

MEMBER AND DIRECTOR CODE OF ETHICAL CONDUCT

1. Purpose. The purpose of this Code of Ethical Conduct (“Code”) is to ensure adherence to practices and procedures that promote honest and ethical conduct by the Members and Directors of the New York State Housing Finance Agency (“HFA”), State of New York Mortgage Agency (“SONYMA”), New York State Affordable Housing Corporation (“AHC”), State of New York Municipal Bond Bank Agency (“MBBA”) and Tobacco Settlement Financing Corporation (“TSFC”) (also collectively the “Agencies” and individually the “Agency”).

2. Conflicts of Interest. For the purposes of the Code, three general classes of conflicts and potential conflicts of interest may affect Members/Directors.

A. “Class 1 Conflicts” -- Prohibited Conflicts:

- i. Other than in the proper discharge of their responsibilities as Members/Directors, Member/Director shall not act on their own behalf, anyone else’s behalf or any other entity’s behalf to represent them or appear before any of the Agencies. Members/Directors’ involvement in advancing any case, proceeding, application or other matter before the Agencies shall be exclusively in connection with their responsibilities as Members/Directors.
- ii. Members/Directors must not act on their own behalf, anyone else’s behalf or any other entity’s behalf to represent them before the State or any State entity under circumstances which create an appearance that they have violated the public trust or used their official position to secure unwarranted privileges or exemptions for themselves.
- iii. Members/Directors shall not directly, or indirectly, receive compensation or solicit anything of value in connection with matters before the Agencies. In particular:
 - (a) Members/Directors shall not receive, solicit, or enter into any agreement, express or implied, for any compensation, in whatever form in connection with their service to any of the Agencies or in relation to any case, proceeding, application or other matter before the Agencies;
 - (b) Members/Directors shall not solicit, accept, or receive anything of more than nominal value under circumstances in which it could be reasonably inferred that the gift was intended to influence them or could be reasonably expected to influence them in the performance of their official Agency duties, or was intended as a reward for any official action on their part;
 - (c) Members/Directors shall not receive or accept reimbursement in connection with performance of their duties as Members/Directors of the Agencies except in a reasonable amount:
 1. From the Agencies (for actual and necessary expenses incurred in the performance of their duties),
 2. In the case of Ex-Officio Members/Directors, by another State agency for which the they perform duties, or

- (3) Provided it is approved by an officer of the Agency, from a source acceptable to the Agency for an expense that the Agency might itself have reimbursed the Member directly.

B. “Class 2 Conflicts” -- Discouraged Conflicts Requiring Recusal:

Class 2 Conflicts are actual or potential conflicts, which are discouraged and should be avoided absent extenuating considerations. If such conflicts exist, they should be disclosed and the respective Member/Director’s participation should be appropriately circumscribed by following procedures to limit his or her participation with respect to the matter. The following are Class 2 Conflicts:

- i. Members/Directors being employed by a consultant or other person that does business with the Agencies (but not extending to the Member appearing before the Agencies or being paid to work on Agency matters, which is strictly prohibited);
- ii. Members/Directors having an interest in a firm that does business with the Agencies, or if not competitively bid, any other State agency;
- iii. Contracting or transacting business with the Agencies, or providing legal or other representation for any party contracting or transacting business with the Agencies by:
 - (a) the Member/Director (but not extending to the Member appearing before the Agencies or being paid to work on Agency matters, which is strictly prohibited)¹, or
 - (b) the spouse, any member of the Member/Director's immediate family or any entity in which the Member/Director, spouse or immediate family is a director, officer or partner, or
 - (c) any entity in which the Member/Director, the Member/Director's spouse or any member of the Member/Director's immediate family, has or have an aggregate beneficial interest of 10% or more
 - (d) any publicly-traded corporation in which the Member/Director, the Member/Director’s spouse or any member of the Member/Director’s immediate family has a beneficial interest of 1% or more.

C. “Class 3 Conflicts” -- Conflicts Requiring Disclosure and Possible Recusal:

The following conflicts, or potential conflicts (“Class 3 Conflicts”) if they come into existence, should, in almost all instances, be disclosed, and, based upon an evaluation thereof, it should also be determined whether the respective Member/Directors’ participation should be appropriately circumscribed by following procedures to limit their participation with respect to a particular matter:

- i. The Member/Director has family or other relationships with suppliers or other vendors selected by the Agency;

¹ Note: Members/Directors are not restricted from taking the side of and representing constituent interests as part of the proper discharge of their responsibilities as Members provided such representation is uncompensated and not subject to any other conflicting relationship or responsibility.

- ii. The Member/Director is doing business with the same party or Vendor with which the Agency is doing business or has a business or prospective business relationship.
- iii. Members/Directors have a business relationship with each other.
- iv. The Member/Director is in a position to act preferentially or beneficially for any individual or firm doing business with the Agency which individual or firm is, in turn, in a position to confer any benefit upon the Member/Director or friends, family or business associates of the Member/Director.
- v. Any other situations that could give rise to a conflict of interest under the law or appears likely to give rise to a conflict of interest or the appearance of a conflict.

