

**MINUTES OF THE [MEETING OF THE]  
BOARD OF DIRECTORS OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON APRIL 4 AT 2:00 P.M.  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

|                   |   |
|-------------------|---|
| William J. Mulrow | Chairman  |
| Naomi Bayer       | Vice Chairperson  |
| Anthony Bergamo   | Director  |
| Don Lebowitz      | Director  |
| Marge Rogatz      | Director  |
| Darryl C. Towns   | Director  |
| Elaine McCann     | Division of the Budget, representing Robert Megna,<br>Director (via video conference) |

Chairman William J. Mulrow, opened and chaired the meetings and announced his recent appointment as Chairman of the State of New York Mortgage Agency and the New York State Housing Finance Agency. He thanked everyone and stated that he was proud to be part of such highly renowned, public service agencies and their important mission to provide affordable housing.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary and asked for motions and seconds to call the meetings to order of the New York State Housing Finance Agency ("HFA"), the State of New York Mortgage Agency (SONYMA), the New York State Affordable Housing Corporation ("AHC"), the State of New York Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC"). Chairman Mulrow made a motion to call the AHC meeting to order; Mr. Mulholland seconded the motion. Chairman Mulrow made a motion to call the HFA meeting to order; Mr. Mulholland seconded the motion. Ms. Rogatz made a motion to call the SONYMA meeting to order; Ms. Bayer seconded the motion. Mr. Bialo made a motion to call the MBBA meeting to order; Ms. McCann seconded the motion. Mr. Bialo made a motion to call the TSFC meeting to order; Ms. McCann seconded the motion.

Mr. Valella noted that as items are presented to each Board throughout the meetings, these motions and seconds will be used, unless specific items call for a different vote, or unless any Board member wishes to record his or her vote differently. The meetings of the Affiliated Agencies were opened in joint session for the President's report, the recital of Committee reports, the adoption of the minutes of previous meetings, and consideration of various matters of shared importance. These minutes reflect only those items being considered by the Directors of the State of New York Mortgage Agency. A record of items considered by the other Agencies is contained in the minutes of each Agency respectively.

Mr. Valella noted that Elaine McCann was participating in the meeting by video conference from the New York State Division of Budget conference center at the Capital Building, Room 143, in Albany. A public notice was given of the time and locations of both venues.

Kenneth M. Bialo, Vice Chairman of MBBA and TSFC; Thomas H. Mattox, Commissioner, Taxation and Finance, Member of HFA and AHC; Royce A. Mulholland, Member of HFA and AHC; and Steven J. Weiss, Member of HFA and AHC, attended the meeting as guests.

\*\*\*\*\*

**The first item on the agenda was the President's Report.** Darryl C. Towns, President and CEO of the Agencies, first welcomed William J. Mulrow as new Chairman of the Agencies. Mr. Towns next reported that the New York State budget of \$132.6 billion was passed on time, largely due to the leadership of Governor Andrew Cuomo. He next reported that the consolidated funding application was going to change this year, adding that previous funds used for housing resources would be redirected.

Ms. Bayer asked if the sweep of \$100 million in mortgage insurance funds would have an impact upon the Agency's rating. Mr. Towns replied that the legislation provides that the sweep is contingent on it not affecting the ability of the MIF to do business.

Chairman Mulrow next suggested some changes to restructure the process of future Board meetings, which would include moving discussion of procedural and resolution actions to the Committee level, in order to focus more Board time on major projects, financings and policy issues.

\*\*\*\*\*

**The next item was the report of the Audit Committees.** Mr. Valella reported that the Audit Committee held a meeting earlier that day and approved the minutes of the January 25, 2012 meeting; adopted a resolution authorizing the approval of Internal Audit staff's Work Plan for Fiscal Year 2013; adopted a resolution authorizing the approval of the Sixth Annual Self-Evaluation of the Audit Committee's Performance and no changes to the Charters; reviewed the Financial Statement Update First Quarter Fiscal Year 2012; and adopted a resolution authorizing approval of the Single Family Program Audit Report dated December 30, 2011.

\*\*\*\*\*

**The next item was the report of the Governance Committees.** Mr. Valella reported that the Governance Committee held a meeting earlier that day and approved the minutes of the January 25, 2012 meeting; adopted a resolution authorizing the approval of the Sixth Annual Evaluation by the Governance Committees; and adopted a resolution recommending approval of the Agencies' consolidated Property Disposition Guidelines and Annual Inventory and Disposition Reports.

