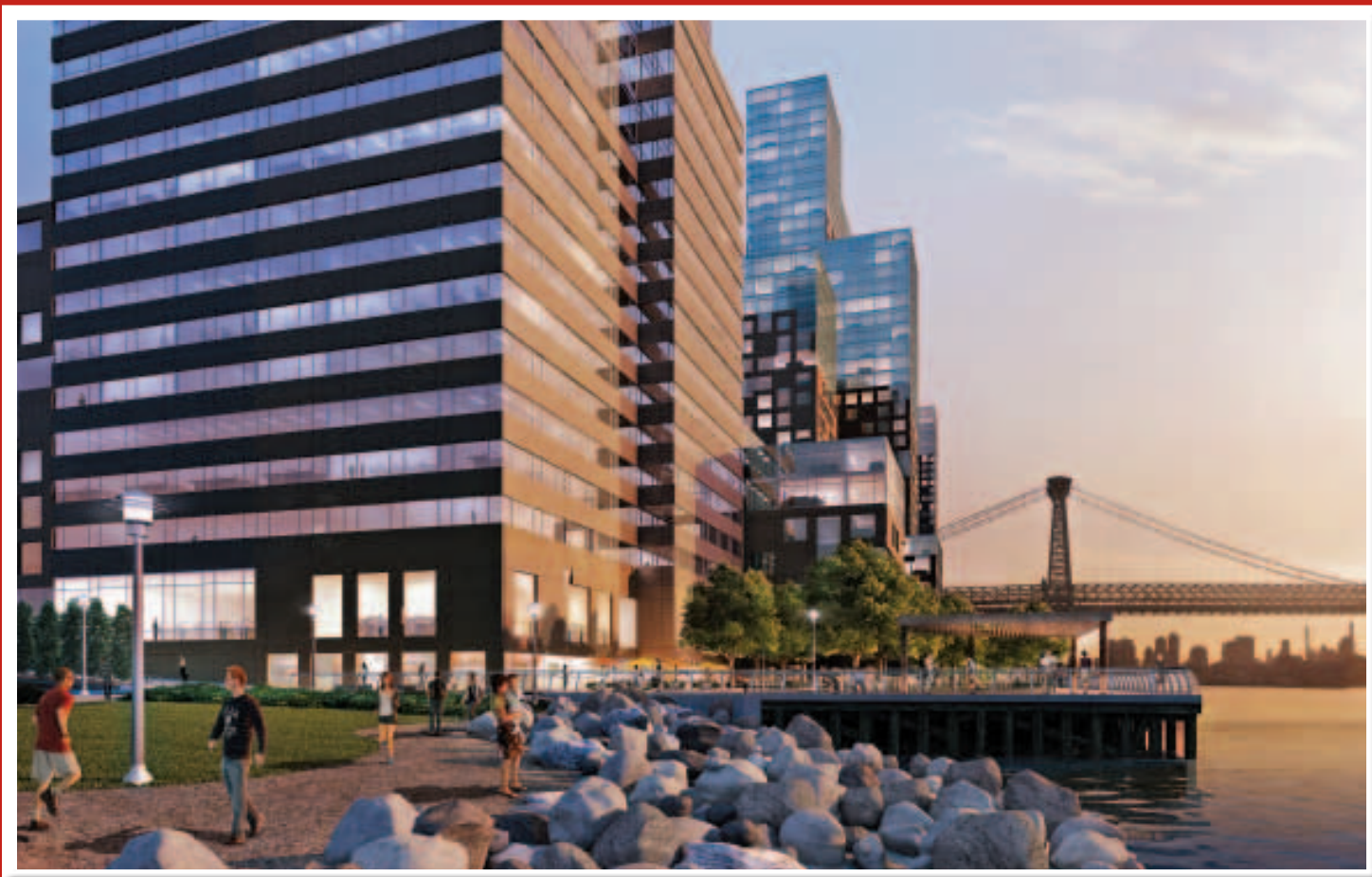


Communities, Commitments, Reinvestments





A rendering of the waterfront at the New Domino looking towards the Williamsburg Bridge.

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To Our Members

At the completion of our 36th year, CPC's focus remains on how to serve our communities in the face of ongoing economic challenges. A major priority is to closely monitor and complete the new and renovated housing we have under construction. Accordingly, we have restructured our business to closely monitor these projects, strengthening our construction loan management with workflow software, adding additional specialists when needed and paying particular attention to those new construction loans originally planned as for-sale projects. To complete these projects, we have restructured several of our loans, working closely with a variety of government programs. Some for-sale housing has been converted to rentals, sale prices have been adjusted, and all have benefited from lower interest rates and greater availability of end loans for moderate income buyers. Progress has been made this year with 1,000 units, representing investments of over \$265 million being completed with these loans repaid.

While demand for CPC's financed and developed housing remains strong in New York City, it has proven less so in some upstate areas of New York and in several of the urban areas in New Jersey and Connecticut. In the latter areas, we have had to

take reserves to off-set expected losses. In the ending year, we were able to absorb all the reserves taken, while adding a modest increment to the company's fund balance.

Our business in the coming year will focus on preserving and increasing the efficiency of existing affordable housing. Much privately owned and publicly assisted housing is under stress, given the combination of increasing real estate and water and sewer charges in New York City, and the economic pressures residents face region-wide. New investments in a building's infrastructure are a constant requirement for existing housing to remain healthy. In this context, our energy efficiency program has made a solid start, committing almost \$100 million for the renovation and retrofitting of almost 3,000 units, half of which have started construction. We have developed several approaches to financing apartment building retrofits and integrating them with other renovation and financing needs.

To accomplish these ends CPC will seek to raise up to \$200 million for its third equity fund. Its specific goal will be to purchase defaulted multifamily properties and restore them to physical and economic health. In a recessionary era, lower purchase

prices can in part replace the decline in public subsidy to provide affordable housing.

We will also seek renewal of our \$.5 billion line of credit for construction

lending, which will also be directed to the preservation agenda. However, private financing alone will not solve the problems of this housing, but must work in concert with a variety of public programs and regulations. In New York State, public mortgage insurance is crucial as it opens access to long term investors, —

our City and State public employee pension funds, sponsoring banks and life insurance companies and others — which provide takeouts to our construction loans.

Finally, the zoning approvals for the New Domino project were obtained by unanimous vote of the New York City Council for the development of the 11.2 acre site. The development will contain 660

affordable apartments — 30% of the residential units — with four acres of park land stretching a ¼ mile on the East River in Williamsburg, Brooklyn. We are now in the process of raising necessary funds for the project, which we plan to start about a year from now.

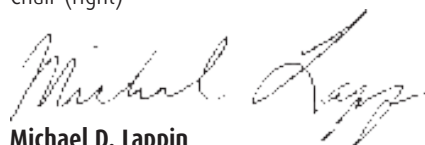
We wish to thank the board of directors and CPC staff for their support during this challenging and complex year. Everyone worked extremely hard to fulfill CPC's commitment to provide top notch affordable housing to the communities we serve.

