

**STATE OF NEW YORK MORTGAGE AGENCY
LIST OF MEASUREMENTS FOR CALENDAR YEAR 2014**

In March 2010, in accordance with section 2824-a of the Public Authorities Law, the State of New York Mortgage Agency and its Mortgage Insurance Fund (collectively, the “Agencies”), adopted a Mission Statement.

In its mission statement the Agency included a list of measurements by which performance of the Agency and the achievement of its goals could be evaluated, and the Agency committed to reexamine the mission statement and measurements on an annual basis.

The list of measurements in the mission statement for SONYMA includes: 1) the number of mortgages purchased and the incomes served; 2) the geographic diversity of mortgages purchased as well as number and geographic diversity of participating originators; 3) the performance of the loan portfolio; 4) SONYMA’s fiscal health; 5) an introduction of innovative programs and products that accomplish the foregoing; and 6) SONYMA’s accomplishments as they relate to its MWBE goals.

STATE OF NEW YORK MORTGAGE AGENCY MEASUREMENTS

For the calendar year of 2014, the State of New York Mortgage Agency achieved the following, in accordance with the measurements outlined in the mission statement for that year.

- 1) The Agency purchased 831 mortgages, serving the following incomes:

Income Ranges	Distribution of Purchases
>100% of AMI	18.2%
80.1% to 100% of AMI	15.3%
60.1% to 80% of AMI	33.3%
50.1% to 60% of AMI	19.1%
<=50% of AMI	14.1%

- 2) SONYMA participating lenders cover the entire state, and loans were purchased in accordance with the following geographic:

Region	% of Loans Purchased
1 - Buffalo	8.66%
2 - Rochester	13.36%
3 - Syracuse	1.08%
4 - Binghamton	2.53%
5 - Mid-Hudson	9.39%
6 - Capital	4.45%
7 - Mohawk Valley	0.72%

8 - Downstate	8.18%
9 - Long Island	27.20%
10 - NY City	24.43%

- 3) The loan portfolio performed with delinquencies as of November 30, 2014 at 4.91% of loans, significantly better than the New York State and national averages, which were 9.67% and 5.66%, respectively.
- 4) The state of the State of New York Mortgage Agency's fiscal health is set forth in attachment A.
- 5) Continuation of the following goals:

a. **Focus on Low-Income Homebuyers:** During 2014, the Agency directed its energies towards providing mortgage loans to those individuals and families for whom SONYMA mortgages make the difference in achieving sustainable homeownership. This was accomplished by continuing to target mortgage financing activities on the Achieving the Dream Program, which assists lower-income homebuyers. In 2014, 59.1% of the Agency's mortgages were originated under this program, up from 47.5% in 2013. This increase can be attributed in part to a decision in the 3rd quarter of 2014 to expand eligibility for the Achieving the Dream program to all homebuyers with annual income levels from 70% or less of AMI to 80% or less of AMI. Overall, 66.5% of the mortgages purchased were made to low-income homebuyers (80% of area median income or less), up from 61.6% in 2013, and 39.4% of the 831 loans SONYMA purchased statewide were made to minority households, up from 36.1% in 2013.

b. **Promote and Extend the Reach of the Conventional Plus Program in 2014:** Conventional Plus was launched in November 2012 and complements SONYMA's existing tax-exempt bond financed programs and the FHA Plus Program described below. The product is designed to take advantage of certain pricing and underwriting benefits afforded to SONYMA by Fannie Mae. The features of Conventional Plus are as follows:

- 97% financing for both purchase and refinances;
- no loan level price adjustments;
- lower mortgage insurance coverage requirements;
- the availability of mortgage insurance provided by Genworth Mortgage Insurance (or SONYMA's MIF, in the event that Genworth is unwilling to insure the loan); and
- down payment and/or closing cost assistance up to 3% of the home purchase price [SONYMA allows its Down Payment Assistance Loan to be used to pay a one-time upfront mortgage insurance premium, thus eliminating the monthly mortgage insurance premium and significantly lowering the monthly payment].

The product is available for home purchases and for limited cash-out refinances.

