

STATE OF NEW YORK MORTGAGE AGENCY

LIST OF MEASUREMENTS FOR CALENDAR YEAR 2015

The number of mortgages purchased and the incomes served;

For the calendar year of 2015, 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 1,471 mortgages, serving the following incomes:

Income Ranges	Distribution of Purchases
>100% of AMI	16.1%
80.1% to 100% of AMI	25.1%
60.1% to 80% of AMI	32.5%
50.1% to 60% of AMI	14.6%
<=50% of AMI	11.8%

The geographic diversity of mortgages purchased as well as number and geographic diversity of participating originators

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

Region	% of Loans Purchased
1 - Buffalo	11.43%
2 - Rochester	12.84%
3 - Syracuse	1.06%
4 - Binghamton	3.11%
5 - Mid-Hudson	11.08%
6 - Capital	7.48%
7 - Mohawk Valley	.99%
8 - Downstate	10.94%
9 - Long Island	28.86%
10 - NY City	12.21%

The performance of the loan portfolio

- 3) The loan portfolio performed with delinquencies as of November 30, 2015 at 4.64% of loans, which was significantly better than the state average of 7.90%, and close to the national average of 4.46%.

Fiscal Health

- 4) The state of the State of New York Mortgage Agency's fiscal health is set forth in attachment A.

Introduction of innovative programs and products that accomplish the foregoing

a. **Focus on Low-Income Homebuyers:** During 2015, the Agency continued to direct 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 2015, 69.9% of the Agency's mortgages were originated under this program, up from 59.1% in 2014. Overall, 834 of the mortgages purchased were made to low-income homebuyers (80% of area median income or less), up from 552 in 2014, and 367 loans SONYMA purchased statewide were made to minority households, up from 327 in 2014.

b. **Promote and Extend the Reach of the SONYMA Mortgage Backed Securities Programs:** In order to fully participate in the MBS market, SONYMA is pursuing a path to become an approved Fannie Mae Seller/Servicer. This will enable the direct purchase of loans from lenders, improving loan pricing and execution. In 2015, SONYMA developed the requisite Quality Control plan, and revised that plan to incorporate new TILA-RESPA Integrated Disclosure (TRID) guidelines mandated by the CFPB. In the meantime, SONYMA continued to promote and expand our MBS program offerings through our current delivery channel with M&T Bank.

- FHA Plus, initially offered in December 2013, 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. Under this program, 165 mortgages of \$42.5 million in total principal and \$1.4 million in Down Payment Assistance were originated in 2015. In addition, the Agency had 37 mortgages of \$7.9 million in total principal and \$236,000 in Down Payment Assistance in its pipeline.
- Conventional Plus, initially offered in November 2012, complements SONYMA's existing tax-exempt bond financed programs and the FHA Plus Program described above. The product is designed to take advantage of certain pricing and underwriting benefits afforded to SONYMA by Fannie Mae. Among other benefits, Conventional Plus is available for home purchases and for limited cash-out refinances. Under Conventional Plus, 76 mortgages of \$11.0 million in total principal and \$95,000 in Down Payment Assistance were originated in 2015. In addition, the Agency had 10 mortgages of \$1.2 million in total principal and \$8,250 in Down Payment Assistance in its pipeline.

c. **Launch- SONYMA Express® Automated System to More Participating Lenders:** The Agency's SONYMA Express® automated system was developed to assist participating lenders via expedited electronic decisions regarding SONYMA loan eligibility and conform with industry standards permitting electronic delivery of loan files. In 2015, SONYMA's two largest lenders (originating approximately 30% of our total volume), went from the pilot/test phase to using the system for live loan production. The system has streamlined the Agency's loan origination process and dramatically reduced the time it takes participating lenders to originate SONYMA loans, eliminated uncertainty of a borrower's eligibility early in the mortgage application process, lowered overall lender costs, and provided lenders with the capability to submit electronic loan files to the Agency, saving the expense associated with submitting paper files.

In order to maximize system effectiveness, ensure sustainability, and minimize expense, the decision was made to purchase the software for SONYMA Express® and administer the program internally. This provided a level of accountability and control over system functionality and eliminated additional costs associated with future enhancements. The purchase transaction was consummated in October 2015. SONYMA simultaneously hired Software Development Consultants to administer the system. Since then, the time to clear tickets went from 69 to 13 days and functionality has improved such that the Agency will be capable of launching the system with 7 new lenders by 2nd quarter 2016.

