NEW ISSUES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 165 Bond and the Series 167 Bonds (collectively, the "Tax-Exempt Bonds") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) interest on the Series 165 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax; and (iii) interest on the Series 167 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Bond Counsel is also of the opinion that, under existing statutes and court decisions, interest on the Series 166 Bonds is included in gross income for Federal income tax purposes pursuant to the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Agency in connection with the Tax-Exempt Bonds, and Bond Counsel has assumed compliance by the Agency with certain ongoing tax covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Offered Bonds (as defined below) is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), and the Offered Bonds are exempt from all taxation directly imposed thereon by or under the authority of said State except for estate or gift taxes or taxes on transfers. See "Tax Matters."

$168,280,000

STATE OF NEW YORK MORTGAGE AGENCY
HOMEOWNER MORTGAGE REVENUE BONDS

$50,000,000 Series 165 (Non-AMT)† **$107,585,000 Series 166 (Federally Taxable)**

$10,695,000 Series 167 (AMT)

Dated: Date of Delivery **Price: As shown on inside cover page** **Due: As shown on inside cover page**

Each maturity of the Series 165 Bonds (the "Series 165 Bonds"), the Series 166 Bonds (the "Series 166 Bonds") and the Series 167 Bonds (the "Series 167 Bonds" and, together with the Series 165 Bonds and the Series 166 Bonds, the "Offered Bonds") will bear interest from their dated date to their maturity or prior redemption at the applicable rate set forth on the inside cover page, payable on April 1, 2012 and thereafter on each April 1 and October 1.

The Offered Bonds are issuable only in fully-registered form and will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal and interest will be made. Purchases may be made in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Offered Bonds will not receive physical delivery of bond certificates representing their beneficial ownership interests. The Bank of New York Mellon, New York, New York, is the Trustee under the Homeowner Mortgage Revenue Bonds General Resolution (the "General Resolution").

The Offered Bonds are subject to redemption, including redemption at par, prior to maturity as described herein.

The Offered Bonds are special obligations of the Agency payable solely from and secured by the revenues, mortgage loans, and moneys pledged and assigned under the Homeowner Mortgage Revenue Bonds General Resolution. The Offered Bonds are not secured by any fund or account that is subject to replenishment by the State of New York. The Agency has no taxing power. The Offered Bonds are not a debt of the State of New York or of any municipality, and neither the State of New York nor any municipality is liable on the Offered Bonds, nor are the Offered Bonds payable out of any funds other than those of the Agency.

The Offered Bonds are offered for delivery when, as, and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Agency, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Hiscock & Barclay, LLP, Albany, New York. It is expected that the Offered Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about November 16, 2011.

Citigroup

J.P. Morgan **Morgan Stanley**

BofA Merrill Lynch **George K. Baum & Company** **M&T Securities, Inc.**

M.R. Beal & Company **Ramirez & Co., Inc.** **RBC Capital Markets**

Roosevelt & Cross Incorporated **Siebert Brandford Shank & Co., L.L.C.**

Date: November 3, 2011

† Interest not included in adjusted current earnings of corporations for purposes of the alternative minimum tax. See "Tax Matters — Tax-Exempt Bonds — Opinions of Bond Counsel."

MATURITY SCHEDULE

Price: 100%

Tax-Exempt Bonds

$50,000,000 Series 165 Bonds (Non-AMT)[†]

$7,195,000 4.00% Series 165 Term Bonds due October 1, 2026 CUSIP[††]: 649883PN9
$9,635,000 4 ½% Series 165 Term Bonds due October 1, 2031 CUSIP[††]: 649883PP4
$33,170,000 4 ¾% Series 165 Term Bonds due October 1, 2042 CUSIP[††]: 649883PQ2

$10,695,000 Series 167 Bonds (AMT)

$10,695,000 Series 167 Serial Bonds

Maturity Date	Principal Amount	Interest Rate	CUSIP[††]	Maturity Date	Principal Amount	Interest Rate	CUSIP[††]
October 1, 2018	$515,000	3.10%	649883PR0	April 1, 2021	$ 250,000	3.90%	649883PT6
April 1, 2020	300,000	3 ¾	649883PS8	April 1, 2022	9,630,000	4.10	649883PU3

Taxable Bonds

$107,585,000 Series 166 Bonds (Federally Taxable)

$107,585,000 Series 166 Serial Bonds

Maturity Date	Principal Amount	Interest Rate	CUSIP[††]	Maturity Date	Principal Amount	Interest Rate	CUSIP[††]
October 1, 2012	$12,290,000	0.63%	649883PV1	April 1, 2017	$ 8,570,000	2.796%	649883QA6
April 1, 2013	5,725,000	1.226	649883PW9	April 1, 2018	19,430,000	3.146	649883QB4
April 1, 2014	1,935,000	1.514	649883PX7	April 1, 2019	21,120,000	3.499	649883QC2
April 1, 2015	3,015,000	1.886	649883PY5	April 1, 2020	15,370,000	3.649	649883QD0
April 1, 2016	4,305,000	2.386	649883PZ2	April 1, 2021	15,825,000	3.999	649883QE8

[†] Interest not included in adjusted current earnings of corporations for purposes of the alternative minimum tax. See “Tax Matters — Tax-Exempt Bonds — Opinions of Bond Counsel.”

[††] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor’s, a division of The McGrawHill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Agency and are included solely for the convenience of the registered owners of the applicable Offered Bonds. The Agency and the Underwriters are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the Agency and the Underwriters on the Offered Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Offered Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Offered Bonds.

No dealer, broker, salesperson, or other person has been authorized by the Agency or the underwriters listed on the cover of this Official Statement (the "Underwriters") to give any information or to make any representations other than those contained in this Official Statement (consisting of Part 1 and Part 2), which includes the appendices hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. There shall not be any offer, solicitation, or sale of the Offered Bonds to be offered through this Official Statement by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been provided by the Agency and by sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. Such information is not to be construed as a representation by the Underwriters. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or in the other matters described herein since the date hereof.

In connection with the offering of the Offered Bonds, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the Offered Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

In making an investment decision, investors must rely on their own examination of the terms of the offering including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward looking statements. A number of important factors affecting the Agency, its Program and its Mortgage Insurance Fund could cause actual results to differ materially from those stated in the forward looking statements.

Part 1 and Part 2 of this Official Statement, including their respective appendices, are to be read together, and together Part 1 and Part 2, including their respective appendices, constitute this Official Statement. The order and placement of materials in this Official Statement are not to be deemed to be a determination of relevance, materiality or importance.

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OFFICIAL STATEMENT PART 1

STATE OF NEW YORK MORTGAGE AGENCY

Homeowner Mortgage Revenue Bonds, Series 165, 166 and 167

This Official Statement Part 1 ("Part 1") provides information as of its date (*except* where otherwise expressly stated) concerning the Agency's Offered Bonds. It contains only a part of the information to be provided by the Agency in connection with the issuance and sale of the Offered Bonds. Additional information concerning Prior Series Bonds (defined below), certain sources of payment and security for the Offered Bonds and the Prior Series Bonds, the Agency, and the mortgage loan program financed with the proceeds of Bonds and other moneys available under the General Resolution is contained in the Official Statement Part 2 ("Part 2") and is subject in all respects to the information contained herein.

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STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 1

$168,280,000 Homeowner Mortgage Revenue Bonds

$50,000,000 Series 165 (Non-AMT) † **$107,585,000 Series 166 (Federally Taxable)**
$10,695,000 Series 167 (AMT)

INTRODUCTION

This Official Statement consists of Part 1 and Part 2. The purpose of this Part 1, which includes the cover to this Part 1, the cover page and inside cover page to the Official Statement, and the appendices to this Part 1, is to set forth certain information concerning the State of New York Mortgage Agency (the "Agency"), a political subdivision and public benefit corporation of the State of New York (the "State") created by the State of New York Mortgage Agency Act, Chapter 612 of the Laws of New York, 1970, as amended (the "Act"), its Homeowner Mortgage Revenue Bond Forward Commitment Program (the "Program"), its Homeowner Mortgage Revenue Bonds, and, more particularly, its Homeowner Mortgage Revenue Bonds, Series 165 (the "Series 165 Bonds"), its Homeowner Mortgage Revenue Bonds, Series 166 (the "Series 166 Bonds") and its Homeowner Mortgage Revenue Bonds, Series 167 (the "Series 167 Bonds" and, together with the Series 165 Bonds, the "Tax-Exempt Bonds"). The Series 165 Bonds, the Series 166 Bonds and the Series 167 Bonds are referred to collectively as the "Offered Bonds." The Offered Bonds bear interest at fixed rates to their maturity (or prior redemption). Part 2 sets forth additional information concerning the Agency, the Act, the Program, additional Agency programs, and the Outstanding Bonds (as defined below). Capitalized terms used in this Part 1 and not otherwise defined shall have the respective meanings ascribed thereto in Part 2.

The Offered Bonds are being issued pursuant to the Act, the Agency's Homeowner Mortgage Revenue Bonds General Resolution, adopted on September 10, 1987, as amended and restated on July 28, 2005, and as supplemented on December 13, 2006 and September 17, 2008 (collectively, the "General Resolution"), and the Homeowner Mortgage Revenue Bonds Series Resolution authorizing the Offered Bonds (the "Offered Bonds Resolution"). The General Resolution, any Series Resolution that has terms applicable to all Bonds generally, and the Offered Bonds Resolution are referred to collectively as the "Resolution." Reference is made to the Resolution for a more complete description of the Offered Bonds and the covenants and agreements made for the security of the Offered Bonds. The Bank of New York Mellon is the Trustee under the Resolution.

Prior to the date of this Official Statement, the Agency has issued 164 Series of Homeowner Mortgage Revenue Bonds pursuant to the General Resolution, designated Series AA through Series ZZ and Series 27 through Series 164. When referred to individually, each Series of Homeowner Mortgage Revenue Bonds is referred to by its respective double-letter or double-digit or triple-digit designation; collectively, the Homeowner Mortgage Revenue Bonds issued prior to this date are referred to as the "Prior Series Bonds." Proceeds of the Prior Series Bonds were used to finance mortgage loans through the Agency's single-family programs. See Part 2 — "The Program." Prior to issuing the Series 163 Bonds and the Series 164 Bonds on September 22, 2011, the Agency last issued Homeowner Mortgage Revenue Bonds in January 2009. In the interim the Agency financed single-family mortgage loans with proceeds of its Mortgage Revenue Bonds issued in connection with the New Issue Bond Program created by the United States Treasury, other moneys

† Interest not included in adjusted current earnings of corporations for purposes of the alternative minimum tax. See "Tax Matters — Tax-Exempt Bonds — Opinions of Bond Counsel."

available under the General Resolution and principal prepayments from previously originated mortgage loans (including Mortgage Loans financed by Homeowner Mortgage Revenue Bonds). The Agency finances such mortgage loans as part of its single family financing activities on the same basis as Mortgage Loans financed under the Program.

The proceeds of the Series 165 Bonds are expected to be available to purchase and finance Mortgage Loans and to finance programmatic costs, including but not limited to Pledged DPALs (as defined below). The proceeds of the Series 166 Bonds and the Series 167 Bonds (the "Refunding Bonds") are expected to be used (i) to partially refund Outstanding Series 67 Bonds, Series 69 Bonds, Series 70 Bonds, Series 71 Bonds, Series 72 Bonds, Series 73A Bonds, Series 79 Bonds, Series 80 Bonds, Series 83 Bonds, Series 87 Bonds, Series 96 Bonds, Series 97 Bonds, Series 98 Bonds, Series 99 Bonds, Series 100 Bonds, Series 101 Bonds, Series 102 Bonds, and (ii) to fully refund Outstanding Series 154 Bonds (collectively, the "Refunded Bonds"). Each newly originated mortgage loan or portion of mortgage loan financed with proceeds attributable to any Series of the Offered Bonds is referred to as an "Offered Bonds Mortgage Loan."

Certain Mortgage Loans originally financed by the Refunded Bonds will be reallocated for certain Federal income tax purposes to the Refunding Bonds and such Mortgage Loans, following such reallocation, are referred to as the "Reallocated Mortgage Loans." The requirements of the Code*, however,* will not apply to those Reallocated Mortgage Loans reallocated to the Series 166 Bonds since the Series 166 Bonds are taxable Bonds.

The Tax-Exempt Bonds will be treated as a composite issue under the Internal Revenue Code of 1986, as amended (the "Code"), and, therefore, the requirements of applicable Federal tax law must be satisfied with respect to each Series of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds not be included in gross income for Federal income tax purposes. See "Tax Matters — Tax-Exempt Bonds" and Appendix A — "Certain Additional Federal Income Tax Matters" to this Part 1.

The Agency may issue additional Series of Bonds pursuant to and secured under the General Resolution (the "Additional Bonds"). See Part 2 — "Summary of Certain Provisions of the General Resolution — Issuance of Bonds." The Offered Bonds will be secured on a parity with the Prior Series Bonds, with each other, and with any Additional Bonds, *unless* such Additional Bonds are made expressly subordinate to the Offered Bonds. The Offered Bonds, the Prior Series Bonds, and any Additional Bonds are referred to collectively as the "Bonds." The Agency may also enter into other arrangements (such as counterparty payments under interest rate exchange agreements and reimbursement obligations under letters of credit) where certain of the Agency's payment obligations are secured on a parity with the Bonds. See Part 2 "Sources of Payment and Security for the Bonds — Pledge of the Resolution."

The Offered Bonds are subject to redemption, including redemption at par, under certain circumstances, at the times, at the prices, and upon the conditions, all as described herein. See "The Offered Bonds —Redemption."

The Agency may issue Bonds and apply the proceeds, among other things, to refund outstanding obligations of the Agency, to finance single family loans, qualifying rehabilitation loans, and home improvement loans, and to acquire any instrument evidencing an ownership interest in such loans. A loan financed with the proceeds of the Bonds or other moneys available under the General Resolution is to be evidenced by a mortgage note and secured by a mortgage or, with respect to a loan related to a cooperative dwelling unit, secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises. Mortgage Loans are not required by the General Resolution to be secured by first lien mortgages and may include home improvement loans. The Series Resolution authorizing the issuance of a Series of Bonds establishes the eligibility criteria for the mortgage loans to be purchased with proceeds of or attributable to such Series of Bonds, including whether such mortgage loans must be secured by first liens. See Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans — Requirements of the Series Resolutions." Under the General Resolution, a "Mortgage Loan" is

defined as (i) any loan financed with amounts deposited in the Funds and Accounts (other than the Collateral Mortgage Loan Fund or other Funds and Accounts so specified in a Series Resolution) and pledged under the General Resolution by the Agency in accordance with the Act, evidenced by a mortgage note and secured by a mortgage (or, with respect to loans related to cooperative dwelling units, evidenced by a promissory note and secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises) and (ii) any instrument evidencing an ownership interest in such loans. The balance of mortgage loans financed in part with proceeds attributable to any Series of Bonds may be financed with proceeds attributable to any Series of the Offered Bonds, the Prior Series Bonds or Additional Bonds or other sources. Certain ownership interests in mortgage loans ("participation interests") may bear rates of interest substantially different from those of other participation interests. See Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage Loans." Principal repayments (including principal prepayments) of each such mortgage loan will be allocated between the sources of funding of such mortgage loan on a pro rata basis.

The Bonds are secured by and payable from (a) the proceeds of the sale of the Bonds, (b) payments of principal of and interest on (i) the Mortgage Loans, (ii) certain mortgage loans originally purchased by the Agency with the proceeds of the Agency bonds issued under different general resolutions (the "Collateral Mortgage Loans"), and (iii) Down Payment Assistance Loans and Closing Cost Assistance Loans financed with the proceeds of Bonds (respectively, "Pledged DPALs" and "Pledged CCALs") (including, in each case, prepayments and other recoveries of principal in advance of their due date or proceeds received upon the liquidation of Pledged DPALs and Pledged CCALs or defaulted Mortgage Loans, Collateral Mortgage Loans or the sale of Mortgage Loans, Collateral Mortgage Loans, Pledged DPALs or Pledged CCALs by the Agency), and (c) all other moneys pledged under the Resolution. The Pledged DPALs and the Pledged CCALs are interest-free loans and the Agency will only recover a declining portion of the principal amount of any Pledged DPAL or Pledged CCAL if the borrower sells the related property or refinances at a gain during the first ten years of the loan terms. See "Sources of Payment and Security for the Bonds" herein and in Part 2. Payments received in connection with Pledged DPALs and Pledged CCALs are treated as Revenues, but not Principal Prepayments, under the Resolution.

The Bonds are special obligations of the Agency payable solely from and secured by the Pledged Property (as defined in Part 2 "Sources of Payment and Security for the Bonds — Pledge of the Resolution"). The Bonds are not secured by any fund or account that is subject to replenishment by the State. The Agency has no taxing power. The Bonds are not a debt of the State or of any municipality, and neither the State nor any municipality is liable on the Bonds, nor are the Bonds payable out of any funds other than those of the Agency.

All references in this Part 1 to the Act, the General Resolution, or any Series Resolution are qualified in their entirety by reference to such documents, copies of which are available from the Agency, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the General Resolution, the applicable Series Resolution, this Part 1 and Part 2.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The information set forth below relates primarily to the Offered Bonds or is financial information as of a specified date. It supplements the general discussion and information with respect to Bonds contained in Part 2 "Sources of Payment and Security for the Bonds" and "Summary of Certain Provisions of the General Resolution" and in Part 2 Appendix D — "Certain Agency Financial Information and Operating Data," where certain information relating to the Resolution, Pledged Property, Mortgage Loans, Collateral Mortgage Loans, Additional Bonds, and the Cash Flow Statements is discussed and where certain additional information regarding the Debt Reserve Fund and the Loan Loss Fund is set forth.

Debt Reserve Fund and Loan Loss Fund

The amounts on deposit in, respectively, the Debt Reserve Fund and the Loan Loss Fund will be at least equal to, as applicable, the Debt Reserve Requirement or the Loan Loss Requirement on the date of issuance of the Offered Bonds. See Part 2 "Sources of Payment and Security for the Bonds — Debt Reserve Fund" and "— Loan Loss Fund."

Mortgage Pool Insurance

The Mortgage Loans financed or to be financed from the proceeds of the Offered Bonds, the Prior Series Bonds and other moneys available under the General Resolution, as well as the Collateral Mortgage Loans, are covered or will be covered by mortgage pool insurance policies issued by a private qualified mortgage pool insurer or by the Mortgage Insurance Fund (the "MIF") of the Agency. For information regarding current private qualified mortgage pool insurers and the MIF and such policies, see Part 2 Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — Mortgage Pool Insurance Policies" and Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage Loans — Mortgage Pool Insurance Coverage." Subject to certain limitations, the Agency has the right to cancel such mortgage pool insurance policies altogether or to replace such policies with new policies or with different forms of Supplemental Mortgage Coverage ("SMC") or insurance. For additional information, see Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans — Requirements of the Series Resolutions." See the definition of Supplemental Mortgage Coverage in Part 2 "Summary of Certain Provisions of the General Resolution — Certain Definitions."

SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Offered Bonds, exclusive of accrued interest, are expected to be approximately as set forth below:

Sources	
Proceeds of Offered Bonds	$168,280,000
Available Amounts under the Resolution	1,092,430
Total	$169,372,430
Uses	
Redemption of Refunded Bonds	$118,280,000
Deposit in Series Acquisition Account†	49,540,235
Deposit in Cost of Issuance Fund	446,356
Underwriting Compensation	1,105,839
Total	$169,372,430

† Approximately 3.0% will be deposited in the DPAL Fund

THE OFFERED BONDS

General

The Offered Bonds will be dated and interest thereon will be payable on the dates set forth on the cover page. The Offered Bonds will mature on the dates and in the amounts and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their date to their maturity (or prior redemption) at the applicable rates, all as set forth on the inside cover page.

Redemption

Also see "General Redemption Provisions Applicable to Offered Bonds" below.

Special Redemption. The Offered Bonds are subject to redemption, at the option (*except* as otherwise described below) of the Agency, from amounts on deposit in the Special Redemption Account, in whole or in part, at any time, in accordance with the provisions of the General Resolution described under "General Provisions as to Purchase or Redemption of Bonds" below, upon notice as provided in the Resolution; *provided, however,* that the Series 166 Bonds shall not be subject to redemption from such amounts prior to and on April 1, 2020 (the "Lock-Out Date"). Each such redemption shall be at a Redemption Price equal to the principal amount of each such Bond or portion thereof to be redeemed, without premium, together with accrued interest to the date of redemption. Such redemptions may be made in an amount not exceeding the following:

(i) with respect to the Series 165 Bonds only, moneys on deposit in the Series 165, 166 and 167 Acquisition Account and the DPAL Fund representing unexpended amounts allocable to the Series 165 Bonds and fees, if any, paid by developers, Mortgage Lenders, or mortgagors. Amounts referred to in this clause (i) may be applied by the Agency to redeem Series 165 Bonds of any interest rate and maturity;

(ii) Principal Prepayments (defined below) of Mortgage Loans and Collateral Mortgage Loans, *except* as described below in the third and fourth sentences under "General Redemption Provisions Applicable to Offered Bonds — Principal Prepayments." Amounts referred to in this clause (ii) may be applied, *subject* to the provisions of each Series Resolution, by the Agency to redeem any Bond (except, prior to and on the Lock-Out Date, Series 166 Bonds) of any Series, interest rate and maturity, *except* as otherwise required for compliance with the Agency's tax covenants; and

(iii) Revenues (other than Principal Prepayments), including investment earnings transferred from other Funds held under the Resolution derived in connection with the Prior Series Bonds, the Offered Bonds, and any Additional Bonds. Amounts referred to in this clause (iii) may be applied, *subject* to the provisions of each Series Resolution, by the Agency to redeem any Bond (except, prior to and on the Lock-Out Date, Series 166 Bonds) of any Series, interest rate and maturity, *except* as otherwise required for compliance with the Agency's tax covenants.