Sincerely,



Michael Hegarty

Chair (right)



Michael D. Lappin

President & Chief Executive Officer (left)

FISCAL YEAR PERFORMANCE Year Ended June 30, 2010
Unless Otherwise Stated

New Construction and Permanent Loans Closed

CPC, Pension Fund & Other Private Funds	198,241,536
Public Funds	120,411,043
Total Funds	\$318,652,579

Permanent Conversion (Dollars)

CPC, Pension Fund & Other Private Funds	92,068,029
Public Funds	48,443,410
Total	\$140,511,439



Domi-Yes!

After nearly six years of planning,
intensive community participation,

and hearings before the New York City Landmarks Preservation Commission, Brooklyn Community Board 1, the Brooklyn Borough President, the City Planning Commission and the New York City Council, the New Domino was approved unanimously by the City Council on July 29, 2010.

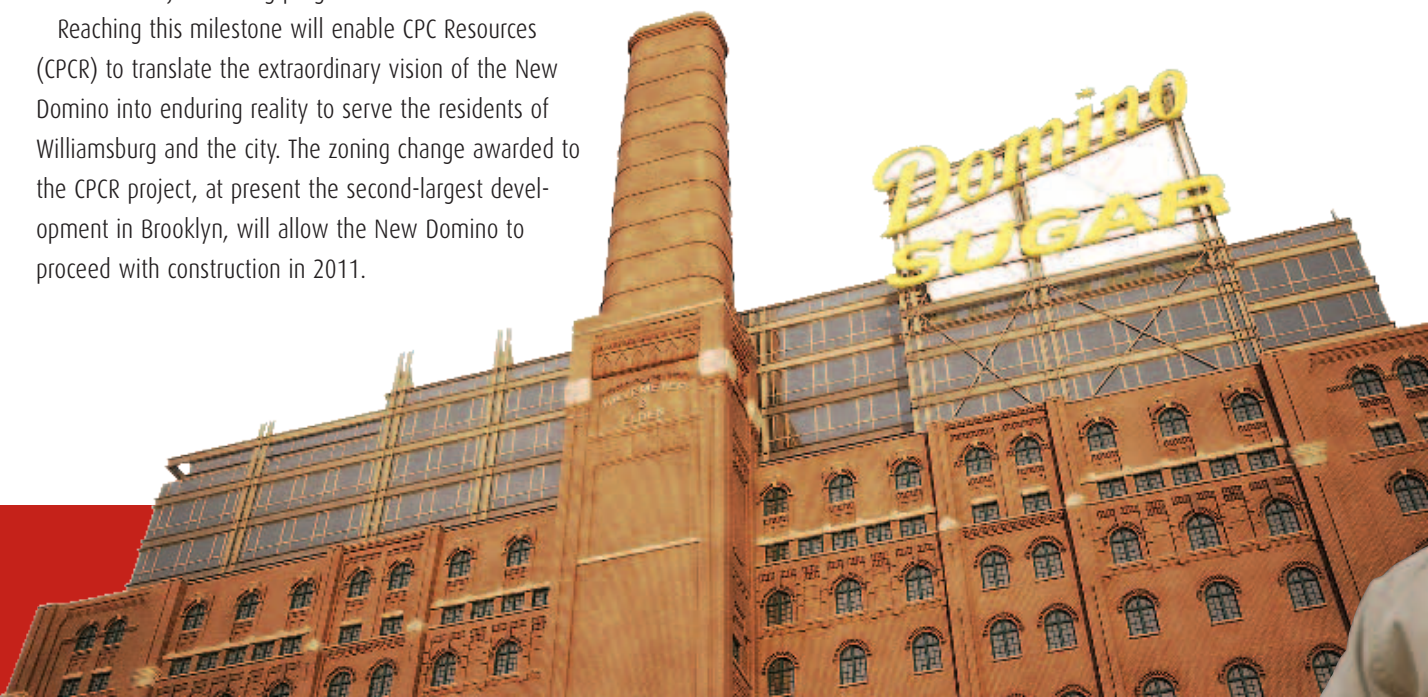
The dramatic \$1.5 billion development on the Williamsburg waterfront will provide a total of 2,200 apartments, with 660 permanently affordable units. The project also provides four acres of public parks, a quarter mile long riverfront esplanade, restoration of the landmark Domino Refinery complex with the iconic Domino Sugar sign, 100,000 square feet of commercial office space, 128,000 square feet of retail space, 147,000 square feet of community facility space and significant economic development opportunities, including an estimated 350 construction jobs every year for 10 years, over 1,000 permanent jobs and a commitment to a job-training program for local residents.

Reaching this milestone will enable CPC Resources (CPCR) to translate the extraordinary vision of the New Domino into enduring reality to serve the residents of Williamsburg and the city. The zoning change awarded to the CPCR project, at present the second-largest development in Brooklyn, will allow the New Domino to proceed with construction in 2011.

Throughout the process, CPCR staff worked diligently with many community groups who paved the way for the project's successful journey through the public review process. Hundreds of members of local organizations including Churches United Corp., Churches United for Fair Housing, Inc., El Puente, Los Sures, St. Nicks Alliance, and UJ Care provided unflagging grassroots support for the New Domino.

Joining this local support, the New Domino enjoyed high level endorsements from Mayor Michael Bloomberg and Council Speaker Christine Quinn, Congresswoman Nydia Velazquez, Councilmember Diana Reyna and Brooklyn Borough President Marty Markowitz.

Architect Rafael Viñoly's compelling design provides an inviting path toward realizing CPCR's goal of opening up the waterfront to the public for the first time in 150 years. The design transforms the abandoned industrial complex into a mixed-use residential





development that emphasizes open space and public access, while respecting the site's industrial heritage. As envisioned by the architecture firm Beyer Blinder Belle, the treatment of the historic Refinery complex located at the center of the site respectfully restores the original structure while adding an appropriately dramatic addition.

The 11.2 acre site sits at a bend in the river offering spectacular views of midtown, lower Manhattan, three bridges and the New York Harbor with the Statue of Liberty beyond.

The New Domino enhances its unique waterfront setting with a rich sequence of open spaces. At the heart of the develop-

ment, fronting the Refinery complex and located at the center of the five block long continuous esplanade, will be a large open lawn featuring spectacular views of the skyline that is expected to become the Southside neighborhood's central public gathering place. The open spaces were designed by landscape architects Quennell Rothschild and Partners.

The New Domino will be built over a 10-year period, with a projected starting date at the end of 2011 on the upland portion of the site east of Kent Avenue.



CPC's Green Financing Initiative

Celebrating a Successful First Year

In an effort to make existing multi-family buildings more energy efficient and reduce their carbon footprint, CPC launched a simple yet innovative new lending program, the Green Financing Initiative (GFI), in September 2009. Under this program, CPC provides financing to a property owner for the acquisition and/or refinancing of his or her property including a comprehensive energy retrofit as a component of a larger work scope. Prior to the initiation of a full audit, CPC staff members will evaluate the property's energy usage and identify ways for the owner to save money with retrofit.

