

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON JUNE 4, 2009 AT 1:34 P.M. AT  
ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Karen A. Phillips	Director
Leonard I. Weinstock	Director
Marge Rogatz	Director
Edward Szala	Director
William Myers	Director
Daniel Sheppard	Division of the Budget, representing Laura L. Anglin, Director (via video conference)
Brian Lawlor	Division of Housing and Community Renewal, representing Deborah VanAmerongen, Director

ABSENT:

Gregory J. Raphael	Director
--------------------	----------

Chairman Levy chaired the meeting; Joy F. Willig, Senior Vice President and Counsel, acted as secretary. The meetings of the affiliated Agencies opened in joint session for the consideration of various matters of shared importance. These minutes reflected only those items being considered by the Directors of the State of New York Mortgage Agency. A record of items considered by other Agencies is contained in the minutes of each Agency respectively.

Chairman Levy noted that Daniel Sheppard was participating in the meeting via video conferencing from the New York State DOB conference center at the Capital Building, Room 143 in Albany. A public notice was given of the time and locations of both venues.

**The first item on the agenda was the President's Report.** Priscilla Almodovar, the Agencies' President and Chief Executive Officer, reported on SONYMA single family loan reservations. Ms. Almodovar said that loan reservations continued to be low as compared to prior periods partly due to the low rates in the conventional market. She said that for the first five months of 2009, SONYMA had \$41 million in reservations compared to \$267 million during the same period the previous year. Ms. Almodovar noted that delinquencies were at 1.47% from 1.5% last year. Ms. Almodovar then reported on current legislation in the New York legislature which would allow SONYMA to structure its closing cost assistance loan as a second lien. She stated that the legislation had passed the Assembly and the Senate Housing Committee and will soon be introduced to the full Senate. She noted that this structure was required to participate in the Fannie Mae My Community program.

Ms. Almodovar then reported that the Agency had made progress in advancing the Mortgage Credit Certificate program, including engaging the Division of Budget and posting the public notice required by the tax code.

Chairman Levy inquired if other state agencies had experienced any increases in loan reservations. Ms. Almodovar responded that to the best of her knowledge they had not. Chairman Levy then asked if there had been any significant changes in the prepayment portfolio. Ms. Almodovar said that there had not been a drastic increase in prepayments overall, but noted that there had been an increase of prepayments in older mortgages. She added that these prepayments had enabled the Agency to accommodate new reservations without having to issue additional bonds.

Ms. Almodovar then reported that the U. S. Treasury had not released any additional information regarding their municipal liquidity facility program, and that the Agency continued to monitor the situation.

Ms. Almodovar then reported on the progress of the student loan program that SONYMA was developing with the Higher Education Service Corporation (HESC) and the State's Division of the Budget. She said that the Agency's aim was to come to the market in October so the funds can be utilized for spring semester tuition. Ms. Almodovar stated that HESC had issued an RFP for a master servicer, but had not yet selected one. Chairman Levy asked if the servicer received a tax credit in lieu of a fee. Alex Varella, Deputy Counsel, responded that they do not. Chairman Levy requested that the SONYMA Board Members be given a presentation on the program before the bonds are issued; Ms. Almodovar agreed, and anticipated a September presentation.

Ms. Almodovar reported that SONYMA had issued an RFP for an investment manager, primarily for the Mortgage Insurance Fund. She said the RFP was issued in May, and that responses were due June 15.

Ms. Almodovar announced that the Governor had appointed a new member to SONYMA's board, Naomi Bayer. Ms. Almodovar noted Ms. Bayer's past accomplishments and said that she will be a valuable addition to the Agency's board. Ms.

Almodovar also announced that Gregory Raphael's term as a board member had expired. She thanked Mr. Raphael for his service to the SONYMA board.

**The next item on the agenda was the report of the Mortgage Insurance Committee.** Chairman Levy reported that the MIC had approved the minutes of its May 7, 2009 meeting, and passed resolutions recommending approval of 100% mortgage insurance on a Community Preservation Corporation (CPC) permanent first mortgage loan for Cedar Commons Apartments in Monroe County and 100% mortgage insurance on a CPC permanent first mortgage loan to Concern Rochester, LLC for 151-167 Rochester Avenue, Brooklyn. The Committee also passed resolutions approving 100% mortgage insurance on a CPC permanent first mortgage loan for 201 Montrose Street and 6 Monitor Street, Brooklyn; 100% mortgage insurance on a CPC permanent first mortgage loan for 2103-2123 57<sup>th</sup> Street, Brooklyn; 100 % mortgage insurance on a CPC permanent first mortgage loan for 16-18 Warburton Avenue, Yonkers; 100% mortgage insurance on a CPC permanent first mortgage loan for 275 Malcolm X Boulevard, et al, Brooklyn; 100% mortgage insurance on a CPC permanent first mortgage loan for 315 Foster Avenue, Brooklyn; and 100% mortgage insurance on an HDC permanent loan for the Bridge Apartments at 52 West 105<sup>th</sup> Street, Manhattan. Chairman Levy said that the Committee also discussed the significant reduction in payments under the mortgage recording tax and the increase in delinquencies in healthcare centers and AIDS childcare centers. He noted that the MIF only has a small exposure to these loans.

