

**MINUTES OF THE DIRECTORS' MEETING OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON SEPTEMBER 14, 2010 AT 2:36 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	Vice Chairperson
Naomi Bayer	Director
Brian Lawlor	Director
Don Lebowitz	Director
William Meyers	Director
Marge Rogatz	Director
David J. Sweet	Director
Elaine McCann	Division of the Budget, representing Robert Megna, Director (via video conference)

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 reflect 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.

**The first item on the agenda was the President's Report.** Brian E. Lawlor, President and Chief Executive Officer, stated that he would be presenting the Agencies' integration plan on September 22<sup>nd</sup>, noting that the plan would incorporate the ideas of stakeholders throughout the state. Next he announced the implementation of a staffing plan aimed at maximizing resources through consolidation into three primary program areas, and naming Marian Zucker as the head of finance and development, Joe Rabito as head of community renewal and Mike Skrebutenas as head of housing preservation. He added that Joy Willig will head a professional support unit that will coordinate services needed by each programmatic group. Next he reported on changes by the Treasury Department to the New Issue Bond Program that would allow the

Agency to lower rates for mortgages for the multifamily deals scheduled to close by year end. He reported that Moody's had downgraded ratings industry wide, including ratings for SONYMA's single family program, and added that staff would be meeting with the rating agency to discuss potential Agency policy changes.

Chairman Levy reported on a visit to Bedell Terrace, a project currently undergoing renovation, which demonstrated the types of improvements facilitated by Agency efforts. Ms. Zucker presented before and after photographs, and Gene Schneur, Managing Director of Omni New York, the project developer, described upgraded security measures that were having a dramatic effect on a previously troubled housing complex.

**The next item on the agenda was the report of the Audit Committee.** Chairman Levy reported that the committee had approved the minutes of its Audit Committee meeting held on June 10, 2010, adopted a resolution approving Internal Audit's Debt Issuance Audit Report, adopted a resolution recommending approval of the fourth annual evaluation by the Audit Committees, reviewed information on the Independent Auditor's (Ernst & Young) presentation, reviewed information on Financial Statement Update 3<sup>rd</sup> Quarter Fiscal Year 2010 and adopted a resolution approving SONYMA's Servicer Audit of Chase Home Finance, LLC.

**The next item on the agenda was the report of the Governance Committee.** Chairman Levy reported that the committee had approved the minutes of Governance Committee meeting held on June 10, 2010, adopted a resolution recommending approval of the Fourth Annual Evaluation by the Governance Committees, and adopted a resolution recommending approval of revised Procurement and Contract Guidelines.

**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 July 15, 2010 meeting, had passed resolutions recommending approval of 100% mortgage insurance for Kennedy Plaza Apartments, 2 Kennedy Plaza, Utica, Oneida County; Twin Parks Apartments, 725 and 735 Garden Street and 2260 Crotona Avenue, Bronx, Bronx County; Grote Street Apartments, 769 Grote Street and 2311 Southern Boulevard, Bronx, Bronx County; had passed resolutions approving 100% mortgage insurance for Twin Oaks Apartments, 7 and 21 Manor Avenue, Hempstead, Nassau County; and 9, 11, 13 and 15 Weiner Drive, Monsey, Rockland County; had deferred decision on 311-329 Beach 65<sup>th</sup> Street, Arverne, Queens County and 2895, 97, 99 and 2901 Frederick Douglas Boulevard, New York, New York County pending further information, and had not approved mortgage insurance for Saratoga Crossings, Plaster Mill Road, Town of Farmington, Ontario County.

**The next item on the agenda was the approval of the minutes of the SONYMA Directors' meeting held on July 15, 2010.** There being no objections or corrections by the Directors, the minutes were deemed approved.

**The next item on the agenda was the approval of a resolution approving revisions to the Agencies' Procurement and Contract Guidelines.** Alejandro Valella, Deputy Counsel, highlighted certain information contained in the materials provided to the Directors in connection with this item in advance of the meeting, which is incorporated herein by reference. He stated that legislation passed this past summer affected the rules governing procurement access for

minority and women owned firms, which passage would require certain updates to procurement policies and allow for other changes at the discretion of the Agency. He reported on the Governance Committee discussion regarding a provision that allows for purchases of goods and services from certified firms without competitive bidding for amounts up to \$200,000, adding that the committee had recommended amending the resolution to reduce this amount to \$100,000 to align with current limits for contracting requiring board approval.