Under the GFI, CPC works with each borrower to identify incentives for energy savings sponsored by utilities such as Con Edison and agencies like New York State Homes and Community Renewal (HCR), which offers New York's Weatherization Assistance Program (WAP).

Since the launch of this exciting initiative, nearly 1,400 units across New York State have been renovated or are currently under renovation and being retrofitted thanks to a private investment of just under \$30 million and \$18 million in subsidy. An additional 1,400 units are currently in CPC's pipeline for a total private investment of more than \$38 million and subsidy investment of just over \$20 million.

Examples of successful loans closed under CPC's GFI include a six-story building with 35 rental units in Washington Heights, which received a \$1.22 million construction loan from CPC and a \$2.3 million Participation Loan Program (PLP) construction loan from the New York City Department of Housing and Development (HPD) to finance upgraded plumbing and electrical systems and installation of new gas risers and a new roof. The building will receive new low-E windows, ENERGY STAR® refrigerators and energy efficient lighting. This loan is underwritten with enhanced J51 benefits.

A portfolio of buildings located in the Bronx neighborhood of Melrose comprising four-, five- and six-story buildings totaling 173 units, will benefit from CPC's \$6.8 million construction loan in conjunction with a \$6.6 million 8A loan from HPD and a \$597,600 New York State Energy Research and Development

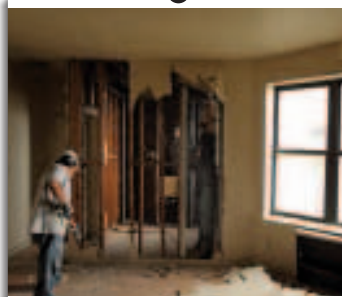
Authority (NYSERDA) Weatherization Grant. Planned improvements include electrical repair, installation of new roofs and windows.

Brooklyn properties in the Bushwick, Williamsburg, and East Williamsburg sections of Brooklyn also received financing in the amount of \$13.6 million for energy efficiency retrofits. Thanks to these upgrades, a total of 179 residential units will now be more energy efficient.

CPC's greening also extends to Upstate communities. CPC's Syracuse office closed a \$2.3 million green loan for the rehabilitation and refinancing of a 110-unit garden apartment complex in Liverpool. The Syracuse office also completed a \$150,000 loan increase for a mobile home park previously financed in Wellsville. Upgrades to the mobile homes include a significant weatherization retrofit thanks to CPC's permanent loan increase and a \$450,000 Weatherization grant from Cattaraugus Community Development's Weatherization Program. In the very western part of the state, CPC's Buffalo office closed a \$1.84 million green loan to finance retrofits for a 44-unit townhouse complex including the installation of new roofs, siding, windows, storm doors, and electric service panels, and upgrade of kitchens, bathrooms, and HVACs.

A central element of the green program is to measure the savings of retrofits through annual post audits of energy usage. CPC's goal is to demonstrate practical financing models for retrofit underwriting that can be replicated by other multifamily lenders.





1 A NYSEDA energy audit at this 309-unit affordable development in upper Manhattan showed that this two-tower complex would benefit from energy retrofits. CPC's first green loan became a supplemental co-first permanent mortgage with an existing permanent loan from the NYC pension funds of \$4.5 million which funded a significant scope of energy retrofits. The State of New York Mortgage Agency (SONYMA) is providing mortgage insurance. Additional funding was received from NYSEDA and NYS Homes and Community Renewal (HCR).

2 A portfolio of buildings located in the Melrose neighborhood in the Bronx received financing under CPC's GFI with a \$6.8 million CPC construction loan,

along with a \$6.6 million PLP loan from HPD and a \$597,600 Weatherization grant. The four-building portfolio totaling 173 units is slated to receive varied energy efficient upgrades.

3 Old windows are being replaced as part of a gut rehab to this garden apartment complex in Liverpool, which consists of 11 buildings, totaling 110 rental units. With a \$2.3 million CPC GFI construction loan and SONYMA insured pension fund permanent loan, this complex will be refinanced and rehabilitated. The project also includes weatherization funds and upgrades to the lighting fixtures.

4 Continuing its efforts to green existing housing inventory in New York City, CPC's Brooklyn office closed its first GFI loan for an energy-efficient building rehabilitation project in Williamsburg. CPC & HPD's \$6.8 million loan will renovate 123 affordable rental units. The borrower is a longtime community advocate.

Two Critical Options

The Importance of Low Income Housing Tax Credits

In a time of vast economic uncertainty, Low Income Housing Tax Credits (LIHTC) have consistently provided a practical financing alternative for the development of multi-family housing by encouraging flourishing public-private partnerships. According to New York State HCR, this program has been primarily responsible for the construction or rehab of almost 50,000 rental units for low- and moderate-income families and seniors throughout the state. Nationwide, approximately one million affordable rental housing units have been produced using LIHTCs.

LIHTCs have been effectively used in conjunction with CPC financing throughout its lending areas, but most particularly in Upstate communities for senior housing, special needs housing, as well as low- and moderate-income housing. This past year CPC financed two Hudson Valley projects comprising an 88-unit affordable rental in Fishkill and a 26-unit project in Haverstraw as well as numerous low-income rental projects in the Eastern region.

The financing of these important multi-family developments illustrates how low income tax credits can assist in the creation of necessary affordable housing for our local communities despite current economic conditions.

The Freddie Mac Option

CPC has been a Freddie Mac loan originator and servicer for nearly 20 years, successfully securing more than \$916.5 million in financing for our borrowers.

CPC's trained loan originators are experts at navigating the complex requirements that have recently been adopted, which is critical to CPC's success as a "one-stop-shop" business model for the secondary market.

CPC works with a number of Freddie programs. Two such programs include Freddie Mac's Capital Markets Execution (CME) program and their new Capped ARM product both of which offer great savings and better pricing. CPC recently closed an \$11.5 million permanent CME loan to refinance a 100-unit complex in upstate New York. This loan will have a 10-year term with a 30-year amortization schedule and the interest rate will be fixed for the full term of the mortgage. Freddie's Capped ARM Product offers even greater savings since the term of the cap is shorter resulting in a considerably lower start rate and lifetime cap.

CPC's partnership with Freddie Mac remains a resource for multi-family housing developers and investors for financing the acquisition, refinance, and rehab of multi-family properties. CPC is also working to adapt Freddie Mac's financing products to our green program to take advantage of enhanced pricing and funding for qualified properties.