No Agency single-family housing bonds, including Prior Series Bonds, have been redeemed from unexpended lendable bond proceeds for more than twenty years.

Optional Redemption. The Tax-Exempt Bonds are subject to redemption at the option of the Agency on and after April 1, 2021, in whole or in part, at any time from any moneys (including the proceeds of the voluntary sale of Mortgage Loans and Collateral Mortgage Loans that may not be applied to redeem the Offered Bonds as described above under "Special Redemption") made available for such purpose, at a Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus interest, if any, accrued to the redemption date.

Sinking Fund Redemption. The Term Bonds of the Offered Bonds are subject to mandatory redemption in part on the respective dates and in the respective amounts as set forth in Appendix C to this Part 1. The Redemption Price for any redemption described under this subheading will be equal to the principal amount of the Bonds being redeemed plus accrued interest to the date of redemption. Such redemptions will be in a principal amount equal to the applicable Sinking Fund Requirement for such date (subject to reduction as discussed under "General Redemption Provisions Applicable to Offered Bonds — Adjustments to and Credits Against Sinking Fund Requirements").

General Redemption Provisions Applicable to Offered Bonds

Moneys Made Available to Finance Mortgage Loans and Pledged DPALs. In addition to the amounts made available due to the issuance of the Offered Bonds and other amounts made available, or to be made available, due to the issuance of the Prior Series Bonds or future Series of Bonds (see Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage Loans — Principal Amounts and Interest Rates"), the Agency also finances mortgage loans with amounts made available through the issuance of its Mortgage Revenue Bonds. See Part 2 to this Official Statement — "Other Agency Programs — Mortgage Revenue Bond Resolution Forward Commitment Program" for information regarding such additional currently available amounts. The Agency finances such mortgage loans as part of its single family financing activities on the same basis as Mortgage Loans financed under the Program. At present, there are no lendable proceeds of Mortgage Revenue Bonds available to finance mortgage loans. *However,* the Agency has applied, and may continue to apply, principal prepayments and repayments of mortgage loans financed by Bonds and Mortgage Revenue Bonds, and amounts in the General Fund held under the General Resolution, to finance new mortgage loans. The Agency in its sole discretion will choose which source of money to use to finance mortgage loans (including Mortgage Loans and Pledged DPALs).

Certain Federal Tax Law Matters. Applicable Federal tax law requires redemption of the Tax-Exempt Bonds on or before certain dates and in certain amounts in order to maintain the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds. These Federal tax law requirements also include a requirement that certain principal prepayments and scheduled principal repayments of mortgage loans must be applied to pay the principal of bonds either at maturity or by redemption (the "Ten-Year Rule"). The Ten-Year Rule applies to mortgage loan principal prepayments and scheduled principal repayments, in excess of a *de minimis* amount, received, generally, ten years after the date of issuance of the related bonds that financed the applicable mortgage loans. For refunding bonds, *however*, the Ten-Year Rule states that the ten-year period begins on the date of issuance of the refunded bonds or the date of issuance of the earliest bonds in a series of refundings. Since the Refunding Bonds are treated under the Code as refunding bonds that had many different respective dates of issuance, the Ten-Year Rule applies on the date of issuance of the Tax-Exempt Bonds to a percentage of the Principal Prepayments and scheduled principal repayments of (1) the Offered Bonds Mortgage Loans financed in whole or in part by the Tax-Exempt Bonds, and (2) the Reallocated Mortgage Loans reallocated to the Series 167 Bonds, and increases in subsequent semiannual periods. Such amounts are the "Tax-Exempt Bonds Restricted Principal." If the Ten-Year Rule is not repealed or amended, the expected approximate percentage for each expected applicable period is reflected in the following table:

Period (dates inclusive)	Cumulative Percentage
November 16, 2011 to September 24, 2013	10%
September 25, 2013 to March 24, 2014	11
March 25, 2014 to July 12, 2014	12
July 13, 2014 to January 26, 2015	14
January 27, 2015 to October 11, 2016	15
October 12, 2016 to June 6, 2017	16
June 7, 2017 to December 13, 2017	17
December 14, 2017 to November 15, 2021	18
November 16, 2021 to Final Maturity of Tax-Exempt Bonds	100

To the extent that the amount of Tax-Exempt Bonds Restricted Principal exceeds the principal amount of Tax-Exempt Bonds maturing or being redeemed from Sinking Fund Requirements, the Internal Revenue

Code of 1986, as amended (the "Code") requires the Agency to redeem Tax-Exempt Bonds. The Agency also has the right to use Principal Prepayments and scheduled principal repayments of Mortgage Loans, including Offered Bonds Mortgage Loans and Reallocated Mortgage Loans, to redeem Tax-Exempt Bonds in excess of the amounts required by the Code.

See Appendix A — "Certain Additional Federal Income Tax Matters — Other Requirements Imposed by the Code — Required Redemptions."

Current Federal tax law requires a payment to the United States from certain mortgagors whose mortgage loans are originated after December 31, 1990. See Appendix A — "Certain Additional Federal Income Tax Matters — Other Requirements Imposed by the Code — Recapture Provision." Such requirement remains in effect with respect to any mortgage loan subject thereto for a period ending nine years from the closing of such mortgage loan. The Agency has agreed to reimburse mortgagors for the amount of such payment for all Mortgage Loans closed after July 16, 2007. The Agency is unable to predict what effect, if any, such requirement or such reimbursement will have on the origination or prepayment of Mortgage Loans to which such provision applies.

See Appendix A — "Certain Additional Federal Income Tax Matters — Other Requirements Imposed by the Code — Recapture Provision."

Principal Prepayments. The General Resolution defines "Principal Prepayment" to mean any payment by a mortgagor or other recovery of principal on a Mortgage Loan or Collateral Mortgage Loan that is not applied to a scheduled installment of principal of and interest on a Mortgage Loan or Collateral Mortgage Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a Mortgage Loan or Collateral Mortgage Loan) and the portion of any Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), Liquidation Proceeds or other payments representing such principal amounts, including from the sale of a Mortgage Loan or a Collateral Mortgage Loan. Proceeds of the voluntary sale of Mortgage Loans and Collateral Mortgage Loans that are not in default are considered Principal Prepayments. *However,* Principal Prepayments described in clause (ii) under "The Offered Bonds — Redemption — Special Redemption" above that can be applied by the Agency to the redemption of the Tax-Exempt Bonds or, after the Lock-Out Date, the Series 166 Bonds or that must be applied by the Agency to the redemption of the Tax-Exempt Bonds pursuant to certain tax covenants or the General Resolution requirement described in the last sentence of this paragraph do not include the proceeds of the voluntary sale of Mortgage Loans or Collateral Mortgage Loans, *unless* such Mortgage Loans or Collateral Mortgage Loans are (a) in default, (b) not in compliance with the Agency's Program requirements, or (c) sold in order to meet the Agency's tax covenants. The Offered Bonds may only be redeemed from such sale proceeds (*except* from sales of Mortgage Loans or Collateral Mortgage Loans described in clause (a), (b), or (c) of the immediately preceding sentence) as described under "The Offered Bonds — Redemption — Optional Redemption." Proceeds of the sale of defaulted Mortgage Loans and defaulted Collateral Mortgage Loans received in connection with the liquidation of such Mortgage Loans and Collateral Mortgage Loans are considered Liquidation Proceeds, are included within the definition of Principal Prepayments, and may be applied by the Agency to the special redemption of the Tax-Exempt Bonds or, after the Lock-Out Date, the Series 166 as described in clause (ii) under "The Offered Bonds — Redemption —Special Redemption " above. Each Series Resolution with respect to each Series of the Prior Series Bonds, and the Offered Bonds restricts the Agency's ability to hold more than $250,000 of Principal Prepayments with respect to the respective Series or Subseries on deposit under the General Resolution for more than one year unless certain investment criteria are met. Payments on Pledged DPALs and Pledged CCALs are treated as Revenues, but are not Principal Prepayments, under the Resolution.

Prepayment Assumptions in Structuring; Uses of Principal Prepayments and Revenues. The maturities and the Sinking Fund Requirements, if any, of the Prior Series Bonds and the Offered Bonds were determined based on certain assumptions regarding the receipt of Principal Prepayments on Mortgage Loans

and Collateral Mortgage Loans. See "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — General." The Agency expects prepayments to occur with respect to its entire portfolio of Mortgage Loans and Collateral Mortgage Loans. The Agency is required to apply certain of such Principal Prepayments to the redemption of certain Bonds. The Agency, at its option, may or may not apply those Principal Prepayments that it is not required to apply to redeem Bonds (as described in the preceding sentence) to the redemption of Bonds of any Series (with certain exceptions), and has generally done so. The Agency also has the right to finance Mortgage Loans with Revenues, including Principal Prepayments that are not required to be applied to redeem Bonds. The Agency generally has not exercised this right, though it did do so in 2008 and 2009. See Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans" and "— Collateral Mortgage Loans."

Adjustments to and Credits Against Sinking Fund Requirements. Pursuant to the Resolution, if less than all of the Term Bonds Outstanding of any maturity and interest rate of a Series (or Subseries, if applicable) is purchased or called for redemption (other than in satisfaction of Sinking Fund Requirements), the principal amount of such Term Bonds that are so purchased or redeemed will be credited, to the extent practicable, except as otherwise provided in an Agency Request, against all remaining Sinking Fund Requirements for the Term Bonds of such Series (or Subseries, if applicable), interest rate, and maturity in the proportion which the then remaining balance of each such Sinking Fund Requirement bears to the total of all Bonds of such Series (or Subseries, if applicable), interest rate, and maturity then Outstanding.

General Provisions as to Purchase or Redemption of Bonds. Pursuant to the General Resolution, the Trustee may at any time purchase Bonds:

(i) that are subject to Sinking Fund Requirements on the next date such payments are scheduled, upon direction of any Authorized Representative, from moneys on deposit in the Revenue Fund prior to being transferred to the Principal Account in satisfaction of such Sinking Fund Requirements, at a price, *except* as described below, not to exceed the Redemption Price (plus accrued interest to the date of redemption, if any) that would be payable on the next redemption date; no such purchase may be made, *however,* by the Trustee after the giving of notice of redemption by the Trustee; and

(ii) from moneys on deposit in the Special Redemption Account and the Optional Redemption Account, upon direction of any Authorized Representative, at a price, *except* as described below, not to exceed the Redemption Price (plus accrued interest to the date of redemption, if any) that would be payable on the next redemption date; no such purchase may be made, *however,* after the giving of notice by the Trustee that such Bonds are subject to redemption, *except* from moneys other than moneys set aside for such redemption.

Subject to applicable law, notwithstanding the maximum purchase price set forth in (i) and (ii) above, if at any time the investment earnings on the moneys available for such purchase shall be less than the interest accruing on the Bonds to be redeemed, then the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price that would be payable on the next redemption date to the Owner of such Bond under the applicable Series Resolution, if an Authorized Representative certifies to the Trustee that the amount paid in excess of said Redemption Price is less than the interest that is to accrue on said Bond less any investment earnings on such available moneys for the period from the settlement date of the proposed purchase to the redemption date.

Selection of Bonds for Redemption. The Trustee will select the Bonds or portions of Bonds to be redeemed or purchased in accordance with the General Resolution and the applicable Series Resolution. *Except* as otherwise stated in the Series Resolution authorizing a Series of Bonds with respect to all or any part of the Series of Bonds authorized thereunder, moneys will, upon direction by an Agency Request to the Trustee, be applied by the Trustee to the purchase or the redemption of Bonds selected from among the Series (and Subseries, if applicable), maturities, and interest rates on the basis specified by the Agency in such

Agency Request accompanied by a Cash Flow Certificate or Cash Flow Statement. (See "Redemption" with respect to the Offered Bonds.) *Except* as otherwise provided in a Series Resolution, the Agency Request relating to each redemption of Bonds will be filed with the Trustee at least 30 days prior to the date fixed for redemption or such lesser number of days as shall be acceptable to the Trustee. The Offered Bonds Resolution provides that so long as all of a Series of the Offered Bonds is registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), an Agency Request related to a redemption of Bonds of such Series will be filed with the Trustee at least 45 days prior to the date fixed for redemption (or such lesser number of days acceptable to the Trustee).

Except as otherwise provided in a Series Resolution, if less than all of the Bonds of one Series (and Subseries, if applicable) and one maturity bearing the same interest rate (and otherwise of like tenor) are called for redemption, the particular Bonds of such Series (and Subseries, if applicable) and maturity bearing the same interest rate (and otherwise of like tenor) to be redeemed will be selected not later than 20 days prior to the date fixed for redemption in such manner as directed by the Agency pursuant to an Agency Request or, if no such direction is received by the Trustee, by lot or in such manner as the Trustee in its discretion may determine; *provided, however,* that the portion of Bonds of any such maturity and Series (and Subseries, if applicable) to be redeemed will be in the minimum principal amount or an integral multiple thereof established for such Bonds in the applicable Series Resolution, and that in selecting Bonds for redemption, the Trustee will treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by said minimum principal amount. (See "The Offered Bonds — Redemption.")

Notice of Redemption. Unless otherwise provided in the applicable Series Resolution or waived by the Bondowner, notice of any redemption will be mailed at least 15 days but no more than 90 days prior to the date set for redemption to the registered Owners of Bonds to be redeemed at their addresses as they appear in the registration books kept by the Bond Registrar. In the case of redemption that is conditioned on the occurrence of certain events, the notice of redemption will set forth, among other things, the conditions precedent to the redemption. Once a redemption notice is sent in accordance with the provisions of the Resolution, any such notice shall be effective with respect to an Offered Bond to be redeemed whether or not received by the Bondowner thereof. The Offered Bonds Resolution provides that so long as all of the Offered Bonds of a Series are immobilized in the custody of DTC, (i) notice of redemption of such Series of Bonds will be delivered by the Agency to the Trustee at least 45 days prior to the date set for redemption (or such lesser number of days acceptable to the Trustee), (ii) the Trustee will select the particular Bonds of a maturity bearing the same interest rate of such Series to be redeemed not later than 40 days prior to the date fixed for redemption (or such lesser number of days acceptable to the Trustee), and (iii) notice of redemption of Bonds of such Series will be delivered by the Trustee to DTC at least 30 days but not more than 60 days prior to the date set for redemption. *DTC is responsible for notifying Direct Participants, and Direct Participants and Indirect Participants are responsible for notifying Beneficial Owners. Neither the Trustee nor the Agency is responsible for sending notices to Beneficial Owners or for the consequences of any action or inaction by the Agency as a result of the response or failure to respond by DTC or its nominee as Bondholder.* ("Participants," "Indirect Participants," and "Beneficial Owners" are defined under the heading "Book Entry Only.")

Book Entry Only

The Offered Bonds will be available only as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Offered Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Offered Bonds of a Series and maturity are immobilized in the custody of DTC, references to Bondowners or Owners (*except* under "Tax Matters") mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and the Agency takes no responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bond certificate will be issued for the Offered Bonds of a Series and maturity in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Offered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, *however,* expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds of a Series is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Offered Bonds documents. For example, Beneficial Owners of the Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for

their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the ownership interest of each Direct Participant in such Bonds of the same series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption, principal, and interest payments on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Agency, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE OFFERED BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY REDEMPTION, PRINCIPAL OR INTEREST PAYMENTS ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE RESOLUTION, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OFFERED BONDS, OR OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER, OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

DTC may discontinue providing its services as depository with respect to a Series of the Offered Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bond certificates are required to be printed and delivered as described in the applicable Series Resolution.

The Agency may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Offered Bond certificates will be required to be printed and delivered as described in the applicable Series Resolution.

The Resolution provides for issuance of bond certificates (the "Replacement Bonds") directly to registered owners of such Bonds other than DTC or its nominee, but only in the event that (a) DTC determines not to continue to act as securities depository for such Bonds; (b) the Agency has advised DTC of its determination that DTC is incapable of discharging its duties; or (c) the Agency has determined that it is in the

best interest of the Agency not to continue the book-entry system of transfer or that interests of the Beneficial Owners of such Bonds might be adversely affected if the book-entry system of transfer is continued. Upon occurrence of the events described in (a) or (b) above, the Agency shall either establish its own book-entry system or attempt to locate another securities depository and, in connection with retaining the services of such replacement securities depository, may amend certain of the procedures described under this caption "Book Entry Only." If the Agency does not establish its own book entry system or fails to locate another securities depository to replace DTC, the Agency shall have authenticated and delivered Replacement Bonds in certificate form. In the event the Agency makes the determination noted in (b) or (c) above (the Agency undertakes no obligations to make any investigation to determine the occurrence of any events that would permit the Agency to make any such determination) and mails an appropriate notice to DTC, the Agency shall cause to be authenticated and delivered Replacement Bonds in certificate form. Interest on the Replacement Bonds will be payable by check mailed to each registered owner of such Replacement Bond at the address of such registered owner as it appears in the bond register maintained by or on behalf of the Agency, and principal, Redemption Price, or purchase price, as applicable, of Replacement Bonds will be payable at the principal corporate trust office of the Trustee. Replacement Bonds will be transferable only by presentation and surrender to the Agency, or an agent of the Agency to be designated in the Replacement Bonds, together with an assignment duly executed by the owner of the Replacement Bond or by such owner's representative in form satisfactory to the Agency, or any agent of the Agency, and containing information required by the Agency in order to effect such a transfer. For purposes of this Official Statement, at any time after Replacement Bonds have been issued, references to Bondowners mean the registered owners of such Replacement Bonds and references to such Bonds mean such Replacement Bonds.

For every transfer and exchange of such Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. For every exchange or transfer of a bond certificate, the Agency or the Trustee may make a charge for the expense incurred in every such exchange or registration of transfer, including a charge sufficient to reimburse either the Agency or the Trustee for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Agency and the Trustee are not required to register any change of ownership during the 15-day period immediately preceding any interest payment date or date of first mailing of notice of redemption or after any Bond shall have been selected for redemption.

ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, AND PROGRAM EXPENSES

General

The Agency has made, or will make, certain assumptions, including those set forth under this caption "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses," in preparing the Cash Flow Statement to be delivered in connection with the issuance of the Offered Bonds (the "Offered Bonds Cash Flow Statement"). The assumptions will include an assumed interest rate for any Series of Bonds that currently bear a variable rate of interest and are not the subject of an interest rate exchange agreement. The assumptions also include that the Bonds that are the subject of interest rate exchange agreements will bear interest at a long-term fixed interest rate to maturity.

The Agency expects payments under the Mortgage Loans and Collateral Mortgage Loans and moneys and securities held under the General Resolution and the income thereon to be sufficient to pay, when due, the principal (including Sinking Fund Requirements) of and interest on all of the Outstanding Prior Series Bonds and the Offered Bonds.

In arriving at the foregoing, the Agency has not considered the issuance of Additional Bonds or the application or investment of the proceeds thereof; *however,* a condition in the General Resolution to issuing Additional Bonds is the filing of a Cash Flow Statement. Since all Bonds issued under the General Resolution

(*unless* expressly subordinated) and other Parity Obligations will rank equally and ratably with the Offered Bonds with respect to the security afforded by the General Resolution, availability of money for repayment of the Offered Bonds could be significantly affected by the issuance, application, and investment of proceeds of Additional Bonds or the existence of other Parity Obligations. See Part 2 "Sources of Payment and Security for the Bonds — Cash Flow Statements" for the requirements established by the General Resolution for a Cash Flow Statement.

With respect to approximately half of the Series of the Prior Series Bonds, their maturities and Sinking Fund Requirements were determined on the structuring assumption that there will be no Principal Prepayments on the Mortgage Loans and the Collateral Mortgage Loans allocable to such Bond Series. With respect to the remaining Series of Prior Series Bonds and the Offered Bonds (collectively, the "Structured Bonds"), their maturities and Sinking Fund Requirements were not established solely based on the scheduled principal and interest payments or Principal Prepayments in connection with the related Mortgage Loans and assumed that sufficient other Revenues would be available, including, for some of such Series of Structured Bonds, Principal Prepayments on the Mortgage Loans financed by such Series at a rate equal to a percentage of PSA for all or portion of the period such Series of Structured Bonds are scheduled to be Outstanding. Such PSA percentages have ranged from 4.0% PSA to 150% PSA. The Agency expects, and the Offered Bonds Cash Flow Statement will show, that sufficient Revenues and Principal Prepayments will be available under the General Resolution to pay the maturities and Sinking Fund Requirements of the Offered Bonds at the prepayment rates shown therein.