Ms. Rogatz moved to adopt the resolution as amended; Mr. Sweet seconded the motion; and the following resolution was adopted:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, THE STATE OF NEW YORK MORTGAGE AGENCY, THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION ("THE AGENCIES") APPROVING CHANGES TO THE AGENCIES' CONSOLIDATED PROCUREMENT AND CONTRACT GUIDELINES**

The next item on the agenda was the approval of a resolution approving the **FY 2011 Administrative Budget Request and Financial Plans**. Joanne Hounsell, interim CFO, highlighted certain information contained in the materials provided to the Directors in connection with this item in advance of the meeting, which is incorporated herein by reference. She reported that most of the increases over the previous year's budget request were for non-discretionary items, including payments to the State of a \$3.5 million Extraordinary Expense and increased authority cost recovery fees. She added that the Agency had achieved reductions in some of its discretionary expenditures, and expected that expenditures for discretionary expenditures for investment advisor fees and technology costs for the single family programs would yield saving in excess of their costs.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet seconded the motion; and the following resolution was adopted unanimously:

**RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY STATE OF NEW YORK MORTGAGE AGENCY AND NEW YORK STATE AFFORDABLE HOUSING CORPORATION ADOPTING AN ADMINISTRATIVE BUDGET FOR FISCAL YEAR NOVEMBER 1, 2010 TO OCTOBER 31, 2011 AND FINANCIAL PLANS FOR FISCAL YEARS 2011, 2012, 2013 AND 2014 WITH RESPECT TO THE NEW YORK STATE HOUSING FINANCE AGENCY AND STATE OF NEW YORK MORTGAGE AGENCY, AND THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION'S FINANCIAL PLANS FOR FISCAL YEARS 2012, 2013, 2014 AND 2015, AND PRELIMINARY CASH BUDGET FOR THE NEW YORK STATE HOUSING FINANCE AGENCY FOR FISCAL YEAR 2011**

The next item on the agenda was the approval of a resolution approving the **Fourth Annual Evaluation by the Audit Committees**. Information with respect to this item was

provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There was no discussion or questions on this item.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION CONCERNING SELF-EVALUATION**

**The next item on the agenda was the approval of a resolution approving the Fourth Annual Evaluation by the Governance Committees.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There was no discussion or questions on this item.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION CONCERNING SELF-EVALUATION**

**The next item on the agenda was a resolution approving Quarterly Bond Sales Report.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There was no discussion or questions on this item.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE AGENCIES' BOND SALE REPORTS**

**The following items on the agenda were presented for informational purposes.** Information with respect to each of these items was provided to the Directors in advance of the meeting, which information is incorporated herein by reference:

Financial Statement Update 3<sup>rd</sup> Quarter Fiscal Year 2010.

Report of Administrative Budget Expenditures for the Third Quarter, 2010.

Annual review of contractual agreements with Image Master Inc., for financing printing services.

Review of Agencies' Quarterly Investment Reports.

Annual review of contracts with firms on the Agencies' non-bond counsel panel and the Agencies' Legal Services contract with Hitsman, Hoffman & O'Reilly.

Review of Third Quarterly Procurement Contract Report for the period ending July 31, 2010.

**The next item on the agenda was a resolution approving 100% mortgage insurance on an \$18,400,000 HFA permanent first mortgage loan for the rehabilitation of Twin Parks Apartments, 725 and 735 Garden Street and 2260 Crotona Avenue, Bronx, Bronx County.** Mr. Michael Friedman, Senior Vice President, highlighted certain information contained in the materials provided to the Directors in connection with this item in advance of the meeting, which is incorporated herein by reference. This project was presented and discussed at the earlier MIC meeting; the Directors had no further questions or issues to discuss regarding this item.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet 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 TWIN PARKS APARTMENTS, 725 AND 735 GARDEN STREET AND 2260 CROTONA AVENUE, BRONX, BRONX COUNTY.**

**The next item on the agenda was a resolution approving 100% mortgage insurance on a \$13,960,000 HFA permanent first mortgage loan for the rehabilitation of Grote Street Apartments, 769 Grote Street and 2311 Southern Boulevard, Bronx, Bronx County.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item in advance of the meeting, which is incorporated herein by reference. This project was presented and discussed at the earlier MIC meeting; the Directors had no further questions or issues to discuss regarding this item.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet 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 GROTE STREET APARTMENTS, 769 GROTE STREET and 2311 SOUTHERN BULEVARD, BRONX, BRONX COUNTY.**

The next item on the agenda was a resolution approving 100% mortgage insurance on an HFA \$10,819,000 construction loan and \$6,540,000 permanent first mortgage loan for the construction and rehabilitation of Kennedy Plaza Apartments, 2 Kennedy Plaza, Utica, Oneida County. Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item in advance of the meeting, which is incorporated herein by reference. This project was presented and discussed at the earlier MIC meeting; the Directors had no further questions or issues to discuss regarding this item.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet 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 KENNEDY PLAZA APARTMENTS, 2 KENNEDY PLAZA, UTICA, ONEIDA COUNTY.**

The next item on the agenda 100% mortgage insurance on a \$13,400,000 CPC first mortgage loan for the construction of Saratoga Crossings, Plaster Mill Road, Town of Farmington, Ontario County, was withdrawn as MIC did not recommend approval.