\*\*\*\*\*

**The next item was the report of the Mortgage Insurance Committee.** Mr. Valella reported that the Mortgage Insurance Committee held a meeting earlier that day and adopted the minutes of the January 25, 2012 meeting. He reported that the Mortgage Insurance Committee approved a resolution recommending approval of mortgage insurance for 4380 Bronx Boulevard in Bronx County; approved a resolution of 50% mortgage insurance for Crotona V Apartments at 1712 and 1715 Longfellow Avenue in Bronx County; adopted resolutions approving 100% mortgage insurance for Rufus King Court Apartments in Queens County, for Sisson Reserve Apartments in Orange County, and for Sunrise Apartments in Saratoga County; and adopted a resolution approving modification of the commitment for mortgage insurance for Borinquen Court in Bronx County.

\*\*\*\*\*

**The next item on the agenda was the adoption of the minutes of the SONYMA Directors meeting held on January 25, 2011.** Absent comments or corrections from the Directors, the minutes were deemed approved.

\*\*\*\*\*

**The next item on the agenda was a resolution authorizing the amendment of the 2012 Administrative Budget.** Joanne Hounsell, Senior Vice President and Interim Chief Financial Officer, stated that information regarding this item was contained in the materials provided in connection with this item, which materials are incorporated herein by reference. She stated that in September 2011, the Directors and Members approved a \$52.4 million Administrative Budget and HFA/SONYMA financial plans, and that recovery fee charges reported are \$10,118,182. She noted that cost recovery fees, at 18% of the Agencies' administrative budget, are the second largest expense after salaries, and is the mechanism whereby the state allocates certain expenses to public authorities that issue bonds. She stated that over the past five years, the cost recovery fees charged to the Agencies increased almost 50%. Ms. Hounsell requested Board approval to pay the \$10,118,182 cost recovery charge, to amend the budget to \$53.252 million and to increase the financial plans to \$843,000 for payment of cost recovery fees.

Mr. Bialo asked why cost recovery fees rose so dramatically. Ms. McCann acknowledged the increase and stated that cost recovery fees are calculated annually, based on the needs of the financial plan. Ms. Hounsell noted that cost recovery fees were unsuccessfully questioned and challenged by the prior administration. Chairman Mulrow

noted his support of the Governor's initiatives to make government work more efficiently and suggested that, going forward, it would be educational to know how the formula is calculated.

Ms. Bayer asked if the strain placed on the Agencies' finances due to increased cost recovery fees would materially affect anything. Ms. Hounsell stated that it has lead the Agencies to use a portion of its fund balance because of subsidy loans which were provided to projects, a decrease in new business and reduced interest earnings.

Mr. Lebowitz requested more information on how the current amount was calculated. Chairman Mulrow reiterated his intention to obtain more information to provide to the Board Directors and Members as to how cost recovery fees are calculated. He asked if there were any further questions or comments, and there were none.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION AMENDING THE FISCAL YEAR 2012 ADMINISTRATIVE BUDGET AND APPROVING CORRESPONDING AMENDMENTS IN THE FINANCIAL PLANS OF THE NEW YORK HOUSING FINANCE AGENCY AND THE STATE OF NEW YORK MORTGAGE AGENCY.**

\*\*\*\*\*

**The next item on the agenda was a consent item for the annual review and approval of the Agencies' Disaster Recover/Business Continuity/Pandemic Test Results conducted in January 2012.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION, APPROVING THE ANNUAL DISASTER RECOVERY, BUSINESS CONTINUITY AND PANDEMIC TEST RESULTS**

\*\*\*\*\*

**The next item on the agenda was a resolution authorizing the approval of the Agencies' Property Disposition Guidelines and adoption of the Agencies' consolidated Inventory and Property Disposition Report.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY AND STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY CONCERNING THE PROPERTY DISPOSITION GUIDELINES AND THE INVENTORY AND PROPERTY DISPOSITION REPORT.**

\*\*\*\*\*

**The next item on the agenda was a resolution accepting the Sixth Annual Self Evaluation by the Audit Committees.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION CONCERNING AUDIT COMMITTEE SELF-EVALUATION.**

\*\*\*\*\*

**The next item on the agenda was a resolution accepting the Sixth Annual Self Evaluation by the Governance Committees.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO**

**SETTLEMENT FINANCING CORPORATION CONCERNING SELF-EVALUATION.**

\*\*\*\*\*

**The next item on the agenda was a resolution authorizing the approval of the Quarterly Bond Sale Report.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AND THE STATE OF NEW YORK MORTGAGE AGENCY, APPROVING THE AGENCIES' BOND SALE REPORT.**

\*\*\*\*\*

**The next item on the agenda was a resolution authorizing the approval of the revised and consolidated MWBE Master Goal Plan of the Agencies.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item. Ms. Rogatz commended the staff for its achievements made toward greater opportunities in the Minority and Women Owned Business Enterprise Program (MWBE).