The Agency believes it is reasonable to make these assumptions regarding the Prior Series Bonds and the Offered Bonds, but can give no assurance that the actual receipt of money will correspond with the estimates of money available to pay the debt service on the Bonds and the expenses of the Agency and the Trustee incurred in connection with the Program.

<u>SIFMA Standard Prepayment Model or PSA</u>. Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The model represents an assumed monthly rate of prepayment of the then-outstanding principal balance of a pool of new 30-year mortgage loans, and does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans. One hundred percent PSA assumes prepayment rates of 0.2 percent per year of the then-unpaid principal balance of such pool of mortgage loans in the first month of the life of such mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans in such pool, 100 percent PSA assumes a constant prepayment rate of the mortgage loans in such pool of six percent per year. Multiples will be calculated from this prepayment rate sequence; *e.g.,* 200 percent PSA assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter.

Mortgages

In preparing the Offered Bonds Cash Flow Statement, the Agency will assume that losses on defaulted Mortgage Loans and Collateral Mortgage Loans will not exceed insurance coverage and recoveries upon disposition, including foreclosures, and will assume that no principal payments will be received from the Pledged DPALs and the Pledged CCALs. See Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans" and "—Pledged DPALs and Pledged CPALs" and Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage Loans — Delinquencies."

The Offered Bonds Cash Flow Statement will include the information that the Agency expects to purchase approximately $48.5 million aggregate principal amount of Offered Bonds Mortgage Loans by November 17, 2011 with a weighted average interest rate of approximately 4.64% per annum and a weighted

average term to maturity of 376 months. The Offered Bonds Cash Flow Statement will include the information that approximately 87% the Offered Bonds Mortgage Loans will have 30-year terms, while the balance of the Offered Bonds Mortgage Loans will have 40-year terms and that the interest rates on the Offered Bonds Mortgage Loans range from 2% to 5.5%. The Offered Bonds Cash Flow Statement will reflect the higher Mortgage Loan interest rate for any Offered Bonds Mortgage Loan with respect to which the Agency has made a DPAL.

The Agency reserves the right, at its option, to change the interest rate or rates offered for its Offered Bonds Mortgage Loans (and for any mortgage loans in which they may be participated) in its management of the Program, including to assist the Agency in complying with requirements imposed by the Code or to adjust to changing mortgage market conditions. The Agency also reserves the right to change the amounts of money it will make available for Mortgage Loans at different interest rates. Finally, the assumption in the Offered Bonds Cash Flow Statement regarding the origination period for the Offered Bonds Mortgage Loans is itself based on several assumptions, including assumptions regarding the order in which the Agency will apply available moneys to finance mortgage loans. See Part 2 "Other Agency Programs — Mortgage Revenue Bond Resolution Forward Commitment Program" and Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage Loans" for information regarding such additional currently available amounts.

Certain Investments

Amounts allocable to the Offered Bonds on deposit in the Bond Proceeds Fund, the Acquisition Fund, the Debt Reserve Fund, and the Loan Loss Fund are expected to be invested in Investment Obligations. See Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Investments."

Expenses

In preparing the Offered Bonds Cash Flow Statement, the Agency will assume that the servicers of the Mortgage Loans and the Collateral Mortgage Loans will not be paid a servicing fee from Revenues but, pursuant to the State Tax Law, will receive a credit against their franchise taxes. The annual premiums for the existing mortgage pool insurance policies are between .01% and .17% of the outstanding principal amounts of the loans covered by such policies. The annual Trustee fee in connection with the Prior Series Bonds and the Offered Bonds will be assumed to be equal to .03% of the Outstanding Prior Series Bonds and the Offered Bonds.

The Series Resolutions with respect to the Prior Series Bonds and the Offered Bonds provide that during a Fiscal Year the Agency may withdraw as Expenses (which includes items in addition to those described in the preceding paragraph) amounts not to exceed the maximum aggregate amount permissible under the Resolution as supported by a Cash Flow Statement filed by the Agency with the Trustee. See Part 2 "Summary of Certain Provisions of the General Resolution — Certain Definitions — Expenses" and "Sources of Payment and Security for the Bonds — Cash Flow Statements."

Cash Flow Statements

Cash Flow Statements delivered pursuant to the General Resolution include certain assumptions about the receipt of principal and interest on Mortgage Loans, the receipt of investment income as projected, and the sufficiency of insurance to cover Mortgage Loan losses. While the Agency believes the assumptions used in the Offered Bonds Cash Flow Statement are reasonable, there can be no assurance that the actual receipt of money will correspond with the estimates of money available to pay the debt service on the Bonds and the expenses of the Agency and the Trustee incurred in connection with the Program.

TAX MATTERS

Tax-Exempt Bonds

General. The requirements of applicable Federal tax law must be satisfied with respect to all of the bonds which are treated as a composite issue under the Code in order that interest on the bonds which are part of such composite issue not be included in gross income for Federal income tax purposes retroactive to the date of issuance thereof. The Tax-Exempt Bonds are treated as a composite issue under the Code.

The Code provides that interest on obligations of a governmental unit such as the Agency issued to finance single family residences or to refund bonds issued for such purposes is excluded from gross income for Federal income tax purposes only if certain requirements are met with respect to the terms, amount and purpose of the obligations, the use of the funds generated by the issuance of the obligations, the nature of the residence and the mortgage loan and the eligibility of the borrower executing the mortgage loan. See Appendix A — "Certain Additional Federal Income Tax Matters" for such requirements with respect to the Tax-Exempt Bonds.

The Agency has included provisions in its Program documents that establish procedures, including receipt of certain affidavits and warranties from Mortgage Lenders and mortgagors, in order to assure compliance with the loan eligibility requirements and other requirements that must be satisfied subsequent to the date of issuance of the Tax-Exempt Bonds. The Agency has covenanted in the Offered Bonds Series Resolution to do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid on the Tax-Exempt Bonds shall not be included in gross income for Federal income tax purposes and, for such purpose, to adopt and maintain appropriate procedures.

Opinions of Bond Counsel. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (ii) interest on the Series 165 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax; and (iii) interest on the Series 167 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Agency in connection with the Tax-Exempt Bonds, and Bond Counsel has assumed compliance by the Agency with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, under existing statutes, interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), and the Tax-Exempt Bonds are exempt from all taxation directly imposed thereon by or under the authority of said State except for estate or gift taxes or taxes on transfers.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Tax-Exempt Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds, or under state and local tax law.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral Federal income tax matters with respect to the Tax-Exempt Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Tax-Exempt Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Tax-Exempt Bonds.

Prospective owners of Tax-Exempt Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Tax-Exempt Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest paid on tax-exempt obligations, including the Tax-Exempt Bonds. In general, such reporting requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Tax-Exempt Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Proposed Legislation and Other Matters. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds under Federal or state law or otherwise prevent beneficial owners of the Tax-Exempt Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Tax-Exempt Bonds. For example, on September 12, 2011, President Obama sent to Congress draft legislation entitled the "American Jobs Act of 2011" (the "Proposed Act"). On September 13, 2011, Senate Majority Leader Harry Reid introduced the Proposed Act in the Senate (S.1549). The Proposed Act included a provision that, if enacted as proposed, would have limited the amount of exclusions (including tax-exempt interest, such as interest on the Tax-Exempt Bonds) and deductions certain high income taxpayers could use to reduce their income tax liability for taxable years after 2012. On October 11, 2011, a procedural vote in the Senate to end debate and thus allow a vote on the Proposed Act, as amended, did not pass. This or other legislative proposals may be considered or introduced that could affect the market price or marketability of tax-exempt bonds, such as the Tax-Exempt Bonds.

Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the foregoing matters.

Series 166 Bonds

General. The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Series 166 Bonds by original purchasers of the Series 166 Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series 166 Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series 166 Bonds as a position in a "hedge" or "straddle," holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Series 166 Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Series 166 Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 166 Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Opinions of Bond Counsel. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, under existing statutes and court decisions, interest on the Series 166 Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

In addition, in the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, under existing statutes, interest on the Series 166 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), and the Series 166 Bonds are exempt from all taxation directly imposed thereon by or under the authority of said State except for estate or gift taxes or taxes on transfers.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series 166 Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel under state and local tax law.

Disposition and Defeasance. Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series 166 Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Series 166 Bond.

The Agency may cause the defeasance of the Series 166 Bonds, resulting in the Series 166 Bonds no longer being deemed Outstanding under the General Resolution. See Part 2 — "Summary of Certain Provisions of the General Resolution — Defeasance." For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 166 Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate holders of the Series 166 Bonds with respect to payments of principal, payments of interest, and the accrual of original issue discount on a Series 166 Bond and the proceeds of the sale of a Series

166 Bond before maturity within the United States. Backup withholding may apply to holders of Series 166 Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders. The term "U.S. Holder" means a beneficial owner of a Series 166 Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Proposed Legislation and Other Matters. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 166 Bonds under state law or otherwise prevent beneficial owners of the Series 166 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 166 Bonds.

IRS Circular 230 Disclosure. The advice under the subheading "Tax Matters — Series 166 Bonds" concerning certain income tax consequences of the acquisition, ownership and disposition of the Series 166 Bonds, was written to support the marketing of the Series 166 Bonds. To ensure compliance with requirements imposed by the Internal Revenue Service, each prospective purchaser of the Series 166 Bonds is advised that (i) any Federal tax advice contained in this Official Statement (including the appendices hereto) or in writings furnished by Bond Counsel to the Agency is not intended to be used, and cannot be used by any Owner, for the purpose of avoiding penalties that may be imposed on the Owner under the Code, and (ii) the Owner should seek advice based on the Owner's particular circumstances from an independent tax advisor.

Prospective purchasers of the Series 166 Bonds should consult their own tax advisors regarding the foregoing matters.

LITIGATION

There is no material litigation pending or to the knowledge of the Agency threatened against the Agency in any court in any way affecting the existence of the Agency or the titles of its officers or directors to their respective offices, or seeking to restrain or enjoin the issuance, sale, or delivery of the Offered Bonds, or contesting or affecting in any way the collection or application of Pledged Property, or in any way contesting or affecting the validity or enforceability of the Offered Bonds or the Resolution, or contesting in any way the completeness or accuracy of this Official Statement, or contesting the powers of the Agency or any authority with respect to the Offered Bonds, the Resolution, the Mortgage Purchase Agreements, or the Servicing Agreements, or contesting in any way any transaction described in or contemplated by this Official Statement, nor, to the best of the Agency's knowledge, is there any basis therefor.

LEGAL MATTERS

Legal matters incident to the authorization, sale, and delivery of the Offered Bonds by the Agency are subject to the receipt of certain opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Agency, and certain other conditions. The approving opinion of Bond Counsel to the Agency will be delivered with the Offered Bonds in substantially the form attached to this Part 1 as Appendix B. Certain legal matters will be passed upon for the Underwriters by their counsel, Hiscock & Barclay, LLP, Albany, New York.

UNDERWRITING

The Offered Bonds are being purchased by the underwriters identified on the cover page of this Official Statement (the "Underwriters"). The Underwriters have agreed to purchase the Offered Bonds at the respective initial offering prices or yields set forth on the inside cover page (including any applicable original issue premium). The Agency will pay a fee of $1,105,838.65 to the Underwriters with respect to the Offered Bonds. The Purchase Contract with respect to the Offered Bonds provides that the Underwriters will purchase all of the Offered Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the receipt of certain legal opinions, and certain other conditions. The initial public offering prices and yields of the Offered Bonds may be changed, from time to time, by the Underwriters. The Purchase Contract for the Offered Bonds provides that the Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower or yields higher than the public offering prices and yields of the Offered Bonds stated on the inside cover page.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC, each an Underwriter of the Offered Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with its respective allocation of Offered Bonds.

Citigroup Global Markets Inc. has also entered into a master distribution agreement (the "Master Distribution Agreement") with TheMuniCenter L.L.C. ("TMC"), for the distribution to retail investors of certain municipal securities offerings at their original issue prices. TMC has established an electronic primary offering application platform through which certain TMC approved users that are also broker-dealers or municipal securities dealers can submit orders for and receive allocations of new issue municipal securities at the original issue price for their retail customers. Pursuant to the Master Distribution Agreement (if applicable for this transaction), Citigroup Global Markets Inc. may share with TMC a portion of its underwriting compensation with respect to any Offered Bonds that are allocated to a TMC user. The TMC users permitted to participate in the offering of the Offered Bonds may also share a portion of the underwriting compensation received by Citigroup Global Markets Inc. with respect to any Offered Bonds allocated to such TMC user pursuant to the terms of a Member Addendum to the TMC user's Trading Authorization User Agreement with TMC. Citigroup Financial Products Inc., an affiliate of Citigroup Global Markets Inc., owns a 31.35% equity interest in TheDebtCenter L.L.C., the parent company of TMC.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Offered Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bond such firm sells.

M.R. Beal & Company has entered into an agreement (the "Distribution Agreement") with TD Ameritrade, Inc. for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to the Distribution Agreement (as applicable for this transaction), M.R. Beal & Company will share a portion of its underlying compensation with respect to the transaction with TD Ameritrade, Inc.

MISCELLANEOUS

The references herein to the Act, the Code, the Resolution, the Series Resolutions authorizing Bonds, and the Amended and Restated Master Disclosure Agreement (as defined in Part 2; see "The Agency — Continuing Disclosure") are brief outlines of certain provisions thereof. The references herein to the Mortgage Purchase Agreements, the Servicing Agreements, and the Program Documents are brief outlines of certain provisions that are included therein. Such outlines do not purport to be complete or definitive, and reference is made to such statutes, the Resolution, the Series Resolutions authorizing Bonds, the Amended and Restated Master Disclosure Agreement, the Mortgage Purchase Agreements, the Servicing Agreements, and the Program Documents for complete and definitive statements of such provisions. The agreements of the Agency with the Owners of the Bonds are fully set forth in the Resolution and the Series Resolutions authorizing Bonds, and this Official Statement is not to be construed as a contract with the Owners of the Bonds. To the extent that any statements are made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated as such, they are intended merely as such and not as representations of fact. The information in this Official Statement is subject to change without notice, and no inference should be derived from the sale of the Offered Bonds that there has been no change in the affairs of the Agency or in the other matters described in this Official Statement from the date hereof. Ratings included in this Official Statement reflect only the views of respective rating agencies and an explanation of the significance of such ratings may be obtained from such organizations. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The Agency undertakes no responsibility for updating the rating information included in this Official Statement. Copies of the Act, the Resolution, the Series Resolutions authorizing the Bonds, and the Amended and Restated Master Disclosure Agreement are available for inspection at the offices of the Agency.

The Agency may cause to be prepared certain computational analysis or analyses related to the Offered Bonds in response to requests it receives from potential investors ("Requested Materials"). The parties requesting Requested Materials do so for their own purposes. The Requested Materials may be available from the Agency upon request. This reference to the Requested Materials is not an incorporation of such Requested Materials into this Official Statement.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

STATE OF NEW YORK MORTGAGE AGENCY

By: /s/ Marian Zucker
President, Finance & Development

Dated: November 3, 2011

APPENDIX A

CERTAIN ADDITIONAL FEDERAL INCOME TAX MATTERS

The Code substantially restricts the use of proceeds of tax-exempt obligations used to finance mortgage loans for single family housing or to refund such obligations. Under the Code, interest on bonds the proceeds of which are used to provide mortgage loans on owner-occupied housing is not excluded from gross income for Federal income tax purposes unless the bonds are part of a "qualified mortgage issue." An issue of bonds such as the Tax-Exempt Bonds constitutes a "qualified mortgage issue" if the requirements described below under "Loan Eligibility Requirements Imposed by the Code" and the use of funds generated by the issuance of such obligations are met.

Loan Eligibility Requirements Imposed by the Code

The Code contains the following loan eligibility requirements that are applicable to the Offered Bonds Mortgage Loans financed in whole or in part by the Tax-Exempt Bonds and the Reallocated Mortgage Loans reallocated to the Series 167 Bonds (collectively, the "Tax-Exempt Mortgage Loans") in order that interest on the Tax-Exempt Bonds not be included in gross income for Federal income tax purposes retroactive to the date of the issuance thereof. These requirements apply to the Tax-Exempt Mortgage Loans. Certain documents have been adopted by the Agency that establish procedures to be followed in connection with the Tax-Exempt Mortgage Loans in order to assure that interest paid on the Tax-Exempt Bonds not be included in gross income for Federal income tax purposes under the Code (the "Program Documents").

Residence Requirement

The Code requires that each of the premises financed with proceeds of qualified mortgage bonds be a one-to-four-family residence, one unit of which can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided. In the case of a two-to-four-family residence (other than two-family residences in targeted areas having borrowers whose family income does not exceed 140% of applicable family median income), the residence must have been occupied as a residence at least five years before the mortgage is executed. Each mortgagor must submit an affidavit stating his intention to occupy the premises as his principal residence within 60 days after closing of the Mortgage Loan. In the case of a two-to-four-family residence (other than two-family residences in targeted areas having borrowers whose family income does not exceed 140% of applicable family median income), the mortgagor is required by the Program Documents to certify that the residence was first occupied as a residence at least five years before the Mortgage Loan was executed.

First-Time Homebuyer Requirement

The Code requires that, subject to certain exceptions, the lendable proceeds of qualified mortgage bonds be used to provide financing to mortgagors who have not had a present ownership interest in their principal residence (other than the residence being financed) during the three-year period prior to execution of the mortgage loan.

New Mortgage Requirement

The Code requires that, with certain limited exceptions, the lendable proceeds of qualified mortgage bonds finance new mortgage loans only and that no proceeds may be used to acquire or replace an existing mortgage loan, which would include the refinancing of a pre-existing mortgage loan.

Purchase Price Limitation

The Code requires that the purchase price of the residence financed with the lendable proceeds of qualified mortgage bonds may not exceed 90% of the average area purchase price applicable to such residence or 110% of the applicable average area purchase price in the case of residences located in targeted areas.

Income Limitation

The Code requires that all mortgage loans made from the lendable proceeds of qualified mortgage bonds be made only to borrowers whose family income does not exceed 115% (for mortgage loans made to families with fewer than three members, 100%) of the applicable median family income. An exception is provided for mortgage loans financed with the lendable proceeds of qualified mortgage bonds made with respect to targeted area residences that permits two-thirds in aggregate amount of such mortgage loans to be made with respect to borrowers whose family income does not exceed 140% (for mortgage loans made to families with fewer than three members, 120%) of the applicable median family income and one-third in aggregate amount of such loans to be made without regard to any income limitation.

Applicable Federal tax law permits higher income limits for persons financing homes located in certain "high housing cost areas." A high housing cost area is a statistical area for which the ratios of the area's average purchase price for existing and new single family houses to the area's median income exceed 120% of the same ratios determined on a national basis. These ratios are determined separately with respect to new and existing single family residences. An area is a high housing cost area only if the ratios for both new and existing houses meet the 120% test. In high housing cost areas, the mortgagor income limits are increased above 115% (or 100%, as applicable) by one percent for each percentage point (1%) by which the new or existing housing price ratio, whichever is smaller, exceeds 120%. *However,* the new limit cannot exceed 140% (or 120%, as applicable) of the income limits otherwise applicable.

Family income includes income of all individuals executing both the note and mortgage and occupying the dwelling as their principal residence.

Requirements as to Assumptions

The Code provides that a mortgage loan may be assumed only if each of the then applicable residence requirement, first-time homebuyer requirement, purchase price limitation, and income limitation is met with respect to such assumption.

General

An issue of bonds is treated as meeting the loan eligibility requirements of the Code if (i) the issuer in good faith attempted to meet all the loan eligibility requirements before the mortgage loans were executed, (ii) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered, and (iii) 95% or more of the proceeds of the issue used to make mortgage loans was used to finance residences that met all such requirements at the time the mortgage loans were executed.

Other Requirements Imposed by the Code

General

Failure to comply with the applicable provisions of the Code may result in interest on the applicable issue of bonds being included in gross income for Federal income tax purposes retroactive to the date of issuance thereof. The Code provides that gross income for Federal income tax purposes does not include interest on a mortgage revenue bond if it is a qualified mortgage bond. A qualified mortgage bond is a part of an issue of a state or political subdivision all the proceeds of which (net of amounts applied to any costs of

issuance thereof and to fund a reasonably required reserve) are used to finance owner-occupied residences and that meets certain (i) general requirements, (ii) arbitrage restrictions on the use and investment of proceeds of the issue, and (iii) loan eligibility requirements set forth in the Code and as more fully described above under "Loan Eligibility Requirements Imposed by the Code."

The first general requirement of the Code applicable to the Agency's Program is that the aggregate amount of private activity bonds that may be issued by the Agency in any calendar year (or previous years' carried forward amount) must not exceed the portion of the private activity bond volume limit for the State that is allocated to the Agency. The Tax-Exempt Bonds are either excluded from or within the applicable limits for the Agency. The second general requirement of the Code applicable to the Agency's Program is that at least 20% of the lendable proceeds of an issue of bonds must be made available (and applied with reasonable diligence) for owner-financing of residences in targeted areas (as defined by the Code) for at least one year after the date on which such funds are first available for such owner-financing (the "targeted area requirement").