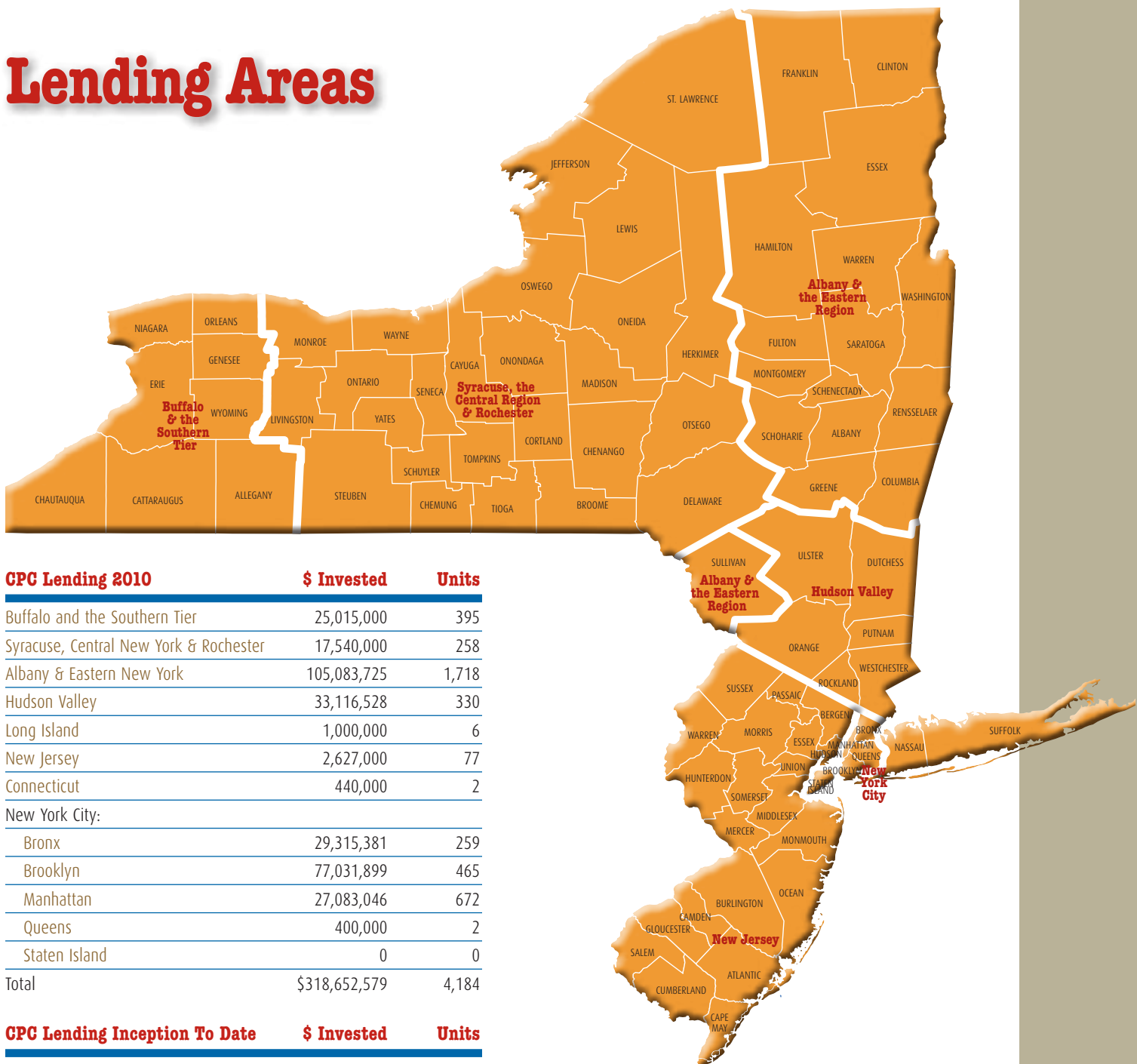


1 Scattered sites within the City of Albany received CPC Pension Fund permanent financing insured by SONYMA for the new construction and gut rehabilitation of 52 low-income rentals. In addition, the project received HTF, HOME, and Low Income Housing Tax Credits. All units are affordable to families at or below 50% of AMI.

2 A \$2.627 million Freddie Mac permanent loan financed the acquisition and refinance of 77 low-income rental units in Atlantic City. The fully occupied Section 8 complex has ten buildings designated for working families. CPC collaborated creatively with HUD, the borrower and Freddie Mac in underwriting and closing the transaction.



Lending Areas

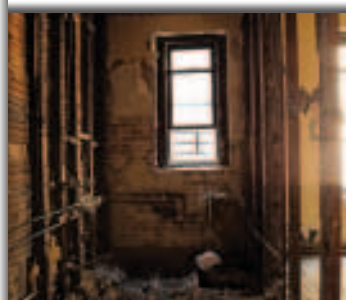


CPC Lending 2010

	\$ Invested	Units
Buffalo and the Southern Tier	25,015,000	395
Syracuse, Central New York & Rochester	17,540,000	258
Albany & Eastern New York	105,083,725	1,718
Hudson Valley	33,116,528	330
Long Island	1,000,000	6
New Jersey	2,627,000	77
Connecticut	440,000	2
New York City:		
Bronx	29,315,381	259
Brooklyn	77,031,899	465
Manhattan	27,083,046	672
Queens	400,000	2
Staten Island	0	0
Total	\$318,652,579	4,184

CPC Lending Inception To Date

	\$ Invested	Units
Buffalo and the Southern Tier	290,813,787	7,765
Syracuse, Central New York & Rochester	296,870,802	6,629
Albany & Eastern New York	557,791,162	10,711
Hudson Valley	971,469,526	14,300
Long Island	148,923,856	1,582
New Jersey	303,620,899	7,126
Connecticut	26,437,000	225
New York City:		
Bronx	1,405,277,586	37,279
Brooklyn	2,054,232,329	24,354
Manhattan	1,164,265,346	21,327
Queens	329,482,498	7,895
Staten Island	23,083,000	452
Total	\$7,572,267,791	139,645



The Bronx Goes Green!

CPC's Bronx office has taken the lead in greening New York City. Shortly after the launch of CPC's Green Financing Initiative, the Bronx office closed the company's first green loan in Harlem and they have maintained an impressive pipeline of closings and deals ever since.

To continue this momentum, CPC is working closely with HPD to revisit a number of early loans to carry out moderate renovations that include sustainable retrofits to lower operating costs in these rental buildings which will keep them affordable for the next 30 years.

Highlights of some of the initial investments include three projects in Upper Manhattan comprising a 207-unit limited-equity coop development which received NYSERDA funding and a weatherization grant to complement CPC financing, and two projects that will each receive HPD PLP construction and permanent financing along with a green retrofit. A large portfolio of Bronx buildings will also benefit from HPD financing and a weatherization grant.

For most projects, financing, subsidies and a scope of work are put in place after an energy audit. Typical retrofits include: efficient common area lighting, new Low-E windows, roof cavity and exterior wall insulation, heat computers, efficient boilers, plumbing fixtures, ENERGY STAR® appliances, low-flow showerheads and aerators.

