

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa1 rating to SONYMA Homeowner Mort. Rev. Bonds, Series 242 through 245; outlook stable

18 Feb 2022

New York, February 18, 2022 -- Moody's Investors Service (Moody's) has assigned an Aa1 to the State of New York Mortgage Agency's (the "Agency") proposed \$227,705,000 Homeowner Mortgage Revenue Bonds (Social Bonds) (the "Bonds"), further detailed below:

\$115,020,000 Series 242 (Non-AMT)

\$18,270,000 Series 243 (AMT)

\$38,405,000 Series 244 (Non-AMT)

\$56,010,000 Series 245 (Federally Taxable)

The Bonds will be issued under the Agency's Homeowner Mortgage Revenue Bonds General Resolution (the "Resolution"), adopted on September 10, 1987, as amended, restated and supplemented. Moody's also maintains an Aa1 rating on all parity debt issued and outstanding under the Resolution. The outlook is stable.

RATINGS RATIONALE

The Aa1 rating reflects the Resolution's strong balance sheet, evidenced by a healthy program asset-to-debt ratio and adequate single digit margins, though below the sector's median. The rating is also supported by cash flow projections that show full and timely payment of debt service, and a long standing history of successful oversight practices that support credit stability going forward.

The loan portfolio's performance and composition remains sound. COVID-19 pandemic driven increase in forbearance and delinquency rates has been trending down. Additionally, the Agency losses from the increase were limited, helped by mortgage insurance and pool insurance coverage.

RATING OUTLOOK

The outlook is stable based on ongoing transition out of COVID-19 related forbearance and our expectation that the Agency will continue to maintain strong balance sheet and liquidity position of the Resolution.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- A significant and sustained increase in the Resolution's financial metrics, including asset-to-debt ratio and margins, coupled with maintenance of sound loan portfolio performance.

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- A substantial weakening in the financial position of the Resolution, demonstrated by a drop in asset-to-debt ratio or erosion of margins; or

- A significant deterioration in the credit quality of credit support providers with a material amount of exposure, such as the Agency's MIF Project Pool Insurance Account (Aa1, stable)

LEGAL SECURITY

The Bonds are obligations of the Agency secured and payable from unused bonds proceeds, mortgage loan payments and prepayments, and other moneys pledged under the Resolution, including the Debt Service Reserve Fund and the Loan Loss Fund equal to 3% and 1% of the combined outstanding mortgage loans and acquisition fund, respectively. As of October 31, 2021, these reserves were about \$83.5 million and \$27.5 million, respectively. The Agency has no taxing power.

USE OF PROCEEDS

The proceeds of the Bonds will be used to purchase mortgage loans, finance second lien down-payment assistance loans that funds mortgage loans generally to first time home buyers, refund certain outstanding bonds under the Resolution, and pay costs of issuance.

PROFILE

The Homeowner Mortgage Revenue Bonds Resolution was established in 1987 in furtherance of the Agency's core mission of providing and promoting affordable housing for low-to moderate income persons in the State of New York. The Agency accomplishes this mission by issuing tax exempt and taxable bonds to provide low-interest fixed rate mortgages, closing cost and down payment assistance to eligible home buyers, including first-time home buyers.

METHODOLOGY

The principal methodology used in these ratings was US Housing Finance Agency Single-Family Housing Methodology published in October 2019 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1154478 . Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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