The Code requires the issuer of qualified mortgage bonds to file with the Internal Revenue Service reports on the issuance of its qualified mortgage bonds following such issuance, as well as an annual qualified mortgage loan information report.

The Code requires that the effective interest rate on mortgage loans financed with the lendable proceeds of qualified mortgage bonds may not exceed the yield on the issue by more than 1.125% and that certain investment earnings on non-mortgage investments, calculated based upon the extent such investment earnings exceed the amount that would have been earned on such investments if the investments were invested at a yield equal to the yield on the Tax-Exempt Bonds, be rebated to the United States.

Recapture Provision

For certain mortgage loans made after December 31, 1990 from the proceeds of tax-exempt bonds issued after August 15, 1986, and for assumptions of such mortgage loans, the Code requires a payment to the United States from certain mortgagors upon sale or other disposition of their homes (the "Recapture Provision"). The Recapture Provision requires that an amount determined to be the subsidy provided by a qualified mortgage bond financing to a mortgagor be paid to the United States on disposition of the house (but not in excess of 50% of the gain realized by the mortgagor). The recapture amount would (i) increase over the period of ownership, with full recapture occurring if the house were sold between four and five full years after the closing of the mortgage loan and (ii) decline ratably to zero with respect to sales occurring between five and nine full years after the closing of the mortgage loan. An exception excludes from recapture part or all of the subsidy in the case of certain assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires an issuer to inform mortgagors of certain information with respect to the Recapture Provision.

The Code states that an issuer will be treated as meeting the targeted area requirement, the arbitrage restrictions on mortgage loans, and the recapture information requirements if it in good faith attempted to meet all such requirements and any failure to meet such requirements was due to inadvertent error after taking all reasonable steps to comply with such requirements.

Required Redemptions

The Code requires redemption of certain qualified mortgage bonds issued after 1988 from unexpended proceeds required to be used to make mortgage loans that have not been used within 42 months from the date of issuance (or the date of issuance of the original bonds in the case of refundings of unexpended proceeds), except for a $250,000 de minimis amount. As a result, the Agency may be required by the Code to redeem Bonds from proceeds attributable to those Bonds not used to make Mortgage Loans. Additionally, for bonds issued after 1988, the Code permits repayments (including prepayments) of principal of mortgage loans

financed with the proceeds of an issue of bonds to be used to make additional mortgage loans for only 10 years from the date of issuance of the bonds (or the date of issuance of the original bonds in the case of refundings), after which date such amounts must be used to redeem bonds, except for a $250,000 de minimis amount (the "10-Year Rule"). As a result, the Agency may be required by the Code to redeem the Tax-Exempt Bonds from repayments (including prepayments) of principal of Tax-Exempt Mortgage Loans or Mortgage Loans otherwise attributable to the Tax-Exempt Bonds for Federal tax purposes.

APPENDIX B

FORM OF PROPOSED APPROVING OPINION OF BOND COUNSEL

State of New York Mortgage Agency
New York, New York

Dear Directors:

As Bond Counsel to the State of New York Mortgage Agency (the "Agency"), a corporate governmental agency constituting a political subdivision and a public benefit corporation of the State of New York (the "State") organized and existing under and pursuant to the State of New York Mortgage Agency Act, Chapter 612 of the 1970 Laws of the State, being Title 17 of Article 8 of the Public Authorities Law, as amended (the "Act"), we have examined a record of proceedings relating to the issuance by the Agency, of Homeowner Mortgage Revenue Bonds, Series 165 in the aggregate principal amount of $50,000,000 (the "Series 165 Bonds"), Homeowner Mortgage Revenue Bonds, Series 166 in the aggregate principal amount of $107,585,000 the "Series 166 Bonds") and Homeowner Mortgage Revenue Bonds, Series 167 in the aggregate principal amount of $10,695,000 (the "Series 167 Bonds" and, together with the Series 165 Bonds and the Series 166 Bonds, the "Bonds").

The Bonds are issued under and pursuant to (i) the Act, (ii) the Homeowner Mortgage Revenue Bonds General Resolution, adopted on September 10, 1987, as amended and restated on July 28, 2005 and as supplemented on December 13, 2006 and September 17, 2008 (the "General Resolution"), (iii) the related Homeowner Mortgage Revenue Bonds Series Resolution (the "Series Resolution"), and (iv) the related Series Certificates of the Agency (together with the General Resolution and the Series Resolution, the "Resolution"). The Bonds are dated, mature on the dates in the principal amounts, bear interest, if any, and are payable as provided in the Resolution. The Bonds are subject to redemption prior to maturity in whole or in part as set forth in the Resolution.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance of the Series 165 Bonds and the Series 167 Bonds (collectively, the "Tax-Exempt Bonds") in order that interest on the Tax-Exempt Bonds be and remain excluded from gross income under the Code. These requirements include, but are not limited to, requirements relating to use and expenditures of gross proceeds of the Tax-Exempt Bonds, yield and other restrictions on investment of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Tax-Exempt Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Agency has adopted documents with respect to its program (the "Program Documents") that establish procedures under which, if followed, such requirements can be met. The Agency has covenanted in the Resolution to at all times perform all acts and things permitted by law and necessary and desirable in order to assure that interest paid on the Tax-Exempt Bonds shall not be included in gross income for Federal income tax purposes under the Code. We have relied upon such covenant and have assumed compliance by the Agency with and enforcement by the Agency of the provisions of the Resolution and the Program Documents. In rendering this opinion, we also have relied on certain representations, certification of fact, and statements of the reasonable expectations made by the Agency and others in connection with the Bonds.

We are of the opinion that:

1. The Agency is duly created and validly existing under the Act.

2. The Resolution has been duly adopted by the Agency and is valid and binding upon the Agency.

3. The Bonds are valid and legally binding special obligations of the Agency secured in the manner and to the extent set forth in the Resolution and are entitled to the benefit, protection, and security of the provisions, covenants, and agreements contained therein.

4. The Bonds do not constitute a debt of the State or of any municipality, and neither the State nor any municipality shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Agency pledged therefor.

5. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (ii) interest on the Series 165 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax; and (iii) interest on the Series 167 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

6. Under existing statutes and court decisions, interest on the Series 166 Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

7. Under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State and any political subdivision thereof (including The City of New York), and the Bonds are also exempt from all taxation directly imposed thereon by or under the authority of the State except for estate or gift taxes or taxes on transfers.

We express no opinion regarding any other Federal or state tax consequences with respect to the Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update our opinion after such date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds or under state and local tax law. We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Bonds and express herein no opinion relating thereto.

In rendering this opinion, we are advising you that the enforceability of the Bonds and the Resolution may be limited by bankruptcy, moratorium, insolvency, or other laws affecting creditors' rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 165 Bond, Series 166 Bond and Series 167 Bond, and, in our opinion, the forms of said Bonds and their execution are regular and proper.

Very truly yours,

APPENDIX C

SINKING FUND REQUIREMENTS

Date	Series 165 Bonds maturing October 1, 2026	Series 165 Bonds maturing October 1, 2031	Series 165 Bonds maturing October 1, 2042
October 1, 2022	$745,000		
April 1, 2023	750,000		
October 1, 2023	770,000		
April 1, 2024	780,000		
October 1, 2024	800,000		
April 1, 2025	815,000		
October 1, 2025	825,000		
April 1, 2026	850,000		
October 1, 2026	860,000†		
April 1, 2027		$ 875,000	
October 1, 2027		900,000	
April 1, 2028		915,000	
October 1, 2028		935,000	
April 1, 2029		945,000	
October 1, 2029		975,000	
April 1, 2030		990,000	
October 1, 2030		1,015,000	
April 1, 2031		1,035,000	
October 1, 2031		1,050,000†	
April 1, 2032			$1,075,000
October 1, 2032			1,100,000
April 1, 2033			1,120,000
October 1, 2033			1,145,000
April 1, 2034			1,165,000
October 1, 2034			1,195,000
April 1, 2035			1,220,000
October 1, 2035			1,245,000
April 1, 2036			1,275,000
October 1, 2036			1,295,000
April 1, 2037			1,330,000
October 1, 2037			1,355,000
April 1, 2038			1,385,000
October 1, 2038			1,415,000
April 1, 2039			1,445,000
October 1, 2039			1,485,000
April 1, 2040			1,510,000
October 1, 2040			1,545,000
April 1, 2041			1,585,000
October 1, 2041			1,620,000
April 1, 2042			1,660,000
October 1, 2042			5,000,000†

† Final Maturity

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STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 2
Relating to
Homeowner Mortgage Revenue Bonds

This Part 2 of this Official Statement ("Official Statement") provides certain information concerning prior Series of Bonds, certain sources of payment and security for the Bonds, the Agency, and the mortgage loan program financed with the proceeds of Bonds and other moneys available under the General Resolution. It contains only a part of the information to be provided by the Agency in connection with the issuance of Series of its Bonds. The terms of the Series of Bonds being issued or remarketed, including the designation, principal amount, authorized denominations, price, maturity, interest rate and time of payment of interest, redemption provisions, and any other terms or information relating thereto are set forth in Part 1 of this Official Statement with respect to such Series. Additional information concerning certain sources of payment and security for the Bonds, the Agency, and the mortgage loan program financed with the proceeds of Bonds and other moneys available under the General Resolution is contained in Part 1 of this Official Statement. The information contained herein may be supplemented or otherwise modified by Part 1 of this Official Statement and is subject in all respects to the information contained therein.

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STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 2
Relating to
Homeowner Mortgage Revenue Bonds

INTRODUCTION

The purpose of this Part 2 of this Official Statement, which includes the cover page and the appendices hereto, is to set forth certain information concerning the Agency, the Program, and the Bonds in connection with the issuance of certain Series of the Bonds by the Agency. Each Series of Bonds is issued pursuant to the Act, the General Resolution, and a related Series Resolution. All defined terms used in this Part 2 and not otherwise defined shall have the respective meanings ascribed thereto in Part 1 of this Official Statement.

FOR THIS PART 2, THE TERM "OFFERED BONDS" SHALL HAVE THE MEANING SET FORTH IN PART 1.

All references in this Official Statement to the Act, the General Resolution, and any Series Resolution are qualified in their entirety by reference to each such document, copies of which are available from the Agency, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the General Resolution, the applicable Series Resolutions, and this Official Statement.

BONDS AND NOTES

The Act provides that the Agency shall not issue bonds and notes, the interest on which is not included in gross income for Federal income tax purposes ("tax-exempt bonds"), in an aggregate principal amount exceeding $10,220,000,000, excluding (i) an amount equal to any original issue discount from the principal amount of any bonds or notes issued, (ii) bonds and notes issued to refund outstanding bonds and notes, and (iii) bonds and notes not described in clause (ii) issued to refund outstanding bonds and notes in accordance with the provisions of the Internal Revenue Code of 1986, as amended, or the Tax Reform Act of 1986, where such bonds or notes are not included in the statewide Federal volume cap on private activity bonds; provided, however, that upon any refunding described in clauses (ii) or (iii), such exclusion shall apply only to the extent that the amount of the refunding bonds or notes does not exceed the sum of (a) the outstanding amount of the refunded bonds or notes and (b) to the extent permitted by applicable Federal tax law, costs of issuance of the refunding bonds or notes to be financed from the proceeds of the refunding bonds or notes.

The Act provides that the Agency shall not issue bonds, notes, or other obligations, the interest on which is included in gross income for Federal income tax purposes ("taxable bonds"), in an aggregate principal amount exceeding $800,000,000, excluding bonds, notes, or other obligations issued to refund outstanding bonds, notes, or other obligations. The Agency's Board of Directors is directed under the Act to establish (i)

program guidelines in connection with the use of taxable bond proceeds for the purchase of mortgage loans and (ii) income limits for persons eligible to receive mortgages financed by taxable bonds.

As of July 31, 2011, the Agency had issued approximately $14,416,403,000[†] aggregate principal amount of tax-exempt and taxable bonds, of which approximately $3,319,908,000 were outstanding as of July 31, 2011, which includes $2,415,085,000 Outstanding Bonds under the General Resolution. Since July 31, 2011, the Agency has issued an additional $151,190,000 aggregate principal amount of tax-exempt Bonds, none of which were subject to the Agency's $10,220,000,000 tax-exempt bond issuance limit under the Act. From July 31, 2011 to and including October 1, 2011, the Agency retired, following redemptions or payment of scheduled debt service, approximately $95,255,000 aggregate principal amount of Bonds. The Agency redeemed an additional $151,215,000 aggregate principal amount of Bonds on October 24, 2011.

See "Status of Outstanding Homeowner Mortgage Revenue Bonds," "Other Agency Programs" and the Financial Statements included in Appendix A to this Part 2 for further information concerning outstanding bonds of the Agency (including Outstanding Bonds).

THE AGENCY

The Agency was created in 1970 in order to alleviate shortages of funds available in the private banking system for residential mortgages within the State, and is a corporate governmental agency, constituting a public benefit corporation. The Agency's powers, as authorized under the Act, include, among other things, the power to purchase and make commitments to purchase mortgage loans on single family (one-to-four-unit) housing and home improvement loans from certain lenders and to finance and refinance education loans. There is no assurance that the Act will not be amended in the future.

Directors and Certain Officers

The directors of the Agency consist of the State Comptroller or his appointee, the Director of the Budget of the State of New York, the Commissioner of the New York State Division of Housing and Community Renewal, one director appointed by the Temporary President of the State Senate, one director appointed by the Speaker of the State Assembly, and four directors appointed by the Governor with the advice and consent of the State Senate. As of the date hereof, there are two vacancies on the Agency's board of directors since there are only two governor appointed directors currently serving.

The directors and certain officers of the Agency are as follows:

DARRYL C. TOWNS, Director, *ex officio:* Appointed Commissioner of the New York State Division of Housing and Community Renewal in April 2011 — Mr. Towns was appointed the Agency's Executive Director and Chief Executive Officer in April 2011.

ROBERT MEGNA, Director, *ex officio:* Appointed Director of the Budget in May 2009.

NAOMI BAYER, Director: Appointed by the Governor in June 2009 — Senior Vice President, Enterprise Community Partners, Inc.

[†] Since some of these bonds refunded other bonds of the Agency, only a principal amount of and premium with respect to such bonds (i) not exceeding $8,263,830,558 was subject to the Agency's $10,220,000,000 tax-exempt bond issuance limit under the Act and (ii) not exceeding $551,660,731 was subject to the Agency's $800,000,000 taxable bond issuance limit under the Act.

DON LEBOWITZ, Director: Appointed in August 2009 and serving at the pleasure of the Speaker of the Assembly — Attorney, real estate owner and manager, and consultant to the Assembly Speaker.

KAREN A. PHILLIPS, Director: Appointed by the Governor in June 2007 — Community Development Consultant.

MARGE ROGATZ, Director: Appointed by the State Comptroller in January 2008 — President, Community Advocates, Inc.

DAVID J. SWEET, Director: Appointed in June 2009 and serving at the pleasure of the Temporary President of the State Senate — Attorney.

DARRYL C. TOWNS, Executive Director and Chief Executive Officer. Mr. Towns joined the Agency in April 2011.

MICHAEL SKREBUTENAS. Interim Chief Operating Officer. Mr. Skrebutenas joined the Agency in October 2010.

MARIAN ZUCKER, President, Finance & Development. Ms. Zucker joined the Agency in February 2007.

FORREST R. TAYLOR, President, Office of Professional Services. Mr. Taylor joined the Agency in June 2011.

JOANNE HOUNSELL, Interim Chief Financial Officer. Ms. Hounsell joined the Agency in 1996.

GENEVIEVE M. D'AGOSTINO, Senior Vice President and Treasurer. Ms. D'Agostino joined the Agency in 2000.

GEORGE LEOCATA, Senior Vice President of Single Family Programs. Mr. Leocata joined the Agency in 1982.

GEORGE GRAHAM, Senior Vice President for Debt Issuance. Mr. Graham joined the Agency in 2009.

MICHAEL A. FRIEDMAN, Senior Vice President for the Mortgage Insurance Fund Division. Mr. Friedman joined the Agency in 1996.

The directors appointed by the Governor serve terms of four years and continue to serve until their successors are appointed and qualified. The Governor designates a Chairman (a position that is currently vacant) from the four directors appointed by him. If a director is appointed by the State Comptroller, such director serves until a successor is appointed. The directors appointed by the Temporary President of the Senate and the Speaker of the Assembly serve at the pleasure of their respective appointing officials. Directors can resign prior to the expiration of their respective terms. A majority of the directors then in office constitutes a quorum for the transaction of any business or the exercise of any power or function of the Agency. The Agency may delegate to one or more of its directors, or its officers, agents, and employees such powers or duties as it may deem proper.

The Agency has retained CSG Advisors Incorporated as its financial advisor in connection with the issuance of the Offered Bonds.

In addition to the Program and the MIF, the Agency currently issues bonds and purchases mortgage loans under its Mortgage Revenue Bond Forward Commitment Program and in the past issued bonds and

purchased mortgage loans under its Low Downpayment—Conventional Rate Mortgage Program and operates the MIF. The Act also empowers the Agency to make and purchase home improvement loans and certain student loans. See "Other Agency Programs" herein.

The Agency's offices are located at 641 Lexington Avenue, New York, New York 10022. Its telephone number is (212) 688-4000.

Organization

The State has integrated the programs and policies of the Agency, other state public authorities and the State's Division of Housing and Community Renewal ("DHCR"). As part of that integration, the Commissioner of DHCR and, as such, an *ex officio* member of the Agency's Board of Directors, has been selected by the directors as the Agency's Executive Director and Chief Executive Officer. As a result of the integration, the Agency and the other integrated agencies currently share three primary program areas. The Agency's activities are encompassed in the Office of Finance and Development. However, the Agency remains a separate legal entity despite the integration.

As of July 31, 2011, the full-time staff of the Agency consisted of 99 persons, including persons with expertise in the areas of mortgage finance, mortgage underwriting and servicing, finance, residential and commercial development, insurance, and law.

Marian Zucker, President, Finance and Development, oversees many housing production programs of the Agency and the other integrated agencies, including the Agency's Single-Family Program Division and all aspects of the structuring, pricing and sale in connection with the issuances of bonds by the Agency and the other agencies that have been integrated. This includes the Agency's debt issuances, including bonds (such as the Bonds) issued to finance the Program and student loans.

The Single-Family Program Division is part of the Office of Finance and Development and is supervised by the Senior Vice President of Single-Family Programs. The Single-Family Program Division's responsibilities include overall supervision and operation of the Agency's mortgage purchase program. The Single-Family Program Division includes an experienced staff which supervises compliance by lending institutions with the Agency's Program requirements, including compliance with the mortgage eligibility criteria established pursuant to the applicable provisions of the Code. The Single-Family Program Division also monitors and supervises the Agency's existing mortgage loan portfolio (including oversight of foreclosures and real estate acquired through foreclosures) and the institutions that service the Agency's mortgage loans. The Single-Family Program Division currently consists of 32 persons.

The Accounting department and the Treasury department, along with other professional support functions for the Agency's three main program areas, are supervised by Forrest R. Taylor, President, Office of Professional Services. The Accounting department and the Treasury department work under the direction of the Senior Vice President and Chief Financial Officer. The Accounting department is responsible for the Agency's books of account and the recording of the receipt and disbursement of its funds. The Treasury department is responsible for the day-to-day investment of funds received by the Agency.

The Senior Vice President and General Counsel is responsible for legal affairs of the Agency, and includes a staff of attorneys with experience in public finance law and real estate law. There is currently a vacancy in this position.

The MIF is under the supervision of, and reports directly to, the Senior Vice President for the Mortgage Insurance Fund Division. The MIF's responsibilities include development and implementation of the Agency's mortgage insurance program. The Act authorizes the MIF to provide mortgage pool insurance (i) for certain mortgage loans which the Agency purchases and (ii) for certain other entities. The Act also authorizes the MIF to provide primary mortgage insurance on single family mortgage loans and multi-family

mortgage loans. The MIF consists of legal, underwriting and risk evaluation, administrative, and servicing units staffed by 11 persons.

Independent Auditors

The financial statements of the State of New York Mortgage Agency as of and for the years ended October 31, 2009 and 2010 are included in Appendix A of this Official Statement. The Agency's October 31, 2010 financial statements have been audited by Ernst & Young LLP ("Ernst & Young"), independent auditors, as stated in their report appearing therein. The financial statements of the Agency for the year ended October 31, 2009 were audited by other auditors whose report, dated January 25, 2010, expressed an unqualified opinion on those statements. Ernst & Young has not audited the financial information and operating data of the Agency dated subsequent to October 31, 2010 contained herein and in Part 1 of this Official Statement.

Financial Statements

Pursuant to current State law, the Agency is required, within (90) ninety days after the end of each of its Fiscal Years, to submit to the State its financial statements for such Fiscal Year. In addition, the General Resolution sets forth requirements regarding the delivery of financial statements to the Trustee. See "Summary of Certain Provisions of the General Resolution — Annual Audit and Report." Also, the Agency has additional requirements for delivery of its financial statements under the Amended and Restated Master Disclosure Agreement. See "Continuing Disclosure Agreement" below and Appendix E—"Summary of Certain Provisions of the Amended and Restated Master Disclosure Agreement."