D. In the case of a Class 3 Conflict, circumscribed participation by the Member/Director should be required if determined to be necessary or appropriate by any of the following:

- (1) The subject Member/Director;
- (2) The Agency Chairman or the Chair of any meeting of the Agency at which question of such recusal is presented;
- (3) A majority of the other Members/Directors;
- (4) The Senior Vice President and Counsel; or
- (5) The State Commission on Public Integrity through any ruling on the subject.

3. Disclosure with Respect to Conflicts: Disclosure should be made with sufficient promptness to effectively apprise all those taking any relevant action and, ultimately, should be made to all the Members/Directors.

4. Post Membership Restrictions on Appearances Before Agency. The prohibition on Members/Directors appearing before the Agency on behalf of others, together with the concept that promises of employment are a conflict, extends to the following prohibitions on post-membership appearances before the Agencies:

A. Two-Year Bar: No Member/Director shall, within a period of two years after termination from the Agencies, appear or practice before his/her own Agency or receive any compensation for any service rendered on behalf of any person, firm, corporation, or association in relation to any matter before his/her own Agency;

B. One-Year Bar: No Member/Director shall, within a period of one year after termination from the Agencies, appear or practice before any of the other Agencies or receive any compensation for any service rendered on behalf of any person, firm, corporation, or association in relation to any matter before any of the other Agencies;

C. Lifetime Bar: No Member/Director shall, after termination from the Agencies, appear, practice, communicate or otherwise render services before any State agency or receive any compensation for services rendered on behalf of any person, firm, corporation or other entity with respect to any case, proceeding, application or transaction in which such Member/Director was directly concerned and in which the Member/Director personally participated in his or her role as a Member/Director of the Agencies or which was under the Member/Director's active consideration

D. Exceptions to the General Prohibitions on Post-Membership Appearances.

i. The above restrictions do not apply to former Members/Directors employed by the Agency or other governmental entities. “Working for the Agency or for other governmental entities” means employed directly by the Agency or other governmental entities and does not include being employed by non-governmental entities which are, in turn, working for the Agency or for such other governmental entities.

ii. The above restrictions do not apply to former Members/Directors entering into an agreement to provide individual consulting services to the Agencies other than as an employee, provided that: a) the President certifies that the Member/Director has particular expertise, knowledge or experience with respect to a particular matter which meets the Agencies’ needs and would otherwise be unavailable at comparable cost, and, in the case of Members/Directors contracting with their own former Agency, b) The Commission on Public Integrity has approved.

5. Fair, Open and Ethical Business Relationships. Agency business should be conducted in a fair, open, honest, and direct manner.

6. Acting in the Interest of the Agencies and the Public. Members/Directors should act in the interest of the Agencies and the public, and should not use or attempt to use their official position to secure unwarranted privileges or exemptions for themselves or others. Members/Directors should avoid situations in which their integrity can be made an issue.

7. Agency Responsibilities to Bondholders. The Agencies should comply with their obligations to their bondholders. This Code is not intended to alter the Agencies’ legal obligations to their bondholders, which are the contractual obligations established pursuant to the Agencies’ bond resolutions, or to create any rights on the part of any party.

8. Employment of Relatives. Relatives of active Members/Directors will not be employed on a permanent or temporary basis unless such employment is appropriate, would not violate the Ethics laws of the State, and would not unduly raise any appearance of impropriety.

9. Confidential Information. Members/Directors should not disclose confidential information acquired by them in the course of their official duties, take any action which could obligate them to make such disclosure, or use confidential information to further their personal interests.

10. Lobbying. It is the policy of the Agencies that Members/Directors follow the legal restrictions on lobbying, should not be designated to be the subject of lobby contact from others and should not be the subject of restricted lobby contacts.

11. Political Activity: Separation of Agency Activity. Activities of Agencies shall be conducted in a manner free of politics.

12. Compliance with State Ethics and Other Laws. This Code shall not supersede any requirements applicable to Members/Directors by virtue of their status as State officers or employees as defined in Section 73 or Section 74 of the Public Officers Law and the Agencies' enabling statutes, as follows:

- The Members of HFA and AHC shall comply with Section 43 of the Private Housing Finance Law
- The Directors of SONYMA shall comply with Section 2403 of the Public Authorities Law
- The Directors of MBBA and Members of TSFC shall comply with Section 2433 of the Public Authorities Law

Among other things, it is intended that the Members/Directors comply with all of the applicable portions of Public Officers Section 73 and the "Code of Ethics" of Public Officers Law Section 74, which is hereby specifically incorporated as part of this Code of Ethical Conduct.

13. Incorporation of Other Existing Policies Applicable to Ethical Conduct. The Members/Directors have been provided with the following policies, which are hereby incorporated in this Code:

- The Agencies' Sexual Harassment Prevention Policies.
- The Agencies' Policies for the Prevention of Discrimination and Discriminatory Practices.
- Computer and Systems Information Policy.