To date, 1,181 loans have reserved through SONYMA Express® (\$212.6mm), and 536 loans purchased (\$91.4mm). In addition, a list of enhancements has been developed and prioritized, with a plan to incorporate all of them by October 2018. Ultimately, the system is expected to increase loan production and improve profitability.

d. Continuing SONYMA University Webinars to educate and train major stakeholders on key SONYMA program details: In February, 2014, the Agency began offering SONYMA University webinars on a bi-monthly 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. While developing new classes for 2015, course content evolved from higher level trainings, to sessions that covered more granular topics. To date, more than 1,500 attendees have participated in web-based training on SONYMA programs.

e. 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 2015 as well as monthly subcommittee meetings. SONYMA accomplished the following in collaboration with the Council:

- Completed our first-ever lender roundtable discussion with council members, additional key operations staff invited by council members, and SONYMA staff. This discussion was beneficial as a training tool, to introduce SONYMA staff to key partners, to identify best practices, and provide a forum to communicate ideas for future improvement.
- Obtained approval on a SONYMA for Realtors Continuing Education course through the New York State Association of Realtors.
- Restructured council to adapt to changing needs, creating a Product & Promotion Committee and a Process and Policy Committee.

f. 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 2015. Of particular note, SONYMA sponsored the Annual HomeSmartNY (formerly CXHE) Statewide Conference for homeownership counseling groups, and actively participated in HomeSmartNY's Advisory Council, reinforcing the Agency's commitment to sustainable homeownership through borrower education and preparation.

g. 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 launched an enhanced RemodelNY program in May 2015. This program improved upon the previous 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.

The New RemodelNY program was embraced by lenders, with 6 new lenders originating RemodelNY loans, several of whom offer no other purchase-renovation products. We have also had two RemodelNY loans that incorporated financed repairs with AHC grant funded improvements offered through our non-profit partners.

h. Development of the Neighborhood Revitalization Program: SONYMA received \$22.6 million in Chase Settlement funds to create a new program that would address the issue of vacant and abandoned homes in communities hard-hit by the foreclosure crisis. Criteria was established to select eligible communities, and research was completed to determine what loan features would provide the most effective incentives for buyers to purchase these homes. The Neighborhood Revitalization program was created and presented to the Department of Budget for approval. Approval was received to proceed with the program, and SONYMA began the process of mobilizing a grass roots effort to introduce and implement the program. It is anticipated this program will become available for origination in late Spring 2016.

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

- a. As stated above, 367 of the 1,471 loans SONYMA purchased in 2015 were made to minority households. In connection with the Conventional 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. In 2015, several trades were made between M&T and Castle Oaks.

SONYMA currently has one contract that meets MWBE goals –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, 2015, the Mortgage Insurance Fund achieved the following, in accordance with the measurements outlined in the mission statement for that year.

Number of loans, units and dollar amount of new commitments to insure both Single Family and Multifamily

- 1) The MIF insured 98 SF loans with 121 units for a total of \$14,811,322 in loan amount. The MIF also issued new commitments to insure 131 Project loans with 13,061 affordable units for a total of \$700,318,211 in loan amount. This was a 39% increase over the \$504,461,034 in loan amount in 2014. Included above, the MIF insured 19 of the 22 loans in HFA's Open Resolution and both of HFA's Back to Back loans in 2015. The Insurance Fund provided pool insurance for 1,202 loans purchased by SONYMA Single Family with a loan amount of \$200,400,000 and provided primary insurance for loans that were rejected by Genworth and other PMI companies generally due to low FICO scores.

The MIF's ratings and risk to capital ratios

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 million to HFA and HTFC.

The state of the Insurance Fund's fiscal health is set forth in attachment A.