Assets pledged under the respective programs referenced in the financial statements, other than Pledged Property (as described under "Sources of Payment and Security for the Bonds"), are not pledged to and should not be considered as a source of payment for the Bonds.

The Governmental Accounting Standards Board Statement No. 45 addresses how a state or local government employer should account for and report its costs and financial obligations related to post-employment healthcare and other non-pension benefits ("OPEB") for current and future retired employees. For the year ended October 31, 2010, the Agency's financial statements reflected an Unfunded Actuarial Accrued Liability ("UAAL") of approximately $28.1 million as a liability of its General Operating Fund. The UAAL is a computation of the present value of the difference between the Agency's total obligation for OPEB (which is not provided for by future normal costs) and the assets the Agency has set aside for funding such OPEB. The Agency has elected to pay OPEB on a "pay as you go" basis. The Agency also elected to record the entire amount of the UAAL, rather than recognize the amount over a period not greater than 30 years, as permitted by GASB 45. Moneys currently held under the Resolution may be used to pay Agency expenses, including OPEB, only if and to the extent such moneys either are (a) included within the amounts permitted to be paid to the Agency as Expenses, or (b) amounts permitted to be withdrawn from the pledge and lien of the Resolution upon the satisfaction of certain conditions. See "Sources of Payment and Security for the Bonds—Cash Flow Statements," and "Summary of Certain Provisions of the Resolution—Revenue Fund; Application of Revenues," "—Expense Fund," and "—General Fund."

Related Matters

From time to time, legislation is introduced on the Federal and State levels that, if enacted into law, could affect the Agency and its operations. Among other matters, such legislation could increase the principal amount of indebtedness which the Agency can issue. The Agency is not able to represent whether such bills will be introduced in the future or become law. In addition, the State undertakes periodic studies of public authorities in the State (including the Agency) and their financing programs. Any of such periodic studies could result in proposed legislation that, if adopted, could affect the Agency and its operations.

Continuing Disclosure

The Agency has covenanted, in an Amended and Restated Master Continuing Disclosure Agreement by and between the Agency and the Trustee (the "Amended and Restated Master Disclosure Agreement"), for the benefit of the Holders and Beneficial Owners (each as defined in Appendix E to this Part 2) of the Offered Bonds to provide certain financial information and operating data relating to the Agency (the "Annual Financial Information") by not later than 180 days following the end of the Agency's then current fiscal reporting period, commencing with the reporting period ending October 31, 2011, and to provide notices of the occurrence of certain enumerated events. The Amended and Restated Master Disclosure Agreement requires that the Annual Financial Information be filed by the Agency with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access portal, EMMA. The Amended and Restated Master Disclosure Agreement requires that notices of listed events be filed by the Agency with EMMA. The specific nature of the information to be contained in the Annual Financial Information or the notices of listed events is summarized in Appendix E—"Summary of Certain Provisions of the Amended and Restated Master Disclosure Agreement." These covenants have been made in order to assist the underwriters of the Offered Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, as amended (the "Rule"). The Agency has never failed to comply in all material respects with any previous undertakings with respect to the Rule to provide annual financial information or notices of listed events.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Pledge of the Resolution

The Bonds and the other Parity Obligations are special obligations of the Agency payable solely from and secured by the Pledged Property. The Bonds are not secured by any fund or account that is subject to replenishment by the State. The Agency has no taxing power. The Bonds are not a debt of the State or of any municipality, and neither the State nor any municipality is liable on the Bonds, nor are the Bonds payable out of any funds other than those of the Agency.

"Pledged Property" is defined by the General Resolution to include (i) the proceeds of the sale of the Bonds, (ii) principal and interest payments on the Mortgage Loans and Collateral Mortgage Loans received by or on behalf of the Agency including any payments by a borrower under a Mortgage Loan or Collateral Mortgage Loan (a "Mortgagor") or other recovery of principal on a Mortgage Loan or a Collateral Mortgage Loan which is not applied to a scheduled installment of principal and interest on a Mortgage Loan or Collateral Mortgage Loan and all prepayment premiums or penalties received with respect to the Mortgage Loans and Collateral Mortgage Loans, (iii) any payments received with respect to any Mortgage Loan or Collateral Mortgage Loan under any insurance policy or guarantee or under any fidelity bond (to the extent not applied to the repair or restoration of any mortgaged premises) and any amounts received in connection with the liquidation of a defaulted Mortgage Loan or a defaulted Collateral Mortgage Loan, (iv) proceeds of the sale of Mortgage Loans and Collateral Mortgage Loans by or on behalf of the Agency, (v) all other moneys in all Funds and Accounts established under the Resolution, including the investments, if any, thereof and the earnings, if any, thereon until applied in accordance with the Resolution, and (vi) all right, title and interest of the Agency in and to the Mortgage Loans and Collateral Mortgage Loans. Pledged Property does not include (a) any amounts paid or payable under the Mortgage Loans or Collateral Mortgage Loans as to which the Mortgagor is required to be given a credit under the Code, (b) any moneys received as to which a Mortgagor is required to be given a credit under the Code or which are required under the Code to be rebated to Mortgagors or to the United States, and (c) Mortgage Loan accrued interest not purchased by the Agency. In addition, the pledge of Funds and Accounts established in a Series Resolution may be limited in purpose and time, as set forth in such Series Resolution. The Series Resolutions for the Series AA, OO, PP, QQ, 33, and 35 Bonds established Series AA, OO, PP, QQ, 33, and 35 Collateral Mortgage Loan Accounts, but do not limit in purpose or time the pledges of such Accounts. Clause (v) of the definition includes receipts, if any, in connection with Pledged CCALs, although the Pledged CCALs are interest free loans and the Agency will

only recover a declining portion of the principal amount of any Pledged CCAL if the borrower sells the related property at a gain during the first ten years of the loan term.

Amounts on deposit in the Funds and Accounts may be applied only as provided in the General Resolution. Amounts in the General Fund may, *however,* at the request of the Agency, be withdrawn free and clear of the pledge of the General Resolution; *provided, however,* that (i) no such withdrawal shall be made unless the Agency files a Cash Flow Certificate with the Trustee and (ii) no such withdrawal shall be made in excess of the amount which the Agency could so withdraw as shown in the last Cash Flow Statement filed with the Trustee *unless* the Agency files a new Cash Flow Statement with the Trustee that shows that, following such withdrawal, the amounts on deposit in all Funds and Accounts (other than the Costs of Issuance Fund, the Expense Fund and the Interest Account and excluding the principal amount of any Security Arrangements credited to the Debt Reserve Fund or Loan Loss Fund) plus the aggregate principal balances of all Mortgage Loans and Collateral Mortgage Loans shall at least equal 101% of the sum of the aggregate principal amount of Bonds Outstanding and the aggregate principal amount of any additional amounts attributable to Parity Principal and which Cash Flow Statement projects available money sufficient to pay debt service when due in the then current and each succeeding Fiscal Year, and demonstrates the funding of the Debt Reserve Fund and the Loan Loss Fund to their respective Requirements. See “Cash Flow Statements.”

Mortgage Loans

See “The Program” for information regarding the Agency’s current Program for originating Mortgage Loans.

General

The following is a description of the requirements applicable to Mortgage Loans purchased or to be purchased with the proceeds of the Series 165 Bonds, the Prior Series Bonds and other moneys available under the General Resolution. The Agency may revise the requirements imposed on Mortgage Loans to be purchased in the future by the Agency with the proceeds of any or all Series of Bonds or other moneys available under the General Resolution, subject to the provisions of the General Resolution, the applicable Series Resolution, the Act, and the Code.

Requirements of the Act

The General Resolution provides that no Mortgage Loan may be purchased by the Agency with the proceeds of Bonds or other moneys available under the General Resolution unless the Mortgage Loan complies with the provisions of the Act. There is no assurance that the Act will not be amended in the future. The Act currently requires, among other things, that the Mortgage Lender warrant with respect to each Mortgage Loan which finances the acquisition of a one-to-four-unit residence (including a condominium or cooperative unit) that (i) the Mortgage Lender has no notice of any counterclaim, offset, or defense asserted by the Mortgagor with respect to the Mortgage Loan; (ii) the Mortgage Loan is evidenced by a bond or promissory note and a mortgage document that has been properly recorded and constitutes a valid first lien on the property *subject* only to real property taxes not yet due, installments of assessments not yet due, and easements and restrictions of record that do not materially adversely affect the use or value of the property; (iii) the Mortgagor is not in default under the Mortgage Loan; and (iv) the improvements to the property financed by the Mortgage Loan are covered by a valid and subsisting insurance policy issued by a company authorized by the State Superintendent of Insurance to issue such policies in the State and providing fire and extended coverage in an amount not less than 80% of the insurable value of the improvements to the mortgaged property (*except* that, due to changes in State law, the Agency may not be able to require that such insurance provide coverage in excess of the replacement value of the financed property). The Act permits the financing of cooperative units secured by an assignment or transfer of the benefits of cooperative ownership. The Act currently requires, among other things, that the Mortgage Lender warrant with respect to each Mortgage Loan which finances a loan to improve, rehabilitate, reconstruct, or redevelop a one-to-four-unit residence the same items set forth in

(i) and (iii) of the third sentence of this paragraph, and that (i) the Mortgage Loan is evidenced and secured in the manner specified in the Mortgage Lender's undertaking to the Agency and all required loan documents have been properly recorded with any appropriate public official; (ii) the Mortgage Loan is secured by the security described to the Agency subject only to liens, security interests, and encumbrances described to the Agency; and (iii) the Mortgage Loan is insured or guaranteed by the United States or any agency thereof or by a firm that is authorized by the State Superintendent of Insurance to issue such policies in the State.

Requirements of the General Resolution

There are no general requirements for the characteristics of Mortgage Loans in the General Resolution. The General Resolution provides that certain requirements and certain matters with respect to Mortgage Loans (the "Series Program Determinations") be determined (or provisions for determining the Series Program Determinations at certain specified times in the future be set forth) with respect to each Series of Bonds (and related Revenues (including Principal Prepayments)) that will finance Mortgage Loans in the Series Resolution authorizing the issuance of such Series. The Series Program Determinations generally include the following: (i) whether each Mortgage Loan will be secured by a first lien mortgage, a second lien mortgage, or a combination thereof; (ii) whether each Mortgage Loan will have approximately equal monthly payments or will be a graduated payment mortgage loan or will have a fixed or variable rate of interest; (iii) the maximum term to maturity of each Mortgage Loan; (iv) whether each residence to which each Mortgage Loan relates will be a principal residence; (v) required primary mortgage insurance, if any, and the levels of coverage thereof; (vi) limitations, if any, applicable to purchases of Mortgage Loans relating to planned unit developments and/or cooperatives, geographic concentration, and type of principal and interest characteristics; (vii) the requirements, if any, with respect to SMC; (viii) provisions relating to Principal Prepayments, including application thereof for redemption or financing new Mortgage Loans; (ix) provisions relating to Collateral Mortgage Loans, if any; (x) maximum Expenses (as defined herein under "Summary of Certain Provisions of the General Resolution—Certain Definitions") for such Series of Bonds; (xi) restrictions, if any, on the applications of the proceeds of the voluntary sale of Mortgage Loans and Collateral Mortgage Loans, if any; and (xii) any other provision deemed advisable by the Agency not in conflict with the General Resolution. There is no requirement in the General Resolution that Mortgage Loans be secured by first lien mortgages.

Requirements of the Series Resolutions

Each Series Resolution with respect to the Prior Series Bonds and the Offered Bonds sets forth the following Series Program Determinations for single family Mortgage Loans purchased or to be purchased with the proceeds of the applicable Series of Bonds (and related Revenues (including Principal Prepayments)): (a) each residence to which each Mortgage Loan relates must be a principal residence; (b) the promissory note for each Mortgage Loan must be endorsed to the Agency, each Mortgage Loan must be assigned to the Agency, and the Mortgage Loan must constitute a valid first lien mortgage (or, with respect to a cooperative unit, the loan must be secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises); (c) each Mortgage Loan must relate to a one-to-four-unit residential structure or condominium or cooperative unit; (d) each Mortgage Loan must be for a term not exceeding 40 years, bear interest at fixed rate(s) (which may include stepped coupon interest rates), and provide for approximately equal monthly payments (taking into account the interest rate(s) thereon); and (e) generally, Mortgage Loans must be (X)(i) conventional mortgage loans with primary mortgage insurance ("PMI") from private insurers, (ii) conventional mortgage loans with PMI issued by the Agency, or (iii) insured by the Federal Housing Administration ("FHA"), or (Y) loans with a loan-to-value ratio ("LTV") determined by the Agency with respect to which no private or governmental insurance or guarantee will be required, or (Z) mortgage loans insured or guaranteed by any other entity, if insuring or guaranteeing mortgage loans by such entity will not, in and of itself, adversely affect the then-existing rating assigned by Moody's Investors Service, Inc. ("Moody's") to the Bonds. An additional Series Program Determination for all series up to and including Series 74 required that in the case of a Mortgage Loan initially required to be covered by PMI, the remainder of (i) the principal balance of such Mortgage Loan less (ii) the amount of such coverage,

must be an amount that is less than or equal to 72% of the value of the mortgaged property, and such coverage must be maintained until the principal balance of the Mortgage Loan is less than or equal to 80% of the original value of the mortgaged property or when the Mortgage Loan reaches the midpoint of its amortization schedule, whichever occurs first. For all series of Bonds since Series 74, such Series Program Determination was changed to require that such coverage be maintained until the earlier of the date on which the principal balance of the Mortgage Loan is less than or equal to 80% of the value of the mortgaged property or the date on which the mortgagor exercises his or her right to cancel PMI pursuant to the Homeowner's Protection Act of 1998, as amended. Certain of the Series Resolutions (including the Series Resolution with respect to the Offered Bonds) provide that such Mortgage Loans may be guaranteed by the United States Department of Veterans Affairs, formerly the Veterans Administration (the "VA"). The Series Resolutions for all Series of Outstanding Bonds from Series 42 through Series 55 also contain provisions relating to home improvement loans. Among other things, home improvement loans need not be first liens. The Agency has never purchased, and does not currently intend to purchase, any home improvement loans. Series Program Determinations may be amended by the Agency at any time if, in addition to certain other requirements, (1) such amendment, in and of itself, will not adversely affect either the then-existing rating assigned to the Bonds by Moody's, or (2) such action will not adversely affect the interests of the Owners. Series Program Determinations for Mortgage Loans to be purchased with proceeds attributable to any Additional Bonds (and related Revenues (including Principal Prepayments)) will be determined at the time that such Additional Bonds are issued.

The Series Program Determinations for the Prior Series Bonds, the Offered Bonds and other moneys available under the General Resolution contain additional requirements with respect to mortgage pool insurance and PMI. See Appendix B to this Part 2 for a more detailed discussion of mortgage pool insurance programs and PMI with respect to the applicable Mortgage Loans.

The Series Resolutions for all Series of Outstanding Bonds issued subsequent to Series BB also provide that the Agency may provide for alternative SMC if such alternative coverage will not adversely affect the then-existing rating assigned to the Bonds by Moody's. SMC is permitted to be in the form, among others, of (a) cash or Investment Obligations or (b) Cash Equivalents (as defined under "Summary of Certain Provisions of the General Resolution—Certain Definitions") or a qualified mortgage pool insurance policy.

Requirements of the Code

In general, the Code currently requires that new Mortgage Loans financed with or attributable to the proceeds of or related to a Series of Bonds meet the following requirements in order that interest on the applicable Series of Bonds not be included in gross income for Federal income tax purposes: (a) the mortgaged premises must be a one-to-four-family residence, one unit of which can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided; (b) *except* with respect to Mortgage Loans made in targeted areas and *except* with respect to certain veterans of the United States military, the mortgagor may not have had a present ownership interest in his or her principal residence (other than the residence being financed) during the three-year period prior to execution of the mortgage loan; (c) with certain limited exceptions, no proceeds of or related to Bonds may be used to acquire or replace an existing mortgage, which would include the refinancing of a pre-existing mortgage; (d) the purchase price of the mortgaged premises may not exceed applicable dollar limits based on a percentage of the applicable average area purchase price; (e) *except* with respect to a portion of Mortgage Loans made in targeted areas, the borrower family income may not exceed applicable dollar limits based on a percentage of the applicable median family income; and (f) Mortgage Loans may be assumed only if the requirements described in (a), (b), (d), and (e) (if applicable) above are met with respect to such assumption. See Part 1 Appendix A — "Certain Additional Federal Income Tax Matters — Loan Eligibility Requirements Imposed by the Code."

Delinquencies

In structuring the Prior Series Bonds, the Agency assumed that losses on defaulted Mortgage Loans will not exceed insurance coverage and recoveries upon disposition, including foreclosures. For certain information regarding the status of delinquencies of Mortgage Loans and Collateral Mortgage Loans, see Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage Loans — Delinquencies." See also "The Program—Mortgage Loan Servicing" and the table of principal servicers set forth in Appendix C to this Part 2.

Pledged DPALs and Pledged CCALs

Pledged DPALs and Pledged CCALs are Pledged Property under the Resolution and any receipts received in connection with the Pledged DPALs and the Pledged CCALs are Revenues, but not Principal Prepayments, under the Resolution. However, at present the Agency expects the Pledged DPALs and the Pledged CCALs to be interest-free loans and that principal payments on each Pledged DPAL and Pledged CCAL will be received by the Agency only if the borrower sells or refinances the related property at a gain during the first ten years of the loan term and that any such receipts will be on a declining basis over such ten-year term. Pledged DPALS and Pledged CCALs are not Mortgage Loans under the Resolution. See "The Program—Down Payment Assistance and Closing Cost Assistance Loans."

Debt Reserve Fund

The General Resolution provides that as of any particular date of calculation there shall be on deposit in the Debt Reserve Fund an amount of cash or Cash Equivalents equal in the aggregate to the aggregate of all amounts required to be deposited in or credited to and maintained in such Fund by each Series Resolution authorizing a Series of Outstanding Bonds, at least equal in the aggregate to three per centum (3%) of the sum of (i) the outstanding principal balance of Mortgage Loans (*except* Mortgage Loans underlying certificates of the Government National Mortgage Association or Fannie Mae (formerly the Federal National Mortgage Association), (ii) the amount on deposit to the credit of the Acquisition Fund, and (iii) the outstanding principal balance of those Collateral Mortgage Loans pledged to secure Bonds at the time of issuance of a Series of Bonds (or Collateral Mortgage Loans substituted therefor) (the "Debt Reserve Requirement"). For information regarding the amount on deposit in the Debt Reserve Fund, see Appendix D — "Certain Agency Financial Information and Operating Data — Debt Reserve Fund and Loan Loss Fund." The General Resolution requires that an aggregate amount equal to one per centum (1%) of the sum of clauses (i), (ii), and (iii) described in the first sentence of this paragraph and on deposit in the Debt Reserve Fund be held in cash in such Fund or be invested in Investment Obligations with a term to maturity of less than three years from the date such investment is made.

If there shall be unavailable to the Trustee sufficient funds to meet a required payment of principal or Redemption Price of, or interest on, Bonds when due, the General Resolution requires the Trustee, to the extent that amounts on deposit in all other Funds available therefor are insufficient to make such payment, to apply moneys or draw upon Cash Equivalents for transfer from the Debt Reserve Fund to the extent necessary to make the required payments to Bondowners. See "Summary of Certain Provisions of the General Resolution—Deficiencies in Debt Service Fund" and "—Debt Reserve Fund."

If necessary to restore the amount on deposit in the Debt Reserve Fund to the Debt Reserve Requirement, as of each interest or principal payment date, and prior to any transfer from the Revenue Fund to the Loan Loss Fund, General Fund, or Expense Fund in an amount in excess of one-half of the permitted Expenses amount for the Fiscal Year, the Trustee is required to withdraw moneys (to the extent moneys are available therefor) from the Revenue Fund for deposit to the credit of the Debt Reserve Fund. There is no requirement that withdrawals from the Debt Reserve Fund be restored by the Agency from its assets not pledged under the General Resolution or that the Debt Reserve Fund be replenished by the State.

To date, the deposits to the Debt Reserve Fund set forth above have been in the form of cash and Investment Obligations (and not Cash Equivalents). Pursuant to the General Resolution, the Agency may elect, in a Series Resolution authorizing the issuance of Additional Bonds (but only with respect to the Debt Reserve Requirement established therein for such Series of Bonds) or in a Supplemental Resolution, to fund the Debt Reserve Requirement with Cash Equivalents.