Under Conventional Plus, 75 mortgages of \$13.3 million in total principal and \$154,000 in Down Payment Assistance were originated in 2014. In addition, the Agency had 19 mortgages of \$3.6 million in total principal and \$39,000 in Down Payment Assistance in its pipeline.

c. Promote and Expand the Footprint of the FHA Plus Program SONYMA launched in December 2013: FHA Plus takes advantage of a special exemption from HUD that enables state housing finance agencies to offer down payment assistance on FHA-insured mortgages, where the down payment assistance may be used towards the borrower's minimum cash investment. Further, FHA mortgages offer other underwriting advantages and have slightly more lenient credit standards than conventional loans. The features of the program are as follows:

- 2.5% of borrower's required down payment can come from SONYMA DPAL funds;
- 1% borrower cash contribution required on purchase transactions;
- loans are excluded from Federal qualified mortgage requirements, enabling lenders to approve make-sense transactions that may not otherwise qualify;
- No first time homebuyer requirement;
- No income or purchase price limits; and
- Availability for both purchases and refinances.

Under this program, 127 mortgages of \$27 million in total principal and \$813,000 in Down Payment Assistance were originated in 2014. In addition, the Agency had 20 mortgages of \$4.8 million in total principal and \$139,000 in Down Payment Assistance in its pipeline.

d. Launch- SONYMA *Express*® Automated System to More Participating Lenders: SONYMA is pilot testing SONYMA *Express*®, the automated system that has been developed to assist participating lenders by providing expedited decisions on SONYMA loan eligibility, with two of its highest producing lenders. The system is expected to: (a) streamline the Agency's loan origination process and dramatically reduce the time it takes participating lenders to originate SONYMA loans; (b) eliminate uncertainty of a borrower's eligibility early in the mortgage application process; (c) lower overall lender costs; and (d) provide lenders with the capacity to submit electronic loan files to the Agency, thus eliminating the need to submit paper files. The system is expected to be rolled out to additional lender partners in the first quarter of 2015. SONYMA *Express*® will improve the Agency's relationships with lenders, other industry partners and potential borrowers. Ultimately, the system is expected to increase loan production and improve profitability.

SONYMA received the 2014 National Council of State Housing Agencies' Management Innovation in Technology award, for the successful launch of SONYMA *Express*®.

e. Launching SONYMA University Webinars to educate and train key stakeholders on key SONYMA program details: In February, 2014, the Agency began offering SONYMA University webinars on a twice per month basis. Content has been developed and presented to lender partners, realtors, and homeownership counselors with topics coming from attendee feedback and the SONYMA Advisory Council. To date, more than 1,000 attendees have participated in web-based training on SONYMA programs. The course content has also been used to create consistent presentations for onsite trainings that are given by our three Business Development Officers throughout the state.

f. Work with the SONYMA Advisory Council in Gathering Insights and Recommendations on Future Direction: Created in 2010, the Council helps SONYMA maximize its effectiveness as an important provider of affordable and sustainable mortgages to low- and moderate-income first-time homebuyers across New York State while simultaneously providing a forum for knowledge-sharing and relationship building among different members of SONYMA's distribution and supply-networks. The Agency held two meetings with the Advisory Council in 2014 as well as monthly subcommittee meetings. SONYMA accomplished the following in collaboration with the Council:

- The Process sub-committee met monthly to discuss the topics for the SONYMA University training calendar. With their assistance, classes were developed on a wide range of topics, including Taking a SONYMA Application, and the Benefits of SONYMA for Realtors.
- Wrote a Realtor Continuing Education class and submitted it for approval to the New York State Association of Realtors in December, 2014.
- Hosted a Lunch & Learn to explore homeownership readiness and explain SONYMA programs at the 641 Lex HCR office, with 82 attendees. This event was intended to be a template for future training sessions to be completed in conjunction with major employers in New York State.

g. Continued Outreach Efforts to Industry Partners: SONYMA continued to cultivate its relationships with industry partners by participating in many events with homeownership counseling organizations, realtors, lenders, not-for profits, veterans groups, community groups and others in 2014. Of particular note, SONYMA sponsored the Annual CXHE Statewide Conference for homeownership counseling groups, reinforcing the Agency's commitment to sustainable homeownership through borrower education and preparation. The

outreach efforts and collaboration in planning events have deepened the Agency's relationships with its partners in the housing community and provided additional opportunities to promote SONYMA products and services.

h. Development and rollout of enhanced RemodelNY Program: As the existing housing stock continues to age, many homebuyers are faced with the need to complete renovations to properties they are purchasing. This can be burdensome to first-time homebuyers adjusting to homeownership, and can keep homebuyers from being able to purchase properties in need of significant repair. In order to address this increasing need, SONYMA has enhanced our RemodelNY program in a number of ways:

