

**MINUTES OF THE MEETING OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
AUDIT AND FINANCE COMMITTEE  
HELD ON JANUARY 29, 2009 AT 11:10 A.M.  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Edward A. Szala	Director
Leonard I. Weinstock	Director

Chairman Levy chaired the meeting; Joy F. Willig, the Agencies' Senior Vice President and Counsel, acted as secretary. The meetings of the HFA, AHC, MBBA and TSFC Audit Committees and the SONYMA Audit and Finance Committee were opened in joint session for the 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 Audit and Finance Committee. A record of items considered by the other Agencies' Audit Committees is contained in the minutes of each Committee respectively.

**The first item on the agenda was the adoption of the minutes of the SONYMA Audit and Finance Committee meeting held on December 3, 2008.** Mr. Szala moved to adopt the minutes; Mr. Weinstock seconded the motion; the minutes were adopted unanimously.

**The next item on the agenda was a presentation of MD&A Report and resolution approving Fiscal 2008 Financial Statements.** Joanne Hounsell, Senior Vice President and Deputy CFO, noted that the board had previously determined that Audit and Finance Committee meetings should include a training session for Directors. She stated that due to the number of items on the agenda, the training would not be included in this meeting.

Gary Weinstock, Vice President and Comptroller, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference.

Mr. Weinstock reported that SONYMA purchased \$504 million in mortgages in 2008. He said 2008 was one of the Agency's most successful years in loan purchases since its inception in 1970. He then reported that the Mortgage Insurance Fund issued 143 commitments for 6,340 multi-family units in the past fiscal year, which was an increase over last year. He also stated that SONYMA transferred \$100 million in reserves from the project pool insurance account to various affordable housing programs.

Mr. Weinstock stated that bonds payable increased approximately \$300 million from FY07 to FY08, interest on mortgages increased approximately \$7 million, and interest expense increased slightly. He also noted that SONYMA is participating in the NeighborWorks program for foreclosure mitigation counseling, and to date had spent \$510,000 on this program.

Chairman Levy asked Glenn Friedrich, of Deloitte & Touche, LLP if he felt the exceptional events of the past fiscal year were accurately presented and documented in the financial statements. Mr. Friedrich said yes.

Chairman Levy requested that the yield of the Agency's portfolio be disclosed in the report.

Mr. Friedrich then presented the Independent Auditor's required communication to the Directors. This report can be found in the Investor Relations section of the Agency's website.

Pursuant to Section 105.f. of New York State Public Officers Law, which allows the Directors to convene in Executive Session to discuss the medical, financial, credit or employment history of a particular person or corporation, Mr. Szala made a motion to continue in Executive Session for Director discussion of the Agencies' financial statements; Mr. Weinstock seconded the motion; and the Directors went into Executive Session at 11:47 a.m. with representatives from Deloitte & Touche LLP.

The meeting was reconvened in public session at 12:22 p.m. Chairman Levy advised that no votes had been taken in the Executive Session.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion, and the following resolution was adopted unanimously.

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEES AND THE STATE OF NEW YORK MORTGAGE AGENCY AUDIT AND FINANCE COMMITTEE REVIEWING AND APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008.**

**The next item on the agenda was a resolution approving Follow-up Audit of 2007 Audit Reports.** Stephen B. Chohey, Vice President of Internal Audit, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. There were no questions or discussion on this item.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion, and the following resolution was adopted unanimously.

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, TOBACCO SETTLEMENT FINANCING CORPORATION**

**AUDIT COMMITTEES AND STATE OF NEW YORK MORTGAGE AGENCY AUDIT AND FINANCE COMMITTEES REVIEWING AND APPROVING INTERNAL AUDIT'S FOLLOW-UP AUDITS OF 2007 AUDIT REPORTS.**

**The next item on the agenda was a resolution approving Servicer Audit Report of M&T Mortgage Corporation.** Mr. Chohey highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. Mr. Chohey reported SONYMA generally satisfied the audit objectives, but that management controls involving processing and administration of impaired loans could be strengthened. Mr. Jones asked if it this finding was common. Mr. Chohey responded that it was not, but because SONYMA is a large servicer, irregularities in findings were expected.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion, and the following resolution was adopted unanimously.

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY AUDIT AND FINANCE COMMITTEE REVIEWING AND APPROVING SERVICER AUDIT OF M&T BANK, N.A.**

**The next item on the agenda was a resolution approving Servicer Audit Report of Community Bank, N.A.** Mr. Chohey highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. Mr. Chohey reported that the Agency was generally able to satisfy the audit objectives, but that there were a few findings which needed to be addressed. Chairman Levy questioned how the Auditor has responded the Agency's request to be indemnified for some of the items found during the audit. Mr. Chohey said that the agency has been indemnified for 2 of the items, and the remainder are working themselves out.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion, and the following resolution was adopted unanimously.

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY AUDIT AND FINANCE COMMITTEE REVIEWING AND APPROVING SERVICER AUDIT OF COMMUNITY BANK, N.A.**

There being no unfinished business, Mr. Szala moved to adjourn the meeting; Mr. Weinstock seconded the motion; and the meeting was adjourned at 12:45 a.m.

  
Secretary