Loan Loss Fund

The General Resolution provides that as of any particular date of calculation there shall be on deposit in the Loan Loss Fund an amount equal in the aggregate to the aggregate of all amounts required to be deposited in or credited to and maintained in such Fund by each Series Resolution authorizing a Series of Outstanding Bonds, at least equal in the aggregate to one per centum (1%) of the sum of (i) the outstanding principal balance of Mortgage Loans (other than Mortgage Loans underlying obligations of the Government National Mortgage Association or Fannie Mae), (ii) the amount on deposit to the credit of the Acquisition Fund, and (iii) the outstanding principal balance of those Collateral Mortgage Loans pledged to secure Bonds at the time of issuance of a Series of Bonds (or Collateral Mortgage Loans substituted therefor) (the "Loan Loss Requirement"). For information regarding the amount on deposit in the Loan Loss Fund, see Appendix D — "Certain Agency Financial Information and Operating Data — Debt Reserve Fund and Loan Loss Fund." The General Resolution requires that an aggregate amount equal to one per centum (1%) of the sum of clauses (i), (ii), and (iii) described in the first sentence of this paragraph and on deposit in the Loan Loss Fund shall be held in cash in such Fund or shall be invested in Investment Obligations with a term remaining to maturity of less than 13 months from the date such investment was made.

The Loan Loss Fund constitutes a reserve fund to secure payment of debt service on the Bonds in that, if there shall be unavailable to the Trustee sufficient funds to meet a required payment of principal or Redemption Price of, or interest on, Bonds when due, the General Resolution requires the Trustee, to the extent that amounts on deposit in the Interest Account, the Principal Account, the Revenue Fund, the General Fund, the Optional Redemption Account, the Principal Prepayment Fund, and the Special Redemption Account (excluding amounts deposited in the Redemption Fund, the Principal Prepayment Fund or the Principal Account that have been set aside for the payment of Bonds) are insufficient to make such payment, to apply moneys or draw upon Cash Equivalents for transfer from the Loan Loss Fund to the extent necessary to make the required payments to Bondowners. See "Summary of Certain Provisions of the General Resolution—Deficiencies in Debt Service Fund" and "—Loan Loss Fund."

If necessary to restore the amount on deposit in the Loan Loss Fund to the Loan Loss Requirement, as of each interest or principal payment date and prior to any transfer from the Revenue Fund to the General Fund or to the Expense Fund in an amount in excess of one-half of the permitted Expenses amount for the Fiscal Year, the Trustee is required to withdraw moneys (to the extent moneys are available therefor) from the Revenue Fund for deposit to the credit of the Loan Loss Fund. There is no requirement that withdrawals from the Loan Loss Fund be restored by the Agency from its assets not pledged under the General Resolution or that the Loan Loss Fund be replenished by the State.

To date, the deposits to the Loan Loss Fund set forth above have been in the form of cash and Investment Obligations (and not Cash Equivalents). Pursuant to the General Resolution, the Agency may elect, in a Series Resolution authorizing the issuance of Additional Bonds (but only with respect to the Loan Loss Requirement established therein for such Series of Bonds) or in a Supplemental Resolution, to fund the Loan Loss Requirement with Cash Equivalents.

Additional Bonds

The General Resolution provides that the Agency may issue Additional Bonds, including refunding Bonds. See "Summary of Certain Provisions of the General Resolution—Issuance of Bonds." In addition, the Agency may issue any obligations or agree to pay Subordinated Contract Obligations which are payable from

or secured by a lien on and pledge of the Pledged Property so long as such lien and pledge shall be in all respects subordinate to the lien and pledge created by the General Resolution. Additional Bonds may have interest payment dates that differ from such dates for the Prior Series Bonds and the Offered Bonds.

Cash Flow Statements

The General Resolution provides that, while any Bonds are Outstanding, the Agency shall file with the Trustee a Cash Flow Statement (i) whenever any Series of Bonds is issued or remarketed; (ii) on any October 1, if a Cash Flow Statement has not been filed within the past 2½ years; (iii) upon purchase or redemption of Bonds in a manner other than as contemplated in the last Cash Flow Statement filed by the Agency with the Trustee; (iv) prior to applying amounts in the General Fund for payment of certain payments pursuant to Qualified Hedges or payment to the Agency free and clear of the lien of the Indenture; and (v) to the extent required by the General Resolution in connection with certain reimbursement payments in connection with Security Arrangements.

The General Resolution provides that a Cash Flow Statement shall consist of a certificate of an Authorized Representative giving effect to the action proposed to be taken and demonstrating in the current and each succeeding Fiscal Year in which the Parity Obligation is scheduled to be Outstanding that Pledged Property then expected to be on deposit in the Funds and Accounts maintained under the General Resolution in each such Fiscal Year will be at least equal to all amounts required by the General Resolution to be on deposit in such Funds and Accounts for the payment of the Parity Obligation and for the funding of the Debt Reserve Fund and Loan Loss Fund to their respective Requirements, *except* that, to the extent specified in a Series Resolution, a Fund or Account established in such Series Resolution shall not be taken into account when preparing the Cash Flow Statement. Currently, all Funds and Accounts established in the Series Resolutions that are part of the Pledged Property are taken into account when preparing the Cash Flow Statement.

The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based and, after filing any Cash Flow Statement, the Agency shall administer the Program and perform its obligations under the General Resolution in accordance, in all material respects, with the assumptions set forth in such Cash Flow Statement that produce the most unfavorable financial results. The General Resolution requires that a Cash Flow Statement assume that all amounts held under the General Resolution with respect to which an investment arrangement is *not* in effect that guarantees a certain rate or rates are invested at a rate that does not exceed the then prevailing savings passbook rate in the State. In addition, the General Resolution provides that a Cash Flow Statement shall reflect the following three assumptions as to the receipt of Principal Prepayments of all Series: (i) no Principal Prepayments are received; (ii) Principal Prepayments are received at a rate equal to 100% of the most recently published experience for 30-year mortgage loans set forth in the "Survivorship and Decrement Tables for HUD/FHA Home Mortgage Insurance Programs"; and (iii) Principal Prepayments are received at a rate equal to 200% of the most recently published experience for 30-year mortgage loans set forth in the "Survivorship and Decrement Tables for HUD/FHA Home Mortgage Insurance Programs." If such tables are no longer published, any then generally accepted industry standard shall be used. However, in the Cash Flow Statement to be delivered in connection with the issuance of the Series 165 Bonds, the Series 166 Bonds and the Series 167 Bonds, the Agency expects to use the provision of the General Resolution that allows it to modify the prepayment assumptions described above, in whole or in part at any time, but only if, at the time the Cash Flow Statement is delivered, such modification will not, in and of itself, impair or cause the Bonds to fail to retain the then existing rating assigned to them by Moody's.

The General Resolution provides that except with respect to actions being taken contemporaneously with the delivery of a Cash Flow Statement, facts reflected in a Cash Flow Statement may be as of a date or reasonably adjusted to a date not more than 60 days prior to the date of delivery of such Cash Flow Statement. In preparing a Cash Flow Statement, the Agency shall utilize with respect to Parity Obligation Instruments the cash flow assumptions and tests required by the Rating Agency in order to obtain a rating on the applicable Bonds, all as set forth in the applicable Series Resolution or Supplemental Resolution authorizing the Related Qualified Hedge. With respect to any Bonds which do not bear interest at a fixed interest rate and are not the

subject of a Qualified Hedge, the Agency shall assign to such Bonds the applicable assumed interest rates determined pursuant to the then-current Rating Agency requirements for bonds which bear the same ratings as the then-current rating on the Bonds.

If any Cash Flow Statement shall show a deficiency in any Fiscal Year in the amount of funds expected to be available for the purposes described in the General Resolution during such Fiscal Year, the Agency shall not be in default under the General Resolution but shall take all reasonable actions to eliminate such deficiency; and the Agency shall be precluded from taking the actions described or referenced in clauses (i), (iii), (iv), and (v) in the first paragraph under this heading if such Cash Flow Statement shall show that the taking of such action shall cause a deficiency to occur or shall increase any existing deficiency.

Interest Rate Swap Agreements

The Agency has entered into sixteen interest rate swap agreements all as described below. These swap agreements are referred to as the "Swap Agreements," and the counterparties to the Swap Agreements are referred to as the "Counterparties."

The purpose of each of the Swap Agreements is to place the aggregate net obligation of the Agency with respect to the related Series of Bonds on an approximately fixed-rate basis. Payments made to a Counterparty by the Agency under a Swap Agreement will be paid from Revenues pledged under the Resolution and are on a parity with payments of interest on the Bonds, *provided* that any termination payments to be made by the Agency under any Swap Agreement will be subordinate to payments of principal of and interest on the Bonds. Payments made to the Agency by a Counterparty under a Swap Agreement will be pledged as Revenues under the Resolution and deposited in the Revenue Fund on receipt. See "Summary of Certain Provisions of the General Resolution — Revenue Fund; Application of Revenues" and "— General Fund."

Each party to a Swap Agreement pays interest based on the then notional amount. The per annum floating rate of interest payable under each Swap Agreement (other than the Swap Agreements with respect to the Series 159 Bonds and the Series 162 Bonds) to the Agency by the respective Counterparties is equal to the sum of (i) 63% of one month USD-LIBOR-BBA plus (ii) 0.25. The per annum floating rate of interest payable under the Swap Agreement with respect to the Series 159 Bonds is equal to USD-SIFMA Municipal Swap Index. The per annum floating rate of interest payable under the Swap Agreement with respect to the Series 162 Bonds is equal to the sum of (i) 63% of three month USD-LIBOR-BBA plus (ii) 0.25%. The respective fixed rates payable by Agency on each Swap Agreement are set forth below. Following the refunding of the Outstanding Series 157 Bonds with the Series 163 Bonds proceeds, portions of the Swap Agreements with respect to the Series 154 Bonds and Series 157 Bonds were reallocated by the Agency to the Series 122 Bonds and the Series 125 Bonds.

For each of the Swap Agreements, except for the Series 162 Swap Agreement, the Agency has the option of terminating such Swap Agreement at any time, although one party will be required to compensate the other by paying a fee intended to approximate the market value of terminating such Swap Agreement. See note (13) to the following chart for information regarding termination of the Series 162 Swap Agreement. For additional information concerning the Swap Agreements, see Note 9 in Appendix A — "Financial Statements of the Agency and Independent Auditors' Report" to this Part 2.

Applicable Bond Series	Counterparty	Current Notional Amount as of 7/31/11 (000s) [14]	Scheduled Termination Date	Final Maturity Date of Applicable Bond Series	Fixed Rate Paid (%)	Counterparty Rating (S&P/Moody's)[9]
129	Citibank[1]	$34,000[4]	October 1, 2035	same as scheduled termination date	3.587	A+/A1[1]
132	JPMorgan[2]	$34,000[4]	April 1, 2037	same as scheduled termination date	3.4783	AA-/Aa1[2]
135	UBS[3]	$34,000	April 1, 2016	April 1, 2037	3.857	A+/Aa3[3]
139	Goldman[5]	$34,000	October 1, 2016	October 1, 2037	2.972	A/A1[5]
142	Citibank[1]	$34,000	April 1, 2017	October 1, 2037	3.565	A+/A1[1]
144	UBS[3]	$30,000	April 1, 2017	October 1, 2037	3.654	A+/Aa3[3]
147	JPMorgan [2]	$20,000	October 1, 2012	April 1, 2037	3.248	AA-/Aa1[2]
147	JPMorgan [2]	$30,000	October 1, 2017	April 1, 2037	3.425	AA-/Aa1[2]
150[12]	Goldman[5]	$10,000	April 1, 2013	October 1, 2037	2.981	A/A1[5]
150[12]	Goldman[5]	$40,000	April 1, 2018	October 1, 2037	3.217	A/A1[5]
153	Merrill[6]	$20,000	April 1, 2013	April 1, 2047	2.558	AAA/Aa3[6]
153	Merrill[6]	$30,000	April 1, 2018	April 1, 2047	2.99	AAA/Aa3[6]
154[15] & 157[11]	RBC[7]	$30,000	October 1, 2016	April 1, 2047[8]	3.086	AA-/Aa1 [7]
154[15] & 157[11]	RBC[7]	$30,000	October 1, 2018	April 1, 2047[8]	3.176	AA-/Aa1 [7]
159	RBC[7]	$60,000	October 1, 2018	October 1, 2038	3.54	AA-/Aa1 [7]
162	Barclays[10][13]	$24,150	April 1, 2039	same as scheduled termination date	2.3825	AA-/Aa3[10]

(1) Citibank, N.A., New York. Ratings outlook is negative for both S&P and Moody's.
(2) JP Morgan Chase Bank, N.A. Moody's rating outlook is negative.
(3) UBS AG, Stamford Branch. S&P's rating outlook is on negative CreditWatch. Moody's rating outlook is under review for possible downgrade.
(4) The respective notional amounts of the Series 129 Swap Agreement and the Series 132 Swap Agreement decline periodically on each April 1 and October 1, commencing, respectively, April 1, 2018 and October 1, 2025.
(5) Goldman Sachs Bank USA, which is rated Aa3 (negative outlook) by Moody's and is not rated by S&P. Goldman's obligations under each Swap Agreement are guaranteed by The Goldman Sachs Group, Inc., which is rated A and A1 by Standard & Poor's ("S&P") and Moody's respectively. Ratings outlook is negative for both S&P and Moody's.
(6) Merrill Lynch Derivative Products AG.
(7) Royal Bank of Canada.
(8) The final maturity date is the later of the final maturity dates of the Series 154 Bonds and Series 157 Bonds which are, respectively, October 1, 2039 and April 1, 2047.
(9) Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the respective rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The Agency undertakes no responsibility for updating any rating information included in this Official Statement. All ratings are as of November 2, 2011.
(10) Barclays Bank PLC. Rating outlook is negative for both S&P and Moody's.
(11) Following the refunding of the Series 157 Bonds on October 24, 2011, portions of the Swap Agreements with respect to the Series 154 Bonds and the Series 157 Bonds were reallocated by the Agency to the Series 122 Bonds and the Series 125 Bonds.
(12) Agency can terminate in whole or in part.
(13) The notional amount declines periodically. In addition, the Agency has the right to terminate in part based upon a schedule established in the Swap Agreement.
(14) Except as noted in notes (4), (12) and (13), the notional amount of each Swap Agreement is equal to the original principal amount of the related Series of Bonds.
(15) Following the expected refunding of the Outstanding Series 154 Bonds with the proceeds of the Series 167 Bonds, the unallocated portions of the Swap Agreements with respect to the Series 154 Bonds and the Series 157 Bonds will be reallocated by the Agency to the Series 125 Bonds.

STATUS OF OUTSTANDING HOMEOWNER MORTGAGE REVENUE BONDS†

HOMEOWNER MORTGAGE REVENUE BONDS
CONDENSED SCHEDULE OF OPERATIONS
(000s)

	For the Nine Months Ending July 31, 2011	For the Year Ended October 31, 2010[1]
Revenues		
Interest and discount earned on mortgages	$101,002	$148,567
Interest earned on deposits and investments	4,250	5,684
Gain (loss) on sale of bondholder reserve investments	(1,373)	3,732
Other income	474	704
Total revenues	$104,353	$158,687
Expenses		
Interest and amortization of discount on debt	$ 79,052	$118,251
Amortization of bond issuance costs	2,011	2,575
General expenses	1,941	2,789
Pool insurance	449	643
Other	7,821	18,304
Total expenses	$ 91,274	$142,562
Excess of revenues over expenses before extraordinary items and interfund transfers	$ 13,079	$ 16,125
Loss on early extinguishment of debt	0	(1,239)
Excess of revenues over expenses before interfund transfers	13,079	14,886
Interfund transfers	(6,340)	(16,037)
Excess of revenues over expenses	6,739	$ (1,151)
Net assets, beginning of period	451,682	452,833
Net assets, end of period	$458,421[2]	$451,682

HOMEOWNER MORTGAGE REVENUE BONDS
CONDENSED SCHEDULE OF FINANCIAL CONDITION
(000s)

	July 31, 2011	October 31, 2010[1]
Assets		
Current Assets:		
Cash and investments	$ 389,635	$ 200,795
Mortgage loans receivable (net of unearned income)	71,264	88,145
Accrued interest receivable	13,907	13,139
Other assets	2,993	3,843
Total current assets	477,799	305,922
Noncurrent Assets:		
Investments	106,226	90,876
Mortgage loans receivable (net of unearned income)	2,261,652	2,570,123
Unamortized bond issuance costs	64,088	79,292
Total assets	$2,909,765	$3,046,213
Liabilities and Fund Balances		
Current Liabilities:		
Bonds payable	$ 327,390	$ 106,375
Accrued interest payables	31,404	8,151
Interfund payables	1,384	1,582
Other liabilities	5,750	4,721
Total current liabilities	$ 365,928	$ 120,829
Noncurrent Liabilities:		
Bonds payable	2,085,416	2,473,702
Total noncurrent liabilities	$2,085,416	$2,473,702
Total liabilities	$2,451,344	$2,594,531
Net assets	458,421	451,682
Total liabilities and net assets	$2,909,765[2]	$3,046,213

† See "The Agency—Financial Statements."

(1) These amounts were derived and condensed from the audited Balance Sheet and Statements of Revenues, Expenses and Changes in Fund Balances as of October 31, 2010 and for the year then ended, included in Appendix A to this Part 2.

(2) These amounts are unaudited and were derived and condensed from the Agency's financial schedules.

OUTSTANDING HOMEOWNER MORTGAGE REVENUE BONDS BY MATURITY
As of July 31, 2011
(000s)

Due	Serial Bonds	Term Bonds†	Total Bonds
2011	$ 10,500	$ 2,875	$ 13,375
2012	72,820	19,090	91,910
2013	56,245	35,505	91,750
2014	56,735	37,110	93,845
2015	56,875	45,495	102,370
2016	56,020	52,745	108,765
2017	49,435	57,110	106,545
2018	12,465	68,675	81,140
2019	3,405	70,865	74,270
2020		67,035	67,035
2021		76,325	76,325
2022	2,255	81,855	84,110
2023		90,505	90,505
2024		86,955	86,955
2025		99,160	99,160
2026		110,485	110,485
2027		112,325	112,325
2028		111,540	111,540
2029		98,345	98,345
2030		84,645	84,645
2031		94,290	94,290
2032		87,310	87,310
2033		92,180	92,180
2034		98,365	98,365
2035		76,990	76,990
2036		70,910	70,910
2037		64,640	64,640
2038		26,270	26,270
2039		9,435	9,435
2040		895	895
2041		940	940
2042		980	980
2043		1,025	1,025
2044		1,080	1,080
2045		1,130	1,130
2046		1,190	1,190
2047		2,055	2,055
Unamortized bond premium			466
Deferred loss			(2,745)
TOTAL	$376,755	$2,038,330	$2,412,806

† Reflects Sinking Fund Requirements as principal due on Term Bonds and crediting of Sinking Fund Requirements in connection with Bond redemptions. See Part 1 "The Offered Bonds—Redemption—Sinking Fund Redemption—Credits Against Sinking Fund Requirements."