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING REVISED AND CONSOLIDATED EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION 2012-2013 MASTER GOAL PLAN.**

\*\*\*\*\*

**The next item on the agenda was a resolution authorizing the approval of information technology contracts with Application Oriented Designs, Inc. and review of various related contractual agreements and expenditures.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion concerning this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY REVIEWING AND APPROVING THE CONTINUED RETENTION OF INFORMATION TECHNOLOGY CONTRACTS WITH APPLICATION ORIENTED DESIGNS, INC.**

\*\*\*\*\*

**The next item on the agenda was a resolution authorizing the approval to enter into Purchase Order Contracts with information technology consultant services.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AND STATE OF NEW YORK MORTGAGE AGENCY APPROVING THE ENTERING INTO OF PURCHASE ORDER CONTRACTS WITH INFOPEOPLE CORPORATION, UNIVERSAL TECHNOLOGIES, AND SYSTEMS APPLICATION INFORMATION NETWORK FOR INFORMATION TECHNOLOGY RELATED SERVICES.**

\*\*\*\*\*

**The next item on the agenda was an information item regarding review of Quarterly Investment Reports of the Agencies.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion or action regarding this item.

\*\*\*\*\*

**The next item on the agenda was an information item regarding review of the First Quarterly Procurement Report of the Agencies for Fiscal Year ending January 31, 2012.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion or action regarding this item.

\*\*\*\*\*

**The next item on the agenda was an information item regarding the Financial Statement Update for the First Quarter Fiscal 2012 (November 1, 2011 through January 31, 2012) and Third Quarter Fiscal 2011 for AHC).** Chairman Mulrow stated

that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion or action regarding this item.

\*\*\*\*\*

**The next item on the agenda was an information item regarding updated Financial Plans and the Administrative Budget Report of the Agencies' expenses for the first three months of fiscal 2012 (November 1, 2011 to January 31, 2012) and for nine months ended December 31, 2011 for AHC.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion or action regarding this item.

\*\*\*\*\*

**The next item on the agenda was an information item regarding an interim report of the Agencies' leases for offices in Manhattan, Buffalo and Albany.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion or action regarding this item.

\*\*\*\*\*

**The next item on the agenda was a resolution approving 100% mortgage insurance on a \$10,627,396 JPMorgan Chase permanent first mortgage loan for the acquisition and rehabilitation of 4380 Bronx Boulevard, Bronx County.** Chairman Mulrow stated that this item was discussed earlier in the day at the Mortgage Insurance Committee meeting. There was no further discussion regarding this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR 4380 BRONX BOULEVARD, BRONX COUNTY.**

\*\*\*\*\*

**The next item on the agenda was a resolution adopting an amendment to the By-Laws.** Mr. Valella summarized certain information contained in the materials provided in connection with this item, which materials are incorporated herein by reference. He stated that the requested amendment was to create one new senior-level SONYMA position to lead the team of the President of the Office of Community Renewal. He stated that the position, previously created in HFA and AHC, is being created in SONYMA because SONYMA is now administering certain federal grant programs similar to those administered for HFA and

AHC. Mr. Lebowitz asked if the new position would create a budget impact on the Agency. Marian A. Zucker, President for the Office of Finance and Development, replied that it would not.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY  
APPROVING AN AMENDMENT OF THE AGENCY'S BYLAWS.**

\*\*\*\*\*

**The next item on the agenda was a resolution appointing a President of the Office of Community Renewal.** Chairman Mulrow stated that information regarding the appointment of Matthew Nelson as SONYMA's President of the Office of Community Renewal, was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no further discussion regarding this item, and Chairman Mulrow welcomed Mr. Nelson to the Agency.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY  
APPOINTING MATTHEW NELSON AS SENIOR VICE PRESIDENT, WITH  
THE TITLE OF PRESIDENT, OFFICE OF COMMUNITY RENEWAL.**