The next item on the agenda, 100% mortgage insurance on a Piano Factory 100% mortgage insurance on a \$14,900,000 Citibank permanent first mortgage loan for the rehabilitation of The Piano Factory Apartments, 30-01 Vernon Boulevard, Long Island City, Queens, Queens County, was withdrawn by the lender.

Ms. Bayer requested that an educational session be scheduled regarding the issues associated with projects that will be eligible for insurance under the provisions of the recently enacted Jeffries legislation that affects requirements for mortgage insurance.

The next item on the agenda was a resolution authorizing a \$350 Million increase in the MIF's Pool Policy for SONYMA's Single Family Program. Mr. Michael Esposito, Vice President, highlighted certain information contained in the materials provided to the Directors in connection with this item in advance of the meeting, which is incorporated herein by reference. He noted that in addition to requesting authorization to increase the face value of the pool insurance policy by \$350 million to a total of \$2.35 billion, the MIF was requesting authorization to extend the pool policy through December 31, 2011 and increase reserves against the increase in liability from the statutorily required 20% to 100%. He explained that the increase in the reserve requirement was recommended by Moody's Investors Service and noted that, once approved by the Directors, the increase in the reserve requirement was subject to review by the Governor. Chairman Levy expressed concern with increasing the reserve requirement prior to a scheduled meeting with Moody's and questioned whether and how an increase in the reserve requirement would impact the overall business of the Mortgage Insurance Fund. He recommended that the Directors approve the extension of the pool policy through December 31, 2011 and the increase in the face amount of the pool policy by \$350 million but defer consideration of an increase in the reserve requirement pending further discussion with Moody's.

Ms. Bayer moved to strike Section 3 regarding reserves of the proposed resolution and adopt it as amended; Ms. Phillips seconded the motion and the following resolution, as amended, was adopted unanimously:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING A \$350 MILLION INCREASE IN THE MIF'S POOL POLICY FOR SONYMA'S SINGLE FAMILY PROGRAM.**

**The next item on the agenda was a resolution authorizing extending the Genworth Administrative Services Contract.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There was no discussion or questions on this item.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING THE CONTINUATION OF AN ADMINISTRATIVE SERVICES CONTACT WITH GENWORTH MORTGAGE INSURANCE CORPORATION.**

**The next item on the agenda was a resolution approving the extension of a SONYMA contract with New York State Industries for the Disabled, 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 was no discussion or questions on this item.

Ms. Rogatz moved to adopt the resolution; Mr. Sweet seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY AUTHORIZING THE CONTINUATION OF THE SCANNING SERVICES CONTRACT WITH NEW YORK STATE INDUSTRIES FOR THE DISABLED.**

**The next item on the agenda was an information item for the annual review of contracts with firms on the Agencies' pre-qualified panel of investment managers.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference.

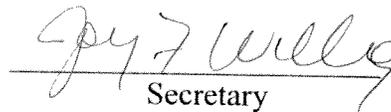
**The next item on the agenda was an information item reviewing the Agency's quarterly swap report.** Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference.

**The next item on the agenda was a discussion of the student loan program.** Ms. Zucker reported that the bonds issued to fund student loans remained largely unexpended with \$2 million in loans approved and another \$4 million in the pipeline. She noted that changes to the student loan marketing requirements subsequent to the program start-up had negatively affected volume. She stated that on March 1 the trustee would evaluate using the remainder of the

proceeds to call the outstanding bonds on April 15, and that there was no current action the board could take in regards to the program. Chairman Levy requested that Ms. McCann obtain direction from the State regarding any desire to extend the program further, and stated that the Board would be fully briefed regarding any options regarding this program at the December meeting when more complete information would be available.

**The next item on the agenda was a discussion of the Single Family Program.** Ms. Zucker noted that originations through August had continued to lag in comparison to the conventional market. She added that a recent reduction in interest rates had been followed by an increase in reservations.

There being no unfinished business, Ms. Rogatz moved to adjourn the meeting; Mr. Sweet seconded the motion; and the meeting was adjourned at 4:23 PM.

  
Secretary