

STATE OF NEW YORK MORTGAGE AGENCY
LIST OF MEASUREMENTS FOR CALENDAR YEAR 2013

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 2013, 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 1,704 mortgages, serving the following incomes: 16.9% served families earning incomes at or above 100% of the AMI; 21.5% served families earning incomes from 80.1% to 100% of AMI; 33.5% served families earning incomes from 60.1% to 80% of AMI; 15.0% served families earning incomes from 50.1% to 60% of AMI; and 13.1% of loans served families earning incomes at or below 50% of AMI.
- 2) SONYMA participating lenders cover the entire state, and loans were purchased in accordance with the following geographic:

Region	% of Loans Purchased
1 - Buffalo	7.45%
2 - Rochester	8.22%
3 - Syracuse	1.23%
4 - Binghamton	2.17%
5 - Mid-Hudson	10.97%
6 - Capital	3.11%
7 - Mohawk Valley	1.00%
8 - Downstate	7.98%
9 - Long Island	27.52%
10 - NY City	30.34%

- 3) The loan portfolio performed with delinquencies as of November 30, 2013 at 4.63% of loans, significantly better than the state and national averages, which were 10.43% and 6.78%, 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 2013, the Agency focused its mission on providing mortgage loans to those individuals and families for whom low interest rate mortgages make the difference in achieving sustainable homeownership. This was accomplished by targeting mortgage financing activities on the Achieving the Dream Program, which assists lower-income homebuyers (70% of area median income or less). In 2013, 47.5% of the Agency's mortgages were originated under this program. Overall, 61.6% of the mortgages purchased were made to low-income homebuyers (80% of area median income or less) and more than 36.1% of the 1,704 loans SONYMA purchased statewide were made to minority households.

b. **Enhanced the Conventional Plus Program:** In December 2013, SONYMA announced a price enhancement to incent lender participation in the Conventional Plus Program launched last year. The program is intended to complement SONYMA's existing tax-exempt bond financed programs. 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 will be available for home purchases and for limited cash-out refinances.

c. **Launched the FHA Plus Program:** In December 2013, SONYMA announced its FHA Plus program. 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.

d. Complete Development of SONYMA *Express*® Automated System: SONYMA is near completion of the development of an automated system that will assist participating lenders by providing expedited decisions on SONYMA loan eligibility. 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 launched in early 2014 and to improve SONYMA's relationships with lenders, other industry partners and potential borrowers. Ultimately, the system is expected to increase loan production and improve profitability.

e. SONYMA Advisory Council: The SONYMA Advisory Council was created in 2010 to better partner with lenders, realtors and other industry professionals and collaborate to help SONYMA maximize its role as an important provider of affordable and sustainable mortgages to low- and moderate-income first-time homebuyers across New York State. The Agency held two meetings with the Advisory Council in 2013. In addition to the Conventional Plus discussed above, SONYMA accomplished the following in collaboration with the Council:

- Reformed the council's committee structure to break up business development into two separate committees. The business to business, and consumer direct marketing committees will enable more concentrated efforts to increase awareness of SONYMA products and promote new referral and origination partnerships.
- Worked with members of the SONYMA *Express*® committee to develop a submission workflow and facilitate system testing. The

Committee's involvement was instrumental in moving the launch of SONYMA Express® forward.

- Successfully coordinated Welcome Home, Buffalo! and Welcome Home, Brooklyn! Homeownership Events with industry professionals.

f. **Continued Outreach to Industry Partners:** SONYMA continues to cultivate its relationship with industry partners by participating in many events with realtors, lenders, not-for profits, community groups and others. In 2013, SONYMA presented an informational session at the New York State Coalition for Excellence in Homeownership Education Statewide Conference. This enabled us to raise awareness of the products among homeownership counseling providers throughout NYS who work directly with our target audience, low to moderate income first time homebuyers. Additionally, our new SONYMA Advisory Council Business to Business Committee is focusing their efforts on relationship development with other homeownership service providers.

g. **Capstone Agreement with NYU to Develop Market Share Development Plan:** SONYMA partnered with a team of graduate students in the NYU Robert F. Wagner Graduate School of Public Service to:

- i. Analyze existing survey data and questionnaires, and build new ones with the goal of increasing response rates;
- ii. Attempt to determine SONYMA's market share within the NY State;
- iii. Analyze loan portfolio performance and products;
- iv. Identify potential for business development and expansion;
- v. Work with loan officers and homeownership support groups to improve awareness; and
- vi. Find ways to enhance homeownership education material.

6) As stated above, 36.1% of the 1,704 loans SONYMA purchased in 2013 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. Trades have been consummated with Castle Oaks.

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 170 SF loans with 192 units for a total of \$33,423,326 in loan amount. The MIF also insured 84 Project loans with 7,602 units for a total of \$414,419,210 in loan amounts.
- 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 despite the release of \$76 million to the State general fund and \$42.4 million and \$17.6 million to HTF and HFA, respectively.
- 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.
- 5) The MIF approved 20% insurance at a \$25,000,000 CPC construction loan for 83 modular homes on Brooklyn to enable QC to sell a 100% participation to Goldman Sachs Bank.

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>PIF</u>		
No. of loans	952	980
\$ Amount	\$2,545,427,459	\$2,759,536,870
Units	72,803	92,195
<u>Commitments</u>		
No. of loans	234	225
\$ Amount	\$1,012,566,854	\$1,088,306,908
Units	33,512	19,478
	<u>For the 12 months ended 12/31/12</u>	<u>For the 12 months ended 12/31/13</u>
<u>New PIF</u>		
No. of loans	74	65
\$ Amount	\$283,995,353	\$287,392,890
Units	18,965	21,064
<u>New Commitments</u>		
No. of loans	71	84
\$ Amount	\$400,315,773	\$414,419,210
Units	22,350	7,602