\*\*\*\*\*

**The next item on the agenda was a resolution authorizing the approval to enter into a contract with cfX Incorporated for computational analytic services.** Mr. Valella stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

Ms. Rogatz moved to adopt the resolution; Ms. Bayer seconded the motion, and the following resolution was adopted:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY  
APPROVING THE ENTERING INTO A CONTRACT WITH CFX  
INCORPORATED FOR COMPUTATIONAL ANALYTIC SERVICES.**

\*\*\*\*\*

**The next item on the agenda was an information item regarding the First Quarterly (2012) Report on the Financial Status of Existing Hedges.** Chairman Mulrow stated that information regarding this item was contained in the materials provided in

connection therewith, which materials are incorporated herein by reference. There was no discussion or action regarding this item.

\*\*\*\*\*

**The next item on the agenda was an information item regarding a Report on the Conventional Mortgage Program.** Ms. Zucker gave an overview summary of the program. She stated that there was a downturn in originations under the Agency's tax-exempt program, and the Agency therefore seeks to launch a conventional program that will be financed through the sale of loans as mortgage-backed securities to the market. She stated that the Agency expects to offer FHA, Fannie Mae and Freddie Mac loans, and can offer the benefits of lower guaranty fees, no loan-level price adjustments and lower mortgage insurance coverage requirements than standard programs. She added that SONYMA could also provide down payment assistance to potential FHA borrowers. Ms. Zucker noted that added benefits to the Agency include the continuation of its mission to help home-buyers and home-owners, generation of fee income, and little financial risk. She stated that the Agency plans to hire a master loan servicer and a pipeline risk manager. She stated that in the conventional loan business, an aggregation of mortgage-backed securities loans have certain requirements and interest rate risks that the Agency currently declines to assume. She stated that the Agency would seek to hire an outside firm to assume the risks while the Agency learns about this new field and changes its business model. Ms. Zucker stated that this item was being presented to the Board Directors and Members to elicit their comments in order to construct a policy which would reflect today's discussion and the input of the Governor's office.

Ms. Zucker stated that some program areas to be discussed include allowable credit scores, noting that FHA insures loans with credit scores to 580; expansion of the program to provide loans to both first-time and non-first time home-buyers, refinanced transactions; and the inclusion of SONYMA Mortgage Credit Certificates (MCCs) which would allow certain home-buyers to take a dollar-for-dollar tax credit rather than a tax deduction of mortgage interest. Vice Chairman Steven J. Weiss asked if there was any concern about shortage of SONYMA tax-exempt volume cap, and Ms. Zucker replied there was no concern about that. Chairman Mulrow asked when 2012 volume cap figures would be available, and Ms. Zucker stated that the numbers would soon be available. Mr. Valella added that the Agency has a relatively large amount of carry-forward.

Ms. Bayer stated that she was in favor of moving forward with the program and its significant benefits, particularly for upstate areas recently affected by natural disasters. She asked Mr. George Leocata, Senior Vice President of Single Family Programs, to quantify the package of benefits. Mr. Leocata responded that the savings on the guarantee fee would be nominal; the savings on the loan-level price adjustments would be 75 basis points; and the mortgage insurance premium would require only 18% coverage instead of 27% to 30% coverage. Ms. Bayer stated that those benefits would translate into value for families, lenders and communities. She stated that it is important that the Agency seek to fill the FICO credit score tier between 580 and 620 points for at least a portion of the business it does, in order to be able to provide loans to many people who are currently unable to obtain them.

She stated that the program would also provide great value to non-first time homebuyers who seek to refinance.

Vice Chairman Weiss asked how the proposed program and incentives would be communicated or marketed to consumers. Mr. Leocata stated that the Agency would work through a network of participating lenders, who would work through the master servicer, resulting in a combination of Agency marketing and lenders who would be pushing this down to the loan officer level. Ms. Zucker added that the Single Family Advisory Council would also be utilized to market the program.

Mr. Leocata stated that the proposed program would be entirely under a Fannie Mae product from which Fannie Mae would allow the Agency's lenders to originate loans, while using Freddie Mac's guidelines.

Mr. Lebowitz commended the Agency staff for the innovative ideas. Chairman Mulrow asked if there were any other questions or comments, and there were none.

\*\*\*\*\*

There being no unfinished business, Ms. Rogatz moved to adjourn; Ms. Bayer seconded the motion, and the meeting was adjourned at 2:45 P.M.

  
\_\_\_\_\_  
Secretary