Mission Statement Performance Review

	<u>As of 12/31/13</u>	<u>As of 12/31/14</u>	<u>As of 12/31/15</u>
<u>PIF</u>			
No. of loans	980	1,003	1,014
\$ Amount	\$2,759,536,870	\$2,793,915,306	\$3,013,510,749
Units	92,195	86,242	88,645
 <u>Commitments</u>			
No. of loans	225	222	257
\$ Amount	\$1,088,306,908	\$1,174,276,141	\$1,429,507,028
Units	19,478	19,503	25,620
	 <u>For the 12 months ended 12/31/13</u>	 <u>For the 12 months ended 12/31/14</u>	 <u>For the 12 months ended 12/31/15</u>
 <u>New PIF</u>			
No. of loans	65	92	78
\$ Amount	\$287,392,890	\$404,608,915	\$398,027,938
Units	21,064	8,389	6,394
 <u>New Commitments</u>			
No. of loans	84	93	131
\$ Amount	\$414,419,210	\$503,461,034	\$700,318,211
Units	7,602	8,983	13,061

State of New York Mortgage Agency Fiscal Health Review

(\$ in thousands)

(unaudited)

Fiscal Year Ended October 31,	2015	2014	2013
Statement of Net Position			
Loans Receivable	2,644,084	2,753,256	2,873,878
Bonds Payable	2,611,563	2,707,487	2,828,022
Matured / Called / Redeemed	520,062	539,565	633,885
Issued	419,540	419,690	424,725
Net Position			
Unrestricted	(19,407)	(19,839)	(18,546)
Restricted	2,348,838	2,203,229	2,143,402
Total	2,329,431	2,183,390	2,124,856
Net Increase in Net Position	147,263	58,534	(36,179)
Other Post Employment Benefits Obligation (GASB 45)	46,591	42,690	39,000
Income Statement			
Total Operating Revenues	205,014	191,888	166,681
Total Operating Expenses	131,119	149,904	157,085
Administrative Expenses	21,819	20,568	19,408
Net Operating Income	73,895	41,984	9,596
Interest on Loans	133,147	140,756	147,635
Interest Expense on Bonds	83,613	93,233	106,758
Coverage	159.24%	150.97%	138.29%
Gross Interest Earned on Mortgages	133,147	140,756	147,635
Average Monthly Mortgage Receivable	2,674,871	2,781,932	2,919,148
Approximate Yield on Loan Portfolio	4.98%	5.06%	5.06%
Gross Interest Expense of Bonds	83,613	93,233	106,758
Average Monthly Bond Payable Balance	2,587,706	2,825,487	3,125,056
Approximate Yield on Bond Portfolio	3.23%	3.30%	3.42%
Difference between Mortgage Yield and Bond Yield (Spread)	1.75%	1.76%	1.64%
Mortgage Recording Surtax Receipts	190,115	151,081	134,104
MIF New Commitments	740,000	422,000	418,000

State of New York Mortgage Agency Fiscal Health Review (continued)

(\$ in thousands)

(unaudited)

Fiscal Year Ended October 31,	2015	2014	2013
Statistical Information			
Working Capital			
Current Assets	1,170,505	979,758	1,067,940
Current Liabilities	225,179	282,270	283,230
<i>Working Capital</i>	945,326	697,488	784,710
<i>Current Ratios</i>	5.20	3.47	3.77
Debt Ratio			
Total Assets	5,108,882	5,067,862	5,164,755
Total Liabilities	2,806,821	2,916,507	3,084,996
<i>Asset to Liability Ratio</i>	1.82	1.74	1.67
Single Family Delinquencies by number loans outstanding (60 days or more, including loans in foreclosure)			
SONYMA	4.54%	4.68%	4.48%
New York State	7.90%	9.67%	10.43%
National	4.46%	5.66%	6.78%
SWAPS - Current Notional Amount		420,000	420,000
Liquidity Exposure (as of October 31, 2015)			
Letter of Credit Provider	Expiration Date	Amount	Fees
Barclays	5/5/2017	78,105	0.475%
Bank of New York Mellon	9/15/2017	34,000	0.35%
JPMorgan	5/13/2019 *	25,335	0.525%
JPMorgan	5/13/2019	3,615	0.525%
JPMorgan	5/11/2018	111,280	0.48%
Royal Bank of Canada	9/17/2019	32,350	0.53%
Royal Bank of Canada	9/17/2018	34,000	0.49%
Wells Fargo, NA	8/27/2019	126,650	0.55%
Wells Fargo, NA	8/27/2019 *	7,555	0.55%
Totals		452,890	

* Unhedged