

Buffalo/Rochester and Western New York

Fred Heinle

ASSISTANT VICE PRESIDENT,
MORTGAGE OFFICER

Patricia Woods

MORTGAGE OFFICER

Michelle A. Andrzejewski

ASSISTANT MORTGAGE OFFICER

Hudson Valley

Sadie McKeown

SENIOR VICE PRESIDENT,
REGIONAL DIRECTOR

Cathy Ann Nicholson

NEIGHBORHOOD MORTGAGE
OFFICER

Douglas L. Olcott

VICE PRESIDENT

Nancy Feeley

MORTGAGE OFFICER

Linda Campoverde

ASSISTANT MORTGAGE OFFICER

New Jersey

Annmarie Uebbing

VICE PRESIDENT, REGIONAL
DIRECTOR

Maria Tese

ASSISTANT MORTGAGE OFFICER

Syracuse and Central New York

Nicholas Petragiani

VICE PRESIDENT, REGIONAL
DIRECTOR

Andrew D'Agostino

MORTGAGE OFFICER

Faye Carr

ASSISTANT MORTGAGE OFFICER

OFFICE LOCATIONS

Headquarters

28 EAST 28TH STREET

9TH FLOOR

NEW YORK, NY 10016-7943

(212) 869-5300 - PHONE

(212) 683-0694 - FAX

Bronx & Manhattan

3154 ALBANY CRESCENT

BRONX, NY 10463

(718) 601-6600 - PHONE

(718) 543-3437 - FAX

Brooklyn, Queens, Staten Island & Long Island

175 REMSEN STREET

10TH FLOOR

BROOKLYN, NY 11201

(718) 522-3900 - PHONE

(718) 522-3047 - FAX

Hudson Valley

245 SAW MILL RIVER ROAD

HAWTHORNE, NY 10532

(914) 747-2570 - PHONE

(914) 747-2587 - FAX

Albany & Eastern New York

54 STATE STREET

2ND FLOOR

ALBANY, NY 12207

(518) 463-1776 - PHONE

(518) 463-1636 - FAX

Syracuse & Central New York

120 EAST WASHINGTON STREET

SUITE 812

SYRACUSE, NY 13202

(315) 476-3173 - PHONE

(315) 476-3975 - FAX

Buffalo & Western New York

403 MAIN STREET

SUITE 715

BUFFALO, NY 14203

(716) 853-0266 - PHONE

(716) 853-0269 - FAX

183 EAST MAIN STREET

SUITE 1101

ROCHESTER, NY 14604

(585) 324-7127 - PHONE

(585) 454-3847 - FAX

New Jersey

75 MONTGOMERY STREET

5TH FLOOR

JERSEY CITY, NJ 07302

(201) 547-5626 - PHONE

(201) 547-5625 - FAX



PARTICIPATING INSTITUTIONS

Banks & Savings Institutions

ALLIANCE BANK N.A.
AMALGAMATED BANK
APPLE BANK FOR SAVINGS
ASTORIA FEDERAL SAVINGS AND
LOAN ASSOCIATION
ATLANTIC BANK OF NEW YORK
BALLSTON SPA NATIONAL BANK
BANCO POPULAR NORTH AMERICA
BANK OF AMERICA
THE BANK OF GREENE COUNTY
THE BANK OF NEW YORK
BANK OF TOKYO-MITSUBISHI TRUST
COMPANY
BANKNORTH, N.A.
BPD BANK
THE CANANDAIGUA NATIONAL
BANK & TRUST COMPANY
CAPITAL BANK & TRUST COMPANY
CARVER FEDERAL SAVINGS BANK
CHAMPLAIN NATIONAL BANK
CHINATRUST BANK (U.S.A.)
CITIBANK, N.A.
CITIZENS BANK, N.A.

CITY NATIONAL BANK OF NEW
JERSEY
CITY NATIONAL BANK & TRUST
COMPANY
DEUTSCHE BANK TRUST COMPANY
AMERICAS
THE DIME SAVINGS BANK OF
WILLIAMSBURG
ELMIRA SAVINGS BANK, FSB
EMIGRANT SAVINGS BANK
FAIRPORT SAVINGS BANK
THE FIRST NATIONAL BANK OF
JEFFERSONVILLE
FIRST NIAGARA BANK
FIRST REPUBLIC BANK
FLEET NATIONAL BANK
FLUSHING SAVINGS BANK, FSB
FULTON SAVINGS BANK
GREATER BUFFALO SAVINGS BANK
HSBC BANK USA
HUDSON UNITED BANK
INDEPENDENCE COMMUNITY BANK
JPMORGAN CHASE BANK
KEYBANK NATIONAL ASSOCIATION
LAKE SHORE SAVINGS & LOAN
ASSOCIATION
MANUFACTURERS & TRADERS TRUST
COMPANY
MAPLE CITY SAVINGS BANK, FSB
MERRILL LYNCH COMMUNITY
DEVELOPMENT COMPANY
MIZUHO CORPORATE BANK (USA)
NBT BANK, NA

NEW YORK COMMUNITY BANK
THE NORTH COUNTRY SAVINGS
BANK
NORTH FORK BANK
PARTNERS TRUST BANK
PATHFINDER BANK
PIONEER SAVINGS BANK
PNC BANK, N.A.
PROVIDENT BANK
PUTNAM COUNTY SAVINGS BANK
RHINEBECK SAVINGS BANK
RIDGEWOOD SAVINGS BANK
ROME SAVINGS BANK
SIGNATURE BANK
SOLVAY BANK
STERLING NATIONAL BANK
TD WATERHOUSE BANK, N.A.
UNION STATE BANK
UNITED STATES TRUST COMPANY
OF NEW YORK
VALLEY NATIONAL BANK
WACHOVIA BANK, NATIONAL
ASSOCIATION
WALDEN SAVINGS BANK
WASHINGTON MUTUAL BANK, FA

Insurance Companies

AXA EQUITABLE LIFE INSURANCE
COMPANY
THE GUARDIAN LIFE INSURANCE
COMPANY OF AMERICA
METROPOLITAN LIFE INSURANCE
COMPANY

NEW YORK LIFE INSURANCE
COMPANY
TIAA-CREF

Additional Investors

CHURCH OF ST. RAYMOND
FANNIE MAE
FREDDIE MAC
NEW YORK CITY EMPLOYEES
RETIREMENT SYSTEM
NEW YORK CITY POLICE PENSION
FUND
NEW YORK STATE COMMON
RETIREMENT FUND
PENSION FUND OF THE UNITED
METHODIST CHURCH
TEACHERS RETIREMENT SYSTEM OF
THE CITY OF NEW YORK

DESIGN: JLL@JLLSINGERGAPHICS.COM
EDITING: LINDEN ALSCHULER & KAPLAN,
BRENDA RATLIFE
PHOTOGRAPHY: RONALD L. GLASSMAN
PRINTING: GRAPHIC MANAGEMENT INC.
"THE COMMUNITY PRESERVATION
CORPORATION," "CPC," "CPC RESOURCES"
AND THE INTERSECTING HOUSES LOGO THAT
APPEARS ON THE BACK PAGE OF THIS REPORT
ARE REGISTERED TRADEMARKS OF THE
COMMUNITY PRESERVATION CORPORATION.



The Community Preservation Corporation
28 East 28th Street, 9th Floor
New York, NY 10016-7943
www.communitycp.com