1 A 21-story Mitchell-Lama building in upper Manhattan was one of the first loans to close under CPC's Green Financing Initiative (GFI). Collaboration between CPC and the NYS Housing Finance Agency (HFA) paved the way for a \$3.4 million permanent loan to refinance and implement energy retrofits complemented by grants from NYSERDA and the NYS Weatherization program.

2 Thanks to a \$2.2 million CPC green loan and a \$2.89 million PLP construction loan from the NYC Department of Housing Preservation and Development (HPD), this five-story, 52-unit rental building on Arden Street in Inwood (just down the street from CPC's first loan which closed in 1975) will receive moderate rehabilitation and energy upgrades.

3 In Baychester, a total of 22 newly constructed three-family homes featuring 66 affordable condos were built upon

11 formerly vacant lots. In addition to CPC's financing of \$10.5 million, subsidy was provided by the Housing Partnership Development Corporation using NYS Affordable Housing Corporation (AHC) funds.

4 An occupied 35-unit rental in Washington Heights received CPC GFI construction financing of \$1.22 million and \$2.3 million HPD PLP financing to facilitate varied energy retrofits including Low-E windows, a heat computer and ENERGY STAR® appliances. The loan was underwritten with enhanced J-51 benefits.

5 More greening of the Bronx! A five-story rental apartment building located in the Melrose section received construction financing through CPC and HPD's PLP Program. The loan allows for a gut renovation to enhance the building's energy efficiency.

1 CPC provided a \$2.06 million permanent loan as part of a nearly \$26 million financing package including funds from HUD's 203(k) program administered by HPD. The loans are secured by a portfolio of 25 renovated buildings in Brooklyn's Bushwick neighborhood containing a total of 100 units.

2 A CPC construction loan of \$39.5 million financed a new 114-unit condominium in Bushwick; mid development, the project was restructured as a rental with \$2 million in additional equity and a \$37.5 million pension fund takeout insured by SONYMA. Prior to conversion, the loan was refinanced by a third party lender, but the project would have failed without the flexibility of CPC and our partners.

3 CPC and HPD provided permanent financing of \$5.178 million to a not-for-profit to refinance their construction debt

on a portfolio of affordable buildings scattered through Park Slope, Cobble Hill and Sunset Park. The SONYMA insured loan was sold to the NYC pension fund. The project consisted of four buildings with 26 apartments and five commercial spaces. Renovations include new electric, heating systems, kitchens, bathrooms, and floors.

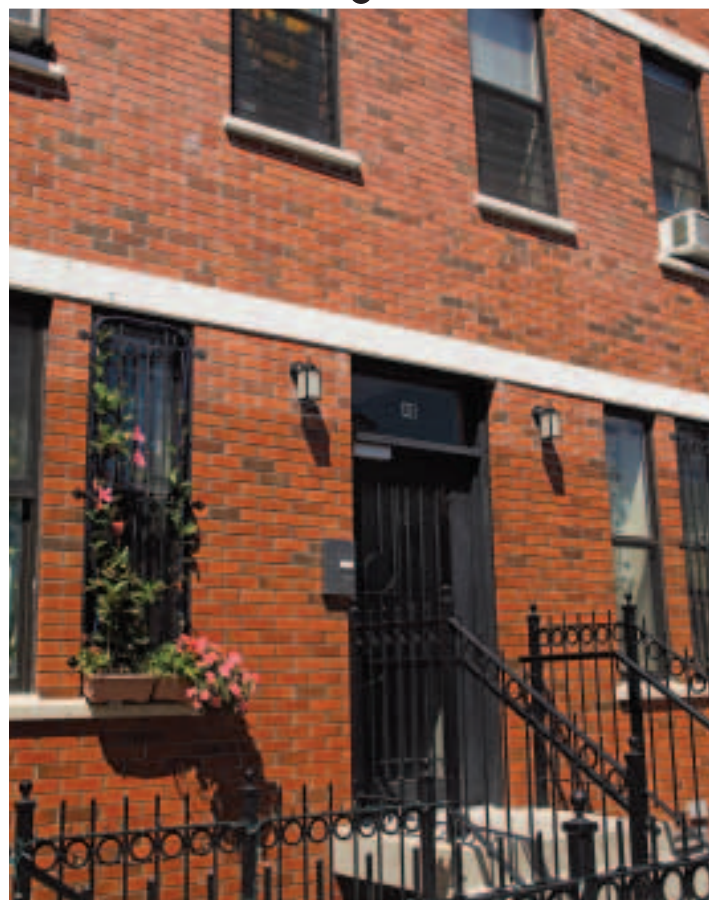
4 This past Spring, CPC joined with NYC Council Speaker Quinn, NYC Comptroller Liu, City and State affordable housing advocates and residents for the grand opening of this rehabilitated affordable complex in Bedford Stuyvesant. Featuring 52 units, this is the area's first solar paneled residential apartment building. CPC worked with an array of partners including HPD, the NYC Pension Funds, HUD, LISC, the National Equity Fund and SONYMA to substantially rehabilitate this formerly distressed building.

Focus on Affordability

In response to the market downturn, CPC deftly returned to its core lending strategy of focusing on the affordable rental market. This approach was evidenced by the Brooklyn office's portfolio of lending transactions for the past fiscal year. As part of the office's subsidized lending it funded several large tax credit projects, HPD PLP projects, and permanent takeouts for large HUD 203(k) deals. On the market side, the Brooklyn office supported CPC borrowers as they sold off finished condo or for-sale projects at current, more affordable market prices, or converted to rental buildings at relatively affordable rents.

As part of CPC's subsidized lending, a number of projects have taken hold. In Bushwick, CPC successfully financed a portfolio of 15 buildings gut renovated under HUD's 203(k) program, all with rental units stabilized at or below market. Affordable rentals are going up in Crown Heights with construction financing of \$4.9 million from CPC, combined with city subsidy and tax credit equity.

Originally approved as a condominium, a five-story, seven-unit property in East Williamsburg was marketed successfully as a rental. Three new three-family homes in Prospect Lefferts Gardens will be rented to Section 8 tenants, with permanent financing from CPC, rather than sold.



Small Towns, Big Ideas

This year, CPC's Hudson Valley office continued its successful Main Street Summit series, with its fifth and sixth seminars in White Plains and Poughkeepsie. These free networking conferences feature local industry panelists who analyze the latest downtown trends and Main Street redevelopment throughout the region. CPC's 2010 Main Street Summits focused on energy efficiency and its great impact on downtown buildings. The conferences were an excellent platform for meaningful dialogue with the community and economic developers, government officials, multifamily building owners and business leaders from the six New York State counties that comprise CPC's Hudson Valley Region.

The series began in 2008 to highlight CPC's revolutionary partnership with the New Rochelle Business Improvement District that enabled CPC to invest more than \$45 million in about 300 units of housing on New Rochelle's Main Street, as well as \$500,000 in façade improvements that leveraged \$250,000 in grants. The goal of the Summit series is to create similar partnerships within downtowns throughout the region.