- We transitioned the RemodelNY to an add-on program, so that borrowers who meet the income requirements for Achieving the Dream, can utilize the program and obtain the same low interest rate they would receive if they were not financing property improvements.
- We built the infrastructure to service the renovation escrow accounts internally. This enables SONYMA lender partners without the servicing capability to administer renovation draws the ability to offer the program. This is anticipated to increase homebuyer access to the program through a larger lender network.
- Consolidation of Remodel New York and Own It Fix It, NY programs and elimination of caps on repair amounts based on total dollars and percentage of after-improved value.
- Expansion of eligible improvements to include necessities for first-time homebuyers, such as appliances, when after-improved value permits.
- Alignment with HUD and Fannie Mae renovation guidelines and form usage for work write-up preparation. This enables lenders already offering the FHA 203(k) and Fannie Mae HomeStyle to transition to originating SONYMA RemodelNY with minimal additional technology modifications and training resources needed.
- Implementation of mandatory certification for Loan Originators taking RemodelNY applications. To ensure borrowers receive proper counseling from their originator, it was important to require that there be a minimum amount of training and education provided prior to an originator taking an application for a RemodelNY loan.

6) SONYMA's accomplishments as they relate to MWBE goals:

- a. As stated above, 39.4% of the 831 loans SONYMA purchased in 2014 were made to minority households. In connection with the Conventional Plus and FHA Plus Programs, SONYMA requested its master servicer, M&T Bank,

to sign on minority firms to its list of approved brokers/dealers. To date, Castle Oaks and Loop Capital have signed on and both firms have submitted bids to M&T.

- b. SONYMA currently has two contracts that meet MWBE goals – it's contract with Overture Technologies, Inc., the developer of SONYMA Express®, and a contract with Doug Dylla Consulting, LLC, the facilitator for the SONYMA Advisory Council.

**STATE OF NEW YORK MORTGAGE AGENCY
MORTGAGE INSURANCE FUND MEASUREMENTS**

For the year ending December 31, 2013, the Mortgage Insurance Fund achieved the following, in accordance with the measurements outlined in the mission statement for that year.

- 1) The MIF insured 89 SF loans with 95 units for a total of \$10,762,694 in loan amount. The MIF also issued new commitments to insure 93 Project loans with 8,983 affordable units for a total of \$503,461,034 in loan amount. This was the first time that the total loan amount for new commitments for affordable housing exceeded half a billion dollars. Included above, the MIF insured 22 of the 24 loans in HFA's Open Resolution and all four of HFA's Back to Back loans in 2014.
- 2) Moody's rating of the MIF's Project Insurance Account and Single Family Insurance Account remained unchanged at Aa1 and Aa1 with a negative outlook, respectively. Fitch's rating of the Project Insurance Account and Single Family Insurance Account remained unchanged at AA- with a negative outlook and AA+, respectively. The ratings of the Project Insurance Account remained the same despite the release of \$75.4 million to HFA and HTFC.
- 3) The Insurance Fund provided pool insurance for all of the loans purchased by SONYMA Single Family and provided primary insurance for loans that were rejected by Genworth and other PMI companies generally due to low FICO scores.
- 4) The state of the Insurance Fund's fiscal health is set forth in attachment A.

The list of measurements in the mission statement as it relates to the MIF includes: 1) the number of loans, units and dollar amount of new commitments to insure both Single Family and Multifamily; 2) the MIF's ratings and risk to capital ratios; and 3) the introduction of innovative programs and products that accomplish the foregoing.

Mission Statement Performance Review

	<u>As of 12/31/12</u>	<u>As of 12/31/13</u>	<u>As of 12/31/14</u>
<u>PIF</u>			
No. of loans	952	980	1,003
\$ Amount	\$2,545,427,459	\$2,759,536,870	\$2,793,915,306
Units	72,803	92,195	86,242
<u>Commitments</u>			
No. of loans	234	225	222
\$ Amount	\$1,012,566,854	\$1,088,306,908	\$1,174,276,141
Units	33,512	19,478	19,503
<u>New PIF</u>			
	<u>For the 12 months ended 12/31/12</u>	<u>For the 12 months ended 12/31/13</u>	<u>For the 12 months ended 12/31/14</u>
No. of loans	74	65	92
\$ Amount	\$283,995,353	\$287,392,890	\$404,608,915
Units	18,965	21,064	8,389
<u>New Commitments</u>			
No. of loans	71	84	93
\$ Amount	\$400,315,773	\$414,419,210	\$503,461,034
Units	22,350	7,602	8,983