OUTSTANDING HOMEOWNER MORTGAGE REVENUE BONDS BY SERIES
As of July 31, 2011

Series	Originally Issued[1]	Currently Outstanding[2]	Range of Interest Rates	Last Remaining Maturity
63	$ 113,225,000	$ 900,000	5.70%	2011
65	89,325,000	185,000	5.55%	2012
67[3]	126,405,000	20,765,000	5.5%-5.8%	2028
69[3]	89,180,000	24,020,000	5.4%-5.5%	2028
70[3]	38,240,000	31,815,000	5.375%-5.4%	2022
71[3]	133,330,000	59,105,000	5.35%-5.4%	2029
72[3]	41,670,000	32,160,000	5%-5.3%	2027
73A[3]	95,000,000	69,505,000	5.25%-5.3%	2029
77A	69,495,000	44,305,000	5.15%	2029
78A	10,505,000	10,505,000	5%	2017
79[3]	114,040,000	50,985,000	5.25%-5.30%	2029
80[3]	29,255,000	25,745,000	4.75%-5.1 %	2017
82	105,565,000	31,385,000	5.55%-5.65%	2030
83[3]	74,435,000	18,460,000	5.25%-5.55%	2027
87[3]	77,085,000	8,650,000	5.15%	2017
95	27,645,000	1,155,000	5.20%	2013
96[3]	27,745,000	3,380,000	5%-5.2%	2014
97[3]	48,175,000	25,850,000	5.4%-5.5%	2031
98[3]	75,605,000	36,205,000	4.55 %-5.15%	2022
99[3]	16,995,000	2,310,000	4.50%	2023
100[3]	9,390,000	340,000	4.95%	2015
101[3]	140,050,000	94,215,000	4.5%-5.40%	2032
102[3]	9,950,000	9,950,000	4.30%-4.80%	2017
104	31,785,000	11,950,000	4.80%	2022
105	23,215,000	17,125,000	3.55%-4.25%	2017
106	75,000,000	64,995,000	4.3%-5.25%	2034
107	1,640,000	1,640,000	4.15%-4.55%	2017
109	125,000,000	96,340,000	4.05%-4.95%	2034
110	99,650,000	44,110,000	3.55%-4.4%	2017
111	114,760,000	76,530,000	3.75%-4.55%	2023
112	10,240,000	10,240,000	3.45%-4%	2017
113	90,000,000	46,155,000	4.35%-5.25%	2034
114	2,200,000	2,200,000	4.05%-4.625%	2017
115[4]	35,000,000	35,000,000	Reset Weekly	2034
116	125,000,000	106,635,000	3.75%-4.80%	2034
117	44,280,000	33,445,000	3.9%-4.65%	2025
120	35,000,000	28,060,000	3.7%-4.75%	2025
121	400,000	300,000	4.00%	2017
122[4]	40,000,000	40,000,000	Reset Weekly	2035
123	28,760,000	24,625,000	4.6%-4.75%	2029
124	36,240,000	27,355,000	3.55%-4.15%	2017
125[5] [6]	35,000,000	35,000,000	Reset Weekly	2036
127	20,605,000	17,975,000	4.7%-4.95%	2036
128	45,395,000	28,745,000	3.85%-4.75%	2027
129[5] [6]	34,000,000	34,000,000	Reset Weekly	2035
130	48,055,000	40,250,000	4.4%-4.8%	2037
131	28,725,000	22,555,000	3.65%-4.5%	2027
132[5] [6]	34,000,000	34,000,000	Reset Daily	2037
133	73,970,000	46,615,000	4.3%-6%	2032

Series	Originally Issued[1]	Currently Outstanding[2]	Range of Interest Rates	Last Remaining Maturity
134	$ 1,815,000	$ 1,815,000	4.15%-4.25%	2017
135[5] [6]	34,000,000	34,000,000	Reset Daily	2037
137	75,205,000	64,615,000	4.55%-4.7%	2031
138	15,795,000	15,520,000	3.625%-3.9%	2017
139[5] [6]	34,000,000	34,000,000	Reset Daily	2037
140	40,435,000	31,510,000	4.6%-4.75%	2037
141	15,565,000	13,540,000	3.75%-4.5%	2027
142[5] [6]	34,000,000	34,000,000	Reset Daily	2037
143	60,000,000	52,560,000	4.05%-4.9%	2037
144[5] [6]	30,000,000	30,000,000	Reset Daily	2037
145	22,980,000	20,690,000	4.95%-5.125%	2037
146	37,020,000	24,590,000	3.6%-4.6%	2022
147[5] [6]	50,000,000	50,000,000	Reset Weekly	2037
148	53,905,000	34,610,000	4.5%-5.2%	2032
149	21,095,000	17,810,000	3.375%-4.7%	2027
150[5] [6]	50,000,000	50,000,000	Reset Daily	2037
152	29,765,000	21,735,000	3.125%-4.75%	2023
153[5] [6]	50,000,000	50,000,000	Reset Weekly	2047
154[5] [7] [9]	10,695,000	10,695,000	Reset Weekly	2039
155	32,145,000	23,580,000	3.4%-4.375%	2018
156	75,695,000	75,490,000	4.5%-5.35%	2033
157[8]	49,305,000	49,305,000	Reset Weekly	2047
158	50,000,000	17,655,000	4%-5.5%	2018
159[4]	60,000,000	60,000,000	Reset Weekly	2038
160	11,560,000	9,000,000	2.6%-4%	2018
161	45,925,000	38,625,000	4%-5.875%	2039
162[4]	25,000,000	25,000,000	Reset Weekly	2039
Unamortized bond premium		466,000		
Deferred loss		(2,745,000)		
TOTAL	$3,816,135,000	$2,412,806,000		

[1] Series 133 Premium PAC maturing on April 1, 2032. Since July 31, 2011, the Agency has issued the following two additional Series of Bonds:

Series	Originally Issued and Outstanding	Range of Interest Rates	Last Remaining Maturity
163	$66,825,000	1.85%–4.60%	2036
164	$84,365,000	0.60%–3.40%	2022

[2] From July 31, 2011 to and including October 1, 2011, the Agency retired, following redemptions or payment of scheduled debt service, approximately $95,255,000 aggregate principal amount of Bonds. The Agency redeemed an additional $151,215,000 aggregate principal amount of Bonds on October 24, 2011.

[3] Expected to be refunded in part with a portion of the proceeds of the Series 166 Bonds and the Series 167 Bonds.

[4] These Bonds are subject to optional or mandatory tender and are the subject of a standby bond purchase agreement provided by Bank of America. See “Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest” in this Part 2.

[5] These Bonds are subject to optional or mandatory tender and are the subject of a standby bond purchase agreement provided by Dexia Credit Local, acting through its New York Agency (“Dexia”). See “Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest” in this Part 2.

[6] Each of these standby bond purchase agreements provided by Dexia is expected to be replaced as described in the penultimate paragraph under the heading “Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest” below.

[7] Expected to be refunded in whole with the proceeds of the Series 167 Bonds.

[8] As of October 24, 2011, the Series 157 Bonds are no longer Outstanding.

[9] The standby bond purchase agreement provided by Dexia with respect to the Series 154 Bonds will terminate in accordance with its terms upon the expected refunding of the Series 154 Bonds, as described in footnote (7) above.

SCHEDULE OF HOMEOWNER MORTGAGE REVENUE BONDS OUTSTANDING BY COUPON[†]
As of July 31, 2011

Bond Coupon (%)	Bond Principal	Bond Coupon (%)	Bond Principal
6.000	$ 4,505,000[†]	4.300	$ 36,180,000
5.875	22,510,000	4.250	37,500,000
5.800	8,065,000	4.200	3,945,000
5.700	12,005,000	4.150	13,600,000
5.650	19,945,000	4.125	4,860,000
5.600	6,115,000	4.100	20,385,000
5.550	23,615,000	4.050	15,225,000
5.500	39,010,000	4.000	43,610,000
5.450	1,870,000	3.950	8,970,000
5.400	97,220,000	3.900	37,705,000
5.375	29,560,000	3.875	4,145,000
5.350	73,185,000	3.850	18,855,000
5.300	91,315,000	3.800	20,215,000
5.250	102,590,000	3.750	20,795,000
5.200	98,765,000	3.700	14,925,000
5.150	61,325,000	3.650	8,190,000
5.125	14,045,000	3.625	2,230,000
5.100	62,630,000	3.600	1,035,000
5.050	49,045,000	3.550	11,545,000
5.000	49,660,000	3.500	4,785,000
4.950	52,500,000	3.450	3,065,000
4.900	53,140,000	3.400	1,510,000
4.875	6,760,000	3.375	3,145,000
4.850	10,690,000	3.300	1,395,000
4.800	81,705,000	3.150	670,000
4.750	95,060,000	3.125	170,000
4.700	59,635,000	3.050	660,000
4.650	37,450,000	3.000	640,000
4.625	1,190,000	2.900	620,000
4.600	55,625,000	2.800	605,000
4.550	74,145,000	2.700	595,000
4.500	39,375,000	2.600	95,000
4.450	10,685,000	Variable Rate	605,000,000[††]
4.400	15,400,000	Unamortized bond premium	466,000
4.375	4,795,000	Deferred loss	(2,745,000)
4.350	5,080,000	Total	$ 2,412,806,000[†††]

[†] Series 133 Premium PAC maturing on April 1, 2032.

[††] Following the redemption of the Series 157 Bonds on October 24, 2011, the aggregate principal amount of Bonds bearing interest at variable interest rates was reduced to $555,695,000.

[†††] From July 31, 2011 to and including October 1, 2011, the Agency retired, following redemptions or payment of scheduled debt service, approximately $95,255,000 aggregate principal amount of Bonds. The Agency redeemed an additional $151,215,000 aggregate principal amount of Bonds on October 24, 2011. Since July 31, 2011, the Agency has issued the following two additional Series of Bonds:

Series	Originally Issued and Outstanding	Range of Interest Rates	Last Remaining Maturity
163	66,825,000	1.85%–4.60%	2036
164	84,365,000	0.60%–3.40%	2022

Liquidity Facilities for Bonds Bearing Variable Rates of Interest

Fifteen Series of Bonds with an aggregate outstanding principal amount of $555,695,000 bear interest at variable interest rates and are subject to optional or mandatory tender. Such amount represents approximately 24% of Outstanding Bonds. Upon the expected refunding of the Series 154 Bonds with the proceeds of the Series 167 Bonds, the aggregate outstanding principal amount of such Bonds will be reduced to $545,000,000, which will be approximately 23.5% of the Bonds then-Outstanding.

As of October 24, 2011, twelve Series of Bonds, with an aggregate outstanding principal amount of $395,695,000 are subject to standby bond purchase agreements provided by Dexia Credit Local, acting through its New York Agency ("Dexia"). See the discussion below concerning the Agency's plan to replace Dexia with other liquidity providers. If the transactions described there are completed during the time frame the Agency expects, all of the Dexia standby bond purchase agreements will have been replaced by on or about December 15, 2011. Dexia is rated, as of November 2, 2011, "A3/P-1" by Moody's (ratings under review for possible downgrade) and "A-/A-2" by S&P (CreditWatch developing). Bank of America ("BofA") has provided a standby bond purchase agreement in connection with the Series 115 Bonds, the Series 122 Bonds, the Series 159 Bonds and the Series 162 Bonds, resulting in an aggregate outstanding principal amount of $160,000,000 being subject to BofA standby bond purchase agreements. Moody's currently rates, as of November 2, 2011, BofA's long-term debt as "A2" and short-term debt as "P-1" (negative outlook). Standard & Poor's currently rates, as of November 1, 2011, BofA's long-term debt as "A+" and its short-term debt as "A-1" (negative outlook). For information regarding the Agency's disclaimer with respect to ratings, see "Miscellaneous" in Part 1.

The Series of Bonds bearing interest at variable interest rates are identified in the table "Status of Outstanding Mortgage Revenue Bonds by Series" in this Part 2. Dexia and BofA are referred to individually as a "Liquidity Provider' and collectively as the "Liquidity Providers." The respective Liquidity Facilities from both Liquidity Providers are referred to individually as a "Liquidity Facility" and collectively as the "Liquidity Facilities."

Series	Bonds Outstanding[1] ($000 omitted)	Liquidity Provider	Remarketing Agent	Current Mode	Expiration Date [8]
Series 115 [2][5]	35,000	BofA	Merrill[9]	Weekly	5/19/14
Series 122 [2][5]	40,000	BofA	Barclays [10]	Weekly	9/15/14
Series 125 [3][7]	35,000	Dexia	Barclays[10]	Weekly	7/13/12
Series 129 [3][7]	34,000	Dexia	Citi[11]	Weekly	11/16/12
Series 132 [3][7]	34,000	Dexia	JPM[12]	daily	3/8/13
Series 135 [3][7]	34,000	Dexia	Goldman[13]	daily	7/12/16
Series 139 [3][7]	34,000	Dexia	BNY[14]	daily	10/11/16
Series 142 [3][7]	34,000	Dexia	Citi	daily	2/1/17
Series 144 [3][7]	30,000	Dexia	Goldman	daily	6/7/17
Series 147 [3][7]	30,000	Dexia	JPM	Weekly	9/20/17
Series 147 [3][7]	20,000	Dexia	JPM	Weekly	9/20/17
Series 150 [3][7]	40,000	Dexia	Goldman	daily	12/14/17
Series 150 [3][7]	10,000	Dexia	Goldman	daily	12/14/17
Series 153 [3][7]	30,000	Dexia	Merrill	Weekly	3/27/15
Series 153 [3][7]	20,000	Dexia	Merrill	Weekly	3/27/15
Series 154 [3][5][6]	10,695	Dexia	BNY	Weekly	8/14/15
Series 159 [4][5]	60,000	BofA	JPM	Weekly	10/27/14
Series 162 [4][5]	25,000	BofA	Citi	Weekly	1/20/12

(1) As of July 31, 2011.

Footnotes continued on next page

Footnotes continued from previous page

(2) The bank bond rate is the base rate for the first 90 days after BofA has purchased the Bonds and, thereafter, the base rate plus 1.00%. The "base rate" is the highest of (a) the prime rate publically announced by BofA at its principal office in New York City, plus 1.50%, (b) the federal funds rate plus 3.00% per annum, and (c) 7.50% per annum.

(3) The bank bond rate is the base rate for the first 90 days after Dexia has purchased such Bonds, the base rate plus 1.00% per annum for days 91 through 180, and, thereafter, the base rate plus 2.00% per annum. The "base rate" is the higher of (a) the prime rate listed daily in *The Wall Street Journal*, and (b) the federal funds rate plus 0.50% per annum.

(4) The bank bond rate is the base rate plus 1.00% for the first 60 days after BofA has purchased such Bonds and, thereafter, the base rate plus 2.00% per annum. The "base rate" is the higher of (a) the prime rate listed daily in *The Wall Street Journal*, and (b) the federal funds rate plus 0.50% per annum.

(5) Notwithstanding the establishment of the bank rate, bank bonds shall bear interest at the greater of the applicable bank bond rate or the interest rate borne by Bonds of such Series in the same interest rate mode that are not bank bonds.

(6) To be fully refunded with the proceeds of the Series 167 Bonds, at which point the related Dexia Liquidity Facility will terminate in accordance with its terms.

(7) Expected to be replaced as described in the penultimate paragraph under this heading.

(8) Each of the Liquidity Facilities expires prior to the final maturity date of the related Bonds. For information regarding the final maturity date of the Bonds of each Series, see "Status of Outstanding Homeowner Mortgage Revenue Bonds — Outstanding Homeowner Mortgage Revenue Bonds By Series."

(9) Merrill Lynch, Pierce Fenner & Smith Incorporated

(10) Barclays Capital, Inc.

(11) Citigroup Global Markets Inc.

(12) J.P. Morgan Securities LLC

(13) Goldman Sachs & Co.

(14) BNY Mellon Capital Markets, LLC. Expected to be replaced by JPM.

Each Liquidity Facility requires the applicable Liquidity Provider to provide funds to pay the purchase price of any Bonds of the related Series that are tendered for purchase and not remarketed.

Any Bond purchased by a Liquidity Provider under the terms of the applicable Liquidity Facility becomes a "bank bond" and, from the date of purchase until such Bond either is remarketed to a purchaser (other than the applicable Liquidity Provider) or retired, such bank bond will bear interest at an interest rate (a "bank bond rate") determined pursuant to the applicable Liquidity Facility. Under the General Resolution, interest on bank bonds is treated the same as interest on other Bonds. Each Liquidity Facility requires the Agency to repay the principal component of the purchase price of the applicable bank bonds in equal semi-annual installments. Such payments are due under each Dexia Liquidity Facility beginning on the 360th day that an applicable bank bond continuously has been a bank bond and, thereafter, in thirteen additional equal semi-annual installments. Under each Liquidity Facility provided by BofA, such payments begin on the 91st day that an applicable bank bond has been a bank bond, and, thereafter, in nine equal semiannual installments. The accelerated principal payments described in this paragraph are payable from moneys in the General Resolution's General Fund in the order of priority and as described in clause (v) of "Summary of Certain Provisions of the General Resolution — General Fund" in Part 2, but only if and to the extent that a Cash Flow Statement filed with the Trustee in accordance with the General Resolution demonstrates that sufficient funds are available for such purpose. See "Sources of Payment and Security for the Bonds — Cash Flow Statement." Failure to make such principal payments to the applicable Liquidity Provider is not an Event of Default under the General Resolution.

Each of the Liquidity Facilities expires prior to the final maturity date of the related Bonds. In connection with any scheduled expiration, the Agency may extend the scheduled expiration, provide an alternate liquidity facility to replace the expiring standby bond purchase agreement, or convert the interest rates on the applicable Bonds to fixed interest rates or to an interest rate mode that does not require a liquidity facility. Applicable Bonds are subject to mandatory tender for purchase prior to the expiration of the related Liquidity Facility. There can be no assurance that the Agency will be able to extend any expiration date or to obtain an alternate liquidity facility on terms substantially similar to the terms of the expiring Liquidity Facility. Under certain circumstances, a Liquidity Provider may terminate a Liquidity Facility without affording the applicable Bondowners a right to tender their Bonds.

Failed remarketings of Agency bonds began to occur in late May 2011, resulting in payment of the purchase price of tendered bonds by draws on Dexia Liquidity Facilities and the creation of bank bonds. Since then, the maximum aggregate principal amount of bank bonds at one time was $114,000,000. Successful remarketings of such bank bonds have reduced the aggregate principal amount of outstanding Agency "bank bonds" so that, as of October 19, 2011, there were approximately $5,695,000 aggregate principal amount of such bank bonds. The approximate interest rates on Bonds for which Dexia provides the Liquidity Facility, during the period from May 1, 2011 to October 19, 2011, for such Bonds bearing interest at rates adjusted weekly have ranged from .40% - 4.25% and for such Bonds bearing interest at rates adjusted daily have ranged from .14% - 3.90%. The Agency can give no assurance about if and for how long Bonds that are currently bank bonds will remain so. Also, the Agency can give no assurance that additional Bonds that are the subject of a Liquidity Facility will not become bank bonds subject to applicable bank bond rates and (subject to available moneys therefor under the Resolution) accelerated principal payments as described above.

The Agency has been actively exploring its various options to reduce the Outstanding principal amount of variable rate Bonds and the exposure of its variable rate Bond portfolio to Dexia Liquidity Facilities. These options include redemption of outstanding variable rate Bonds and replacement of Dexia as a provider of Liquidity Facilities with new providers. As part of this process, on October 24, 2011 the Agency redeemed all Outstanding Series 157 Bonds, which bore variable rates of interest and had a Dexia Liquidity Facility. In addition, the proceeds of the Series 167 Bonds are expected to be applied to the redemption of the Series 154 Bonds, which bear variable rates of interest and have a Dexia Liquidity Facility. In addition to these redemptions, the Agency has delivered notices regarding the replacement in December of each Dexia Liquidity Facility (a) with respect to the Series 132 Bonds, the Series 139 Bonds, the Series 144 Bonds, the Series 147 Bonds and the Series 150 Bonds with a Liquidity Facility to be provided by JPMorgan Chase Bank, National Association ("JPMorgan")[(1)(2)], (b) with respect to the Series 125 Bonds, the Series 129 Bonds, the Series 132 Bonds and the Series 142 Bonds, with a Liquidity Facility to be provided by Barclays Bank PLC ("Barclays")[(2)(3)] and (c) with respect to the Series 153 Bonds, with a Liquidity Facility to be provided by The Bank of Nova Scotia, acting through its New York Agency ("Scotiabank")[(2)(4)]. The Liquidity Facilities to be provided by, respectively, JPMorgan, Barclays or Scotiabank are expected to have a scheduled expiration dates of, respectively, three, three and two years after their respective effective dates, which will (in all cases) be prior to the maturity date of the related Series of Bonds. The termination of these Dexia Liquidity Facilities is subject, in all instances, to the successful completion of negotiations with, respectively, JPMorgan, Barclays and Scotiabank. If the transactions described in this paragraph are completed during the time frame the

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(1) The bank bond rate under each JPMorgan Liquidity Facility for the first 90 days after JPMorgan has purchased the applicable bank bonds is the highest of (i) the prime rate publically announced by JPMorgan at its principal office in New York City, plus 1.50% per annum, (ii) the federal funds rate plus 2.00% per annum, and (iii) 7.50% per annum. After such 90 days, the bank bond rate is the amount set forth in the prior sentence, plus 1.00%. JPMorgan is rated "Aa1/P-1" (negative outlook) by Moody's and "AA-/A-1+" by S&P.

(2) In no event will the bank bond rate exceed the maximum interest rate permitted by law. Notwithstanding the establishment of the bank bond rate, bank bonds shall bear interest at the greater of the applicable bank bond rate or the interest rate borne by Bonds of such Series in the same interest rate mode that are not bank bonds. The bank bond rate may increase upon the occurrence of certain events, including a reduction in the rating of the Bonds or certain defaults. All ratings are as of November 2, 2011.

(3) The bank bond rate under each Barclays Liquidity Facility for the first 60 days after Barclays has purchased the applicable bank bonds is the highest of (i) 8.00% per annum, (ii) the federal funds rate plus 2.00% per annum, (iii) the prime rate established by Barclays as its prime rate plus 2.50% per annum, or (iv) 150% of the yield on actively traded 30 year U.S. Treasury Bonds ("150% Treasury," and collectively with clauses (i)-(iii), the "Barclays Base Rate"). The bank bond rate for days 61-180, is the Barclays Base Rate plus 1.00% per annum and from and after day 181 is the Barclays Base Rate plus 2.00% annum. However, at any time that the Barclays Base Rate is 150% Treasury, the bank bond rate for the respective periods described in the prior sentence shall be the Barclays Base Rate. Barclays is rated "Aa3/P-1" (negative outlook) by Moody's and "AA-/A-1+" (negative outlook) by S&P.

(4) The bank bond rate under the Scotiabank Liquidity Facility for the first 30 days after Scotiabank has purchased the applicable bank bonds is the highest of (i) 7.00% per annum, (ii) the federal funds rate plus 2.00% per annum, (iii) the rate announced by Scotiabank from time to time as its base rate or equivalent rate for United States dollar denominated loans, or (iv) the 3-month LIBOR Index Rate plus 3.00% (collectively with clauses (i)-(iii), the "Scotiabank Base Rate"). The bank bond rate for days 31 through 90, is the Scotiabank Base Rate plus 1.00% per annum and from and after day 91 is the Scotiabank Base Rate plus 2.50% annum. Scotiabank is rated "Aa2/P-1" by Moody's and "AA-/A-1+" by S&P.