At upcoming Energy Summits owners and officials will learn about the programs available in their areas, hear from CPC's energy expert and learn from actual case studies of CPC financed energy retrofits.

1 The refinance of a 50-unit rental building in Yonkers was made possible with CPC and NYS Pension Fund financing of \$1.7 million. The borrower is planning to substantially renovate the building's 8,500sf tenants' parking garage.

2 In the heart of the Village of Kiryas Joel, this newly constructed building provides services to individuals with special needs thanks to construction and permanent financing of \$5 million from CPC.

3 With CPC construction financing of \$3.87 million and a \$300,000 NYS Pension Fund permanent loan, a 26-unit affordable housing complex for area families is being constructed in the Village of Haverstraw. The project also received Low Income Housing Tax Credits (LIHTCs) and a grant from the NYS Housing Trust Fund (HTF).

4 An 88-unit affordable rental family apartment complex was newly constructed in Fishkill after receiving CPC financing of \$11.2 million and a \$5.1 million NYS Pension Fund permanent loan. The project also received tax credits from HCR.

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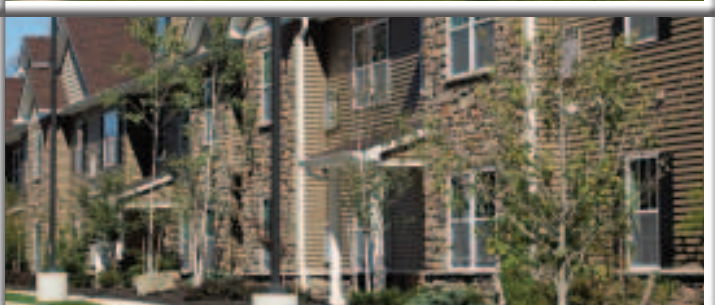
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3



4





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3



2



4

1 In Seneca Falls, a three-story apartment complex with 26 NYS Office of Mental Health certified apartments for individuals with special needs and 14 affordable housing units has been newly constructed thanks to a \$4.2 million construction loan from CPC.

2 A CPC permanent loan of \$6.75 million financed an 82-unit assisted living facility in the Town of Malta, Saratoga County. The facility, enhanced by walking trails and parks, includes 16 units for individuals in need of assisted living services and 16 units for memory care residents. The development is part of a larger residential complex that includes 150 single-family homes and 82 senior apartments, along with the assisted living facility.

3 The success of CPC's partnership with Freddie Mac to finance affordable housing continued with the closing of a \$10 million Freddie Mac permanent loan to refinance an existing Freddie/CPC deal for a long time borrower. The 320-unit property consists of 22 buildings, the majority of which have been upgraded within the past several years. Originated through Freddie's new Capital Markets Execution program, this loan closed in 45 days thanks to the incredible coordination between CPC and Freddie Mac.

4 CPC permanent financing of \$19.01 million financed Halfmoon Heritage Apartments in the Town of Halfmoon in Saratoga County. Phase I comprises a 12-building complex with 132 rental units. Phase II is for 44 units in four buildings. The newly constructed project has 176 units in 16 buildings.

Albany Works Statewide

Buoyed by the success of CPC's ongoing partnership with Freddie Mac, the Albany office continues to generate an impressive portfolio of deals. In the last fiscal year, the office invested through Freddie Mac more than \$28 million in 686 units throughout their lending area and continued to generate a healthy pipeline for the next fiscal year. Projects included a portfolio of loans with one of the office's longtime borrowers in four separate transactions totaling more than \$16 million. Another Freddie success is (caption 3) a \$10 million permanent loan for a 320-unit apartment complex in the City of Albany, originated through Freddie's new Capital Markets Execution program.

Also, around the state, the office continues to respond to the needs of the disabled. Since inception in 2001, CPC's Special Needs Housing Program, based at the Albany office, has financed more than \$113 million in housing and program space for upwards of 1,300 people. A recent \$1 million loan for a Merrick, Long Island property refinanced a two-story group home for six individuals with Down syndrome and other disabilities. Operational support for the property is provided by the New York State Office for People with Developmental Disabilities.

**Albany & Eastern
New York**

1



2



3



4



Downtown/Upstate

Since 2003, CPC has invested \$39 million in 16 mixed-use residential conversions in Downtown Syracuse. This is 25% of all downtown units and 46% of all new units. The Syracuse office also committed \$12.5 million for another 103 units in projects this year. CPC has now invested \$51 million in revitalizing Downtown Syracuse; the largest investment in the area by a single entity.

Syracuse directs CPC's Weatherization Assistance Program (WAP), a \$5 million grant awarded to CPC by NYS Homes and Community Renewal (HCR). With WAP, CPC will pay for energy-saving upgrades in 1,300 affordable apartments in upstate New York. Examples of the work: replace 50 year old furnaces and windows; install insulation; replace electricity-wasting lighting. Residents have better apartments, and fuel economies relieve pressure on projects' stressed operating budgets.

WAP channels federal money from the Department of Energy through the State's HCR. Paperwork challenges have not been trivial, but CPC and HCR have created a process that has made CPC a good business partner for building owners and contractors doing weatherization work. This will be a model for future delivery of necessary rehab assistance to hundreds of thousands of aging, affordable apartments.

1 The demand for affordable multi-family properties in Central New York continues to increase. A CPC loan of \$1.03 million will refinance the purchase and rehabilitation of this property in Ontario, which has five buildings and 29 units. The borrower, who purchased the property last year and completed significant rehabilitations, plans additional work.

2 This four-story, masonry row building in Downtown Syracuse features six rental units and ground floor commercial space. Permanent CPC financing will refinance and moderately rehabilitate this building with façade improvements, appliances and rehab of the commercial unit. The loan is SONYMA insured.

3 CPC continued its strong contributions to Downtown Syracuse's renaissance with Dey's Centennial Plaza. Built in 1893, the site was once occupied by Dey Brothers department store. A \$6.2 million construction loan financed the acquisition and conversion of vacant space in this celebrated anchor building into 45 residential units and commercial space. The project also received historic tax credit equity and a Restore NY Grant.

4 Financing of \$1.02 million was provided by CPC to refinance the purchase and rehabilitation of this multi-family apartment development in the Town of Greece. The complex consists of six buildings with a total of 24 one- and two-bedroom residential units.

1 This beautifully appointed apartment with new finishes is one of 218 new units in Phase I of Eagle Ridge Village Apartments, in Evans Mills, an area primarily housing families stationed at nearby Ft. Drum Army installation. Along with CPC's \$14 million permanent loan, financing and incentives were provided by the Jefferson County Industrial Development Agency and the Development Authority of the North Country. The development will be built in four phases and contain 648 rental units.

2 CPC continued its mission of strengthening neighborhoods throughout Western NY with its \$3.52 million permanent loan to take out an existing \$3.4 million construction loan on this fully occupied 33-unit townhouse apartment complex. The development was recently built in Webster, a growing suburban town east of Rochester.