**The next item on the agenda was the report of the Audit Committees.** Chairman Levy reported that all three Audit Committees had approved the minutes of their April 2, 2009 meeting; the HFA and SONYMA Committees adopted a resolution approving Independent Auditor's Report relating to the audit of the Schedule of Expenditures of Federal Awards; all three Committees adopted a resolution authorizing the approval of Information Technology Audit; HFA adopted a resolution authorizing the approval of Multi-Family Finance Audit; HFA adopted a resolution approving HFA Supplemental Financial Information; and AHC adopted a resolution authorizing the approval of the Corporation's Financial Statements.

**The next item on the agenda was the approval of the minutes of the SONYMA Directors' meeting held on May 7, 2009.**

There being no objections or corrections by the Directors, the minutes were deemed approved.

**The next item on the agenda was a resolution approving HFA and SONYMA Audited Schedule of Expenditures of Federal Awards (the Single Audit) for the fiscal year ended October 31, 2008.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. Mr. Gary Weinstock, Vice President/Comptroller, highlighted certain information contained in the materials provided to the Members in advance of the meeting, which information is incorporated herein by reference. Mr. G. Weinstock said that there were no

findings with regard to the HFA program audits. He said that the SONYMA Neighborworks audit noted two minor compliance issues which had since been corrected.

Mr. Weinstock moved to adopt the resolution; Mr. Szala 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 REVIEWING AND APPROVING AUDITED SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS-SINGLE AUDIT REPORT FOR FISCAL YEAR ENDED OCTOBER 31, 2008**

**The next item on the agenda was a resolution authorizing the approval of the Quarterly Bond Sale Report.** Ms. Marian Zucker, Executive Vice President, highlighted certain information contained in the materials provided to the Directors in advance of the meeting, which information is incorporated herein by reference.

Mr. Weinstock moved to adopt the resolution; Mr. Szala 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 AGENCIES BOND SALE REPORTS**

**The next item on the agenda was a resolution authorizing the approval of HFA's On-line Legal Research Services Contracts and Annual Review of SONYMA's contract with Professional Library Services, Inc.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this item.

**The next item on the agenda was an information item in connection with the review of the Agencies' Consolidated Second Quarterly Procurement Contract Report for the period ending 4/30/09.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. Chairman Levy noted that the report had made improvements in identifying MWBE contract activity, and requested that future reports should include comparisons to past MWBE activity.

**The next item on the agenda was a resolution approving 100% mortgage insurance on a \$14,500,000 CPC permanent first mortgage loan for the acquisition and rehabilitation of Cedar Commons Apartments, 900 Calm Lake Circle, Town of Greece, Monroe County.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this item.

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

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR CEDAR COMMONS APARTMENTS, 900 CALM LAKE CIRCLE, GREECE, MONROE COUNTY**

**The next item on the agenda was a resolution approving 100% mortgage insurance on a \$12,778,904 CPC permanent mortgage loan for the acquisition and rehabilitation of Concern Rochester, LLC, 151-167 Rochester Avenue, Brooklyn, Kings County.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this item.

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

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR 151-167 ROCHESTER AVENUE, BROOKLYN, KINGS COUNTY**

**The following items on the agenda were presented for informational purposes.**

**Annual review of the advertising placement contract with NY Press Services and the annual review of various print placement agreements.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. Mr. Myers suggested that the Agency explore advertising options other than print publications, particularly in the area of online advertising. Ms. Rogatz stated that this type of advertising could assist the Agency's MWBE outreach. Ms. Willig noted that some of the advertisements were public notices that had a statutory requirement to be included in print publications. Ms. Almodovar agreed that online advertising could increase the Agency's exposure and said that staff will explore that option.

**Second Quarterly (2009) Report on the Financial Status of Existing Hedges.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. Genevieve D'Agostino, Vice President and Treasurer, reported that the overall benefit of the swaps continue to be beneficial as they still remain more cost effective than if the Agency had issued fixed rate date at the time the hedges were entered into. She noted that there was a mismatch on the payment streams associated with some swaps, due to a higher variable rate of interest paid to bondholders versus the variable rate received from the counterparty, known as "basis leakage". In response to a question from Chairman Levy, Ms. D'Agostino confirmed that

the swap benefit figure included the deduction of the Agency's termination payment to Lehman Brothers and noted that the Agency was beginning to realize the benefit of moving from Lehman Brothers to Goldman Sachs. Mr. Myers inquired about transaction costs; Ms. D'Agostino said that the transaction costs were included in the figures presented in the board materials. Chairman Levy asked if the percentage of debt entered into swap agreements had changed since the last agreement. Ms. D'Agostino said that it had not.

There being no unfinished business, Mr. Weinstock moved to adjourn the meeting; Mr. Szala seconded the motion; and the meeting was adjourned at 2:19 p.m.

  
Secretary