3 Thanks to refinancing from CPC, 35 rental units will receive moderate rehabilitation at Cayuga Village, a Mobile Home Park in Niagara Falls. Approximately 50% of the 350-home park is occupied by seniors on a fixed retirement income and approximately 15% receive a form of public assistance.

4 This year, CPC continued its involvement with the Block by Block Program, a \$3 million fund grant from NYS Housing Financing Agency specifically for the redevelopment of Buffalo city housing. Revolver construction financing of \$580,000 from CPC in conjunction with the Block By Block program will moderately rehabilitate five rental units along 19th Street on Buffalo's west side.

Rebuilding Buffalo Block by Block

The latest development in the Block by Block program is the rehabilitation of five vacant buildings along 19th Street in the West Side of the City of Buffalo with construction and permanent financing from CPC in the amount of \$580,000. CPC's loan is complemented by additional grant dollars provided through the City of Buffalo HOME program, as well as the New York State AHC program. With the help of Homefront, Inc., a not-for-profit community development organization, the homes are being purchased primarily by the Sudanese immigrant population that has settled in that neighborhood.

Block by Block is a recently created initiative to rehabilitate dilapidated for-sale properties on the West Side of Buffalo and the Mid City District. In conjunction with a \$3 million grant from the New York State Housing Finance Agency, CPC is working with the City of Buffalo and Homefront, Inc. CPC expects to finance the renovation of up to 35 homes in these two neighborhoods.

M&T Bank's Homebuyers Club has provided down payment assistance as well as 30 year residential mortgages for three families who have signed purchase contracts for three of the five dwellings. The remaining two homes are already under contract.



A Vital Force in Community Redevelopment

Building on its own, and with for-profit and non-profit developers, CPR specializes in navigating the intricacies of City, State, and Federal Government housing subsidies, to use in conjunction with private capital to create affordable housing across the income spectrum. Since its inception, CPR has developed more than 15,000 homes.

Its newest development is Melrose Commons North, which will be constructed in partnership with The Briarwood Organization, a Queens-based developer, and The Bridge, a New York City non-profit provider of supportive housing. Designed for LEED Silver certification, Melrose will offer low-to-moderate income rental apartments on City-owned land in the South Bronx. Together with the development of its Soundview project nearby, where CPR will be developing mixed income housing on an underutilized Housing Authority site, CPR's efforts will add 500 new units of "green" affordable housing in the Bronx.

CPCR's successful acquisition and renovation of Riverdale-Osborne Apartments in Brooklyn led to a unique partnership with Catholic Charities, which in turn evolved into a multi-year program to redevelop former schools and church buildings owned by the Diocese into affordable housing. The first project, Our Lady of Loreto in East New York, will break ground by year end.

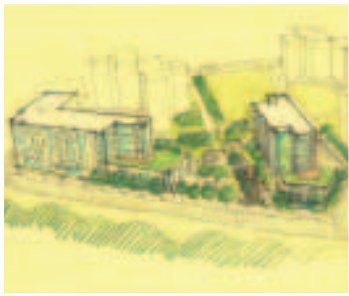
1 In the Soundview neighborhood of the Bronx, CPR will newly construct three adjacent developments totaling 240 units. Each building will be affordable to families and seniors earning 38%-60% of Area Median Income. CPR was selected to develop the site after responding to an RFP co-sponsored by HPD and the NYC Housing Authority. Subsidy was provided by HCR, HDC, NYSEDA and the Bronx Borough President's office. The buildings will be designed for Silver LEED certification.

2-3 CPR partnered with a NYC non-profit supportive housing provider, to newly construct 260 rental units for low-to-moderate income families with retail space on City-owned land in the South Bronx. HPD issued an RFP for the sites and selected CPR as the developer. The \$90 million project is part of a larger City

project to create 770 affordable housing units in this area. The site will be designed for LEED Silver certification and buildings will be constructed "green" to minimize future energy use.

4 The Livmor is a successful 12-story condominium in the heart of Harlem with 73 spacious residences as well as ground floor retail. The project received funding from NYSEDA through its green building program as it utilized energy efficient light fixtures and other energy efficient design features. All residences are energy efficient. CPR developed the site with several other partners including the African Methodist Episcopal Church, which will have a new space within the development.

1



2



3



4



Financials

For the fiscal year ended June 30, 2010, The Community Preservation Corporation (CPC) closed \$319 million in new financings in 94 separate deals, continuing to fulfill its mission to preserve and develop affordable housing.

CPC continued to be self sufficient during the year, generating a \$4.1 million surplus of operating revenues over expenses. As a result, the accumulated fund balance increased to \$98.1 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 2010, CPC manages two opportunity funds, a fully committed \$42.5 million fund (with \$5 million of CPC equity) and a \$93 million fund (with \$10 million of CPC equity) which has committed about 67% of its capital.

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 \$3.4 billion.

CPC's direct investment in permanent and construction loans at year end was \$59.7 million and \$451.6 million, respectively. CPC has a revolving credit agreement with certain member banks whereby it can borrow up to \$518 million to finance construction loans and warehoused permanent loans.

Over its 36-year history, CPC has provided \$7.6 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 or emailed to:

Ronald Schiferl
Chief Financial Officer
The Community Preservation Corporation
28 East 28th Street
New York, NY 10016
rschiferl@communitycp.com



This vacant, eight-unit, mixed-use building on the Lower East Side was renovated by an established not-for-profit developer, Asian Americans for Equality, with construction and permanent financing provided by CPC and HPD through HPD's Third Party Transfer Program.



The Community Preservation Corporation and Subsidiaries FINANCIAL HIGHLIGHTS

Consolidated Balance Sheets (\$000s) as of June 30, 2010 & 2009

Assets	2010	2009
Investment in First Mortgage Loans, Net	\$1,288,534	\$1,351,635
Cash and Cash Equivalents:		
Unrestricted	2,794	10,490
Restricted	124,670	136,268
Accrued Interest and Other Receivables	23,970	21,863
Properties Under Development	136,517	122,953
Other Assets, Net	93,173	77,376
Total Assets	\$1,669,658	\$1,720,585

Liabilities, Fund Balance and Noncontrolling Interests

Notes and Participations Payable	1,283,128	1,314,609
Deposits and Other Liabilities	274,887	298,193
Total Liabilities	1,558,015	1,612,801
Fund Balance	98,077	94,010
Noncontrolling Interests	13,566	13,774
Total Liabilities, Fund Balance and Noncontrolling Interests	\$1,669,658	\$1,720,585

Consolidated Statement of Revenues, Public Support and Expenses (\$000s) For the Years Ended June 30, 2010 & 2009

Revenues and Public Support	2010	2009
Interest Income	\$56,637	\$59,873
Servicing Fee Income	8,850	8,145
Commitment Fee Income	4,372	4,039
Other Income	20,764	13,453
Public Support	59	31
Total Revenues and Public Support	90,682	85,541

Expenses

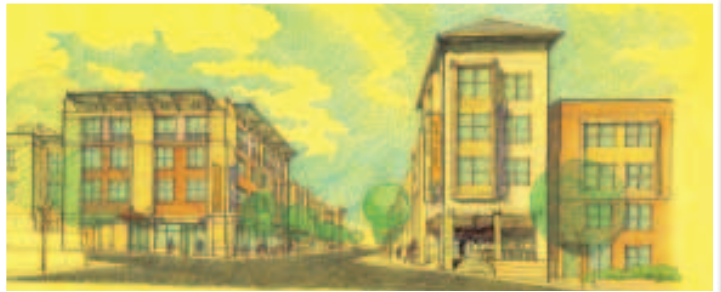
Interest Expense	39,011	45,539
Provision for Loan Losses	10,000	7,469
Employee Compensation and Benefits	24,871	22,188
Depreciation and Amortization	1,114	753
Operating Expenses	9,957	12,420
Total Expenses	84,953	88,369

Excess of Revenues and Public Support Over Expenses before Gain from adoption of fair value accounting for investment in Parkchester	5,729	(2,828)
--	-------	---------

Gain from adoption of fair value accounting for investment in Parkchester, net of related income taxes & deferred compensation expense	-	26,182
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Excess of Revenues and Public Support Over Expenses before Income Tax (provision) benefit	5,729	23,354
Income Tax (provision) benefit	(1,662)	3,023

Excess of Revenues and Public Support over Expenses	\$4,067	\$26,377
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1 CPCR is continuing to change the landscape of Downtown Spring Valley with 53 recently constructed affordable senior apartments and 11,000sf of street level retail space (left). The new construction of 55 affordable multi-family units and 7,000sf of commercial space (right) is slated for completion in Spring 2012. Developed through a partnership between CPC Resources and Rockland Housing Action Coalition, both projects are part of the Village's innovative urban renewal plan to restore the downtown area. To date, CPCR has invested a total of \$31 million in Spring Valley's Downtown.

2 A long term CPC borrower was awarded a scattered site of six buildings through NYC HPD's Third Party Transfer Program. A \$5.7 million loan from CPC and HPD is funding the renovation of 37 residential units and 3 commercial spaces in Bedford Stuyvesant and Brownsville.

Directors & Officers

BOARD OF DIRECTORS

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Managing Director/
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Centerline Capital Group

*CPC Resources Board
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Closings

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Assistant to the President

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Freddie Mac and Fannie
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Director of Human
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Cecelia Doyle
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Associate Counsel

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Deputy General Counsel

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Communications

Lisa Aldape
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Project Manager

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Energy Initiatives



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Mortgage Officer

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Mortgage Officer

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Mortgage Officer

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Regional Director

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Director, Weatherization
Assistance Program

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Paul Thompson
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Weatherization
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Neighborhood Mortgage
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Deutsche Bank

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TIAA-CREF

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Senior Vice President
JPMorgan Chase
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President & CEO
The Community
Preservation Corporation

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Hudson Valley

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Company

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Webster Bank

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The Community
Preservation Corporation

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Wells Fargo Bank

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& Senior Lending Officer
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TD Banknorth, N.A.

Albany & Eastern New York

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& Chief Credit Officer
KeyBank Real Estate
Capital

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NBT Bank

Neil E. Hannan
Vice President
First Niagara Bank

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RBS Citizens, N.A.

Syracuse, Central New York & Rochester

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Alliance Bank, N.A.

Craig J. Burton
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Commercial Real Estate
First Niagara Bank

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Commercial Real Estate
M&T Bank

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Assistant Vice President
Rome Savings Bank

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Vice President
Commercial Lending
Fulton Savings Bank

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JP Morgan Chase Bank,
N.A.

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Senior Vice President
Chief Credit Officer
Pathfinder Bank

Buffalo, Rochester & Western New York

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President & CEO
Maple City Savings Bank,
FSB

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Vice President
M&T Bank

G. Gary Berner
Executive Vice President
Commercial Real Estate
First Niagara Bank

Stephen L. Bojdak
Vice President
Commercial Loan Officer
Evans Bank

Catherine Braniecki
Vice President
CRA Compliance Manager
KeyBank, N.A.

David Warren
Vice President
Chief Commercial Lending
Officer
Lake Shore Savings Bank

New Jersey

James P. Meicke
Vice President
Capital One Bank

Alvaro Ortiz
Vice President
Banco Popular North
America

Robert A. Reinhardt
Vice President
Merrill Lynch Community
Development Company



Five new two-family homes along a one block section of South Ninth Street in the North Ward of Newark were constructed due to a strong partnership between CPC and The NJ Housing and Mortgage Finance Agency (NJHMFA). The properties, which are part of a larger vacant land and building plan, received construction financing of \$1.214 million from CPC and NJHMFA. Homes sold for as little as \$126,000 for a low-income family and up to \$250,000 for middle income households.

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 Mellon
Bank of Tokyo-Mitsubishi Trust Company
BPD Bank
The Canandaigua National Bank & Trust Company
Capital Bank & Trust Company
Capital One Bank
Carver Federal Savings Bank

Cathay Bank
Chinatrust Bank (U.S.A.)
Citibank, N.A.
City National Bank of New Jersey
Country Bank
Deutsche Bank Trust Company Americas
The Dime Savings Bank of Williamsburgh
Elmira Savings Bank, FSB
Emigrant Savings Bank
Evans Bank, N.A.
Fairport Savings Bank
The First National Bank of Jeffersonville
First Niagara Bank
First Republic Bank
Flushing Savings Bank, FSB
Fulton Savings Bank
HSBC Bank USA
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)
Modern Bank, NA
NBT Bank, NA
New York Community Bank
The North Country Savings Bank
Orange County Trust Company
PathFinder Bank
Pioneer Savings Bank
PNC Bank, N.A.
Provident Bank
Putnam County Savings Bank
RBS Citizens, N.A.
Ridgewood Savings Bank
Rome Savings Bank
Signature Bank
Solvay Bank
Sovereign Bank

Sterling National Bank
TD Bank, N.A.
TD Banknorth, N.A.
TD Bank USA, N.A.
Valley National Bank
Wachovia Bank, National Association
Walden Savings Bank
Webster Bank, National Association
Wells Fargo Bank, NA

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
The New York City Board of Education Retirement System
The New York City Employees' Retirement System
The New York City Fire Department Pension Fund
The New York City Police Pension Fund
New York State Common Retirement Fund
Pension Fund of the United Methodist Church
The Teachers' Retirement System of the City of New York

Participating Institutions





This exciting affordable housing development in Brownsville has been developed by CPC Resources in partnership with East Brooklyn Congregations, HPD & HDC. Built on former HPD-owned land, 13 four-story apartment buildings featuring 103 units

were constructed using CPC's unique Infill Housing Model – a creatively designed building type which provides quality housing at affordable prices. The project also received Low Income Housing Tax Credits.

CPC Offices

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28 East 28th Street
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Printing: Dolce Printing

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