Agency expects, all of the Dexia Liquidity Facilities will have been replaced by on or about December 15, 2011.

THE PROGRAM

The Agency finances mortgage loans with Bond proceeds, proceeds of its Mortgage Revenue Bonds and other moneys available under the General Resolution or the Mortgage Revenue Bonds General Resolution adopted on June 22, 1983, as amended and supplemented (the "MRB Resolution") (collectively, "Mortgage Financing Moneys"), principally through the low interest rate program (the "Low Interest Rate Mortgage Program") described under this heading. In addition, it allocates a portion of Mortgage Financing Moneys to originate Mortgage Loans pursuant to the Construction Incentive Program, and may allocate a portion of Mortgage Financing Moneys to finance Mortgage Loans through other programs, such as the Achieving the Dream Program, the Remodel New York Program, the Home of Your Own Program, the Homes for Veterans Program, the ENERGY STAR® Labeled Home Program and the Habitat for Humanity Mortgage Program. See "Other Mortgage Loan Programs" below. Also, see "Sources of Payment and Security for the Bonds — Mortgage Loans" for additional requirements applicable to Mortgage Loans.

Program Documents

The Agency uses program documents in purchasing and servicing Mortgage Loans. The Mortgage Purchase Agreements stipulate the basic terms and conditions of the Mortgage Loans that the Agency expects to purchase. The terms of Mortgage Loans financed with the proceeds of or related to any Additional Bonds will be determined at the time such Additional Bonds are issued, and the program documents for such Mortgage Loans will be prepared at such respective times.

Mortgage Loan Underwriting

Set forth below is a description of the Agency's current Low Interest Rate Mortgage Program. The Low Interest Rate Mortgage Program is subject to change at the discretion of the Agency.

Methodology. Each Mortgagor must be an individual with a credit standing that satisfies the Agency's underwriting criteria and, if any mortgage insurance is provided, the underwriting criteria of the company providing such insurance. The Agency allows each Mortgage Lender to underwrite pursuant to the Seller's Guide manual (or subsequent lender announcements) methodology or to utilize the automated underwriting system of either, at the Mortgage Lender's option, Fannie Mae or Freddie Mac (FHLMC). While the respective automated underwriting systems are independent systems, developed separately by Fannie Mae and Freddie Mac, both Fannie Mae and Freddie Mac have described their respective system as providing statistically-based evaluations of mortgage loan applications which produce respective credit risk assessments after analyzing the mortgage loan collateral, the borrower's credit history, and the borrower's financial resources. According to the respective descriptions by both Fannie Mae and Freddie Mac, their systems weigh the various factors and can recommend approvals of mortgage loans with different levels of borrowers' ratios of monthly housing debt payments to gross monthly income and borrower's ratios of total monthly debt payments to gross monthly income.

Term. A Borrower may select a Mortgage Loan with a term of either thirty or forty years. Each Mortgage Loan is fully amortizing.

Income to Debt Ratios. In the Low Interest Rate Mortgage Program, the maximum of Borrower's ratio of monthly housing debt payments to gross monthly income and ratio of total monthly debt payments to gross monthly income can be, respectively, 40% and 45%, although lower ratios apply to Mortgage Loans with loan-to-value ratios above 97%.

Minimum Downpayment and LTVs. Except for the Home of Your Own Program, which does not require a contribution from the Borrowers, Borrowers are required to contribute at least 1% of the purchase price (3% for cooperatives and 3- and 4-family homes) of the home being financed by their Mortgage Loans from their own verifiable funds. The maximum LTV for all programs included in the Low Interest Rate Mortgage Program, except the Home of Your Own Program and the Habitat for Humanity Mortgage Program, is 97%. The maximum financing for the Home of Your Own Program and the Habitat for Humanity Program is 100% and 99%, respectively. See Appendix D — "Certain Agency Financial Information and Operating Data — LTVs" for additional information regarding the LTVs of the Agency's Mortgage Loans.

Interest Rates. The Agency periodically adjusts the interest rates at which it offers new Mortgage Loans. All interest rates are expected to be fixed-interest rates.

Mortgage Insurance. Each Mortgage Loan with an LTV above 80% must have PMI or insurance or guaranty from FHA or VA. PMI must be provided in an amount that reduces the Agency's exposure to 72%. PMI is not required for Mortgage Loans with LTVs below 80%. Mortgage Loans are also the subject of SMC, if any. SMC for new Mortgage Loans is currently provided by a mortgage pool insurance policy from the MIF. See Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Pool Insurance Coverage."

Expanded Underwriting Approvals. The Agency has expanded the criteria for eligibility of purchasers of one-unit single family homes (including condominium and cooperative units) for Mortgage Loans with LTVs of 95% or less. Applicants with FICO scores of 620 or higher and who receive lower underwriting classifications from Fannie Mae's or Freddie Mac's automated underwriting system are eligible for Mortgage Loans. Applicants with lower FICO scores will be considered on a case-by-case basis. Any Mortgagor approved under these new criteria must satisfy the Mortgagor education requirement described below.

Mortgagor Education. The Agency requires Mortgagors seeking Mortgage Loans with high LTVs or with lower credit histories (Expanded Underwriting Approval) to complete face-to-face homebuyer counseling from a HUD-approved not-for-profit counseling service. Further, any Mortgagor whose Mortgage Loan is financed under the Achieving the Dream Program, the Remodel New York Program, the Home of Your Own Program or the Habitat for Humanity Mortgage Program, must complete a homebuyer education course.

Mortgagor Occupancy Requirement. A Mortgagor must intend to use the mortgaged property as the Mortgagor's principal residence and have no present intention to rent the property (except for additional units in a two-to-four-family dwelling) during the term of the Mortgage Loan.

Eligible Properties, Limits on Refinancing and Required Hazard Insurance. In order to be eligible for a Mortgage Loan, the property must be a one-to-four-family residence or a residential condominium or cooperative unit, located within the State. Such Mortgage Loans will not be permitted to be used to refinance existing loans other than construction period loans, bridge loans, or similar temporary initial financing having a term of 24 months or less. Title insurance, hazard insurance, and (if applicable) flood insurance will be required with respect to each such Mortgage Loan and subject property. The obligation to make payments under any such Mortgage Loan may be made assumable subject to the consent of the Agency, and the Agency must be given the right to accelerate the due date of such Mortgage Loans upon transfer of ownership of the subject property.

Mortgage Lender Fees. Under the current program, each Mortgage Loan applicant is required to pay a 1% fee within 14 calendar days of reservation for the Mortgage Loan in order to "lock in" a current interest rate for 100 days for existing housing and 240 days for newly constructed housing, which lock-in fee will be refunded by the Mortgage Lender to the Mortgagor at the Mortgage Loan closing. At Mortgage Loan purchase, the Mortgage Lender will receive 2% (the "Mortgage Lender Fee") from the Agency using available

Agency funds. See "Other Mortgage Loan Programs" below for information regarding Mortgage Lenders fees under the Agency's other programs.

Down Payment Assistance and Closing Cost Assistance Loans

Since 2003, the Agency has provided assistance to Mortgagors for certain Mortgage Lender fees, down payment and closing costs. The original type of loan was the SONYMA Closing Cost Assistance Loan (or "CCAL"). The Agency no longer offers CCALs, but now offers Down Payment Assistance Loans ("DPALs"). A DPAL provides assistance for down payment in an amount not to exceed the limits established by the Agency. For Mortgage Loan reservations submitted on or after March 18, 2011, this limit was increased from $10,000 to $15,000. Except with respect to the Home of Your Own Program, in each case, the Borrower must contribute 1% of the Borrower's own funds towards the home purchase. For a Mortgage Loan that remains outstanding for 10 years, the CCALs or the DPAL is forgiven. If a Mortgage Loan is paid in full within 10 years of purchasing the home, a prorated portion of the CCALs or the DPAL may be required to be repaid. DPALs are available on a first-come, first-served basis for Mortgage Loans originated under all Agency loan programs.

Although CCALs and DPALs financed with the proceeds of Bonds (respectively, "Pledged CCALs" or "Pledged DPALs") will be part of the Pledged Property under the Resolution, they are not Mortgage Loans. The Agency has not assumed the receipt of principal and interest payments on Pledged CCALs or Pledged DPALs when preparing Cash Flow Statements required under the Resolution, although any principal recoveries under Pledged CCALs or Pledged DPALs will be treated as Revenues, but not Principal Prepayments, under the Resolution. The Agency, at its discretion, may eliminate DPALs, alter its program of providing DPALs, alter its current policy regarding payment of Mortgage Lender fees, and alter the source of funding for DPALs.

Although CCALs and DPALs do not bear interest, the Agency has increased the Mortgage Loan interest rate on any Mortgage Loan, except for the Homes for Veterans Program, the Habitat for Humanity Mortgage Program, the Home of Your Own Program and Mortgagors who purchase an ENERGY STAR® labeled home under the Construction Incentive Program or Achieving the Dream Program, with respect to which a CCAL has, or a DPAL has or will be made.

Mortgage Loan Purchase Procedures and Additional Requirements

The following is a general description of the mortgage purchase requirements and procedures of the Low Interest Rate Mortgage Program applicable to Mortgage Loans financed or to be financed with the Mortgage Financing Moneys. The Agency may revise such requirements and procedures, subject to the provisions of the General Resolution, the applicable Series Resolutions, the Act, and the Code.

The Agency enters into Mortgage Purchase Agreements with the Mortgage Lenders regarding the purchase of Mortgage Loans, whereby each Mortgage Lender agrees to sell to the Agency Mortgage Loans meeting certain specified qualifications. Upon receipt of an application from a prospective Mortgagor for a Mortgage Loan, the Mortgage Lender requests that the Agency reserve an amount of mortgage loan moneys equal to the Mortgage Loan amount and lock-in the appropriate interest rate in effect as of the date of reservation. Generally, the Agency requires the closing of the Mortgage Loan to occur (i) within 100 days of the date of such reservation for existing housing, or (ii) within 240 days of the date of such reservation for newly constructed housing; although the Agency, at its sole option, may grant extensions of any such period. Pursuant to the Act, the Agency must endeavor to purchase Mortgage Loans in each of ten designated regions of the State in proportion to the number of families residing therein, subject to the demand from each region and eligibility requirements. The Act also requires that the Agency use its best efforts to the end that not less than one-sixth of the dollar amount of all mortgage loans financed by it under all its programs be for mortgage loans for newly constructed residences.

The Agency's obligation to purchase any such Mortgage Loan is conditioned upon certain requirements, including the following: (1) such Mortgage Loan complies with all applicable laws, and the note evidencing such Mortgage Loan is a legal, valid, and binding obligation of the Mortgagor, enforceable in accordance with its terms; (2) such Mortgage Loan complies with the mortgage loss coverage requirements set forth in the applicable Series Resolution (see "Sources of Payment and Security for the Bonds—Mortgage Loans" for the mortgage security requirements applicable to such Mortgage Loans); (3) such Mortgage Loan is to an individual borrower and is in addition to the mortgage loans the Mortgage Lender otherwise would have made; (4) such Mortgage Loan constitutes a valid first lien on the subject property or, with respect to a cooperative unit, the Mortgage Loan must be secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises, subject only to real property taxes not yet due, installments of assessments not yet due, and easements and restrictions of record that do not, in the Agency's opinion, adversely affect, to a material degree, the use or value of the subject property or the improvements thereon or such cooperative ownership; (5) such Mortgage Loan complies with certain specified terms, conditions, and requirements, unless such terms shall have been waived by the Agency in writing; (6) no conventional Mortgage Loan shall exceed 100% of the value of the subject property (the lower of the purchase price or appraised value); (7) the firm commitment made to the Mortgagor by the Mortgage Lender was made after the date of execution of the respective Mortgage Purchase Agreement; and (8) such Mortgage Loan was made to finance an eligible property.

In the event any representation made by a Mortgage Lender proves to have been untrue as of the time when made, or in the event a Mortgage Lender defaults in the observance of its obligations under the Mortgage Purchase Agreement, or in the event of any breach of covenant or warranty, the Agency may require the Mortgage Lender to purchase the Mortgage Loan for an amount equal to the outstanding principal balance of the Mortgage Loan, accrued interest thereon, any advances and accrued interest thereon, and any fees or expenses (including origination fees) incurred by the Agency.

Mortgage Loan Servicing

The Agency enters into Servicing Agreements under which eligible Mortgage Lenders will service Mortgage Loans that they originate. In some instances, the Agency assigns the servicing of Mortgage Loans to Servicers other than the Mortgage Lender that originates such Mortgage Loan. A Servicer must be legally authorized to engage in the business of servicing loans of the general character of the Mortgage Loans, and must meet certain specified qualifications. At present, *except* with respect to Servicers who purchase the right to service Mortgage Loans, the Servicing Agreement provides for termination by the Agency without cause after 120 days. Termination without cause within five years of the date of commencement of servicing by the Servicer entitles the Servicer to a fee equal to $100. In lieu of entering into, or upon termination of, any Servicing Agreement, the Agency retains the right to select another Servicer.

The Servicer is responsible for collecting all payments due the Agency under the Mortgage Loans, and, if applicable, CCALs and DPALs. The Servicer agrees to remit promptly to the Agency the principal and interest payments collected on the Mortgage Loans, and if applicable, CCALs and DPALs. The Servicer is responsible for accounting for and managing escrows for payment of rents, real estate taxes, mortgage and hazard insurance premiums, and other expenses. For servicing each Mortgage Loan, in lieu of a fee the Servicer is entitled to a credit against certain taxes payable by the Servicer.

The Servicer is required to comply with all requirements of the private primary mortgage insurance providers, FHA, the VA, or the Rural Development, formerly the Farmers Home Administration of the United States Department of Agriculture (the "RD"), if applicable, with respect to Mortgage Loans serviced for the Agency and to maintain in effect at all times and at the Servicer's expense a fidelity bond of an incorporated surety company authorized to do business in the State satisfactory to the Agency as to form, company, and amount.

Currently, no Mortgage Loans are guaranteed by the RD (or its predecessor).

The Servicer is responsible for assuring that the subject property is covered by such fire, hazard, and flood insurance as is customary in the locality where the subject property is located and such additional fire, hazard, and flood insurance as may be required by the Agency.

The Servicer is required to take such appropriate action with respect to delinquencies as may be required by the private primary mortgage insurance provider, FHA, the VA, or the RD, if applicable, or such action as it would take with respect to loans serviced for others or held for its own account. If a foreclosure action is commenced, the Servicer is required to comply with State law governing foreclosure actions. At a settlement conference, the Servicer may, with the consent of the Agency, grant appropriate relief in the form of repayment plans, special forbearance relief, and modifications. A repayment agreement may be entered into that gives the Mortgagor a definite period not to exceed 12 months in which to bring the Mortgage Loan current by immediately commencing payment in excess of the monthly installments. A special forbearance agreement may be entered into that reduces or suspends monthly installments for a specified period of time not to exceed 12 months. A modification agreement may be formulated that effects modifications of the Mortgage Loan's repayment provisions *provided, however,* that such modification cannot extend the term of the Mortgage Loan beyond 40 years. Servicers have broad discretion to grant such relief prior to an action to foreclosure. Approval by the Agency is required for any repayment plan, special forbearance agreement or modification agreement, regardless of whether the relief is offered at, or prior to, a mandatory settlement conference.

The Servicer is required to notify the Agency promptly upon becoming aware that any prior lien has attached or will attach to the property securing a Mortgage Loan, of the death of the Mortgagor, or of any bankruptcy proceeding or the like against the Mortgagor. By the 90th day following the due date of the earliest unpaid installment on the Mortgage Loan, the Servicer is required to recommend appropriate action to the Agency. If foreclosure is necessary, the Servicer is required to notify the Mortgagor in default prior to the commencement of a foreclosure action in accordance with the requirements of State law. The Servicer is required to make a full report to the Agency and undertake all necessary steps to accomplish such foreclosure pursuant to certain specified standards and State law. For a discussion of State foreclosure procedures, see Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — New York Foreclosure Procedures and Federal Bankruptcy Law" to this Part 2.

M&T Bank is the Servicer for approximately 59% of the principal amount of all Mortgage Loans. See Appendix C "Servicers of Mortgage Loans and Collateral Mortgage Loans" to this Part 2 for information about the current Servicers of Mortgage Loans.

Income and Purchase Price Limitations

Mortgagors receiving Mortgage Loans financed or to be financed with the proceeds of or related to the Prior Series Bonds or the Offered Bonds are subject to income requirements imposed by the Code (except in the case of Mortgage Loans originally financed with proceeds of the Agency's First through Eighth Series Mortgage Revenue Bonds) or income limitations imposed by the Agency, which may be lower than those imposed by the Code. The income limitations are applicable on a county-by-county basis and may be increased or decreased by the Agency in order to comply with the Code or in the Agency's discretion so long as the income limits established by the Agency are in compliance with the Code. Mortgagors receiving Mortgage Loans financed or to be financed with the proceeds of or related to the Prior Series Bonds, the Series 165 Bonds, the Series 166 Bonds or the Series 167 Bonds are also subject to maximum purchase price limits imposed by the Code or the Agency, which may be lower than those imposed by the Code. The purchase price limits have been established on a county-by-county basis and are subject to change in order to comply with the Code or in the Agency's discretion, so long as the purchase price limits established by the Agency are in compliance with the Code.

Other Mortgage Loan Programs

In addition to the Low Interest Rate Mortgage Program described above, the Agency has established the other single family programs described under this heading "Other Mortgage Loan Programs." The moneys made available by the Agency for the elimination of Mortgage Loan fees and DPALs are also available for borrowers participating in the other single family program described under this heading "Other Mortgage Loan Programs." The description of the Low Interest Rate Mortgage Program contained under "The Program" prior to the heading "Other Mortgage Loan Programs" generally applies to each of the programs described below, except to the extent noted in the program's description. The Agency is unable to predict whether Mortgage Loans financed under these programs will have rates of prepayment that differ from other Agency Mortgage Loans.

The Agency has established its Construction Incentive Program, pursuant to which it may purchase one-or-two-family new construction loans (the "Construction Incentive Loans").

The Agency has established its Achieving the Dream Program, pursuant to which it may purchase Mortgage Loans (i) bearing interest at rates that are substantially lower than those with respect to Mortgage Loans purchased under the Low Interest Rate Mortgage Program and (ii) subject to income limits which are substantially lower than those of the Agency's Low Interest Rate Mortgage Program.

The Agency has established its Remodel New York Program which provides mortgage financing for the purchase and renovation of one and two family homes. Mortgage Lenders will be paid a Mortgage Lender fee equal to 2.5% of the principal balance for originating Remodel New York Program loans. The maximum financing permitted is equal to 97% of the lower of (i) the sales price of the home plus the costs of renovation, and (ii) the "as-renovated" appraised value of the property.

The Agency has established the Homes for Veterans Program, pursuant to which it may purchase a Mortgage Loan (i) bearing the same interest rate as the program described above through which the Mortgage Loan will be made, although it will not bear an increased interest rate if the Mortgagor receives a DPAL, and (ii) for which the Mortgagor satisfies the requirements of Section 416 of the Tax Relief and Health Care Act of 2006, which amends Section 143(d)(2) of the Code by providing that Mortgagors who are veterans and who have never previously received a mortgage revenue bond loan, need not meet the first-time homebuyer requirement.

The Agency has established an incentive for Mortgagors who purchase an ENERGY STAR® labeled home, pursuant to which it may purchase a Mortgage Loan bearing the same interest rate as the Construction Incentive Program or Achieving the Dream Program through which the Mortgage Loan will be made, although it will not bear an increased interest rate if the Mortgagor receives a DPAL.

The Agency has established its Home of Your Own Program, pursuant to which it may purchase loans made to individuals with a developmental disability. Mortgage Lenders will be paid a Mortgage Lender fee equal to 0.50% of the principal balance for originating the Home of Your Own Program loan.

The Agency has established the Habitat for Humanity Mortgage Program. In the Habitat for Humanity Mortgage Program, the Agency coordinates its lending activity to provide Mortgage Loan financing for properties built or renovated by local Habitat for Humanity chapters.

Second Lien Loans

At present, the Act permits the Agency to make Mortgage Loans secured by a second lien only when such loan would secure a loan purchased by the Agency and is made at the same time as a first lien loan purchased by either the Agency or a government sponsored enterprise. DPALs are Mortgage Loans that will

be secured by second liens. The Agency may seek amendments to the Act to permit second lien loans that are independent of the origination of first lien Mortgage Loans.

Potential New Programs

The Agency develops new program initiatives to address the housing needs of residents of the State. The Agency may use the proceeds of Bonds to finance Mortgage Loans originated under such new program initiatives.

Recent Government Actions

In recent months, the Federal government has undertaken a number of measures designed to address the current economic difficulties facing the United States. Additional measures and legislation may be considered by the Federal government, or the State Legislature, which measures may affect the Program, the Bonds or the Mortgage Loans. While some of these measures may benefit the Program, no assurance can be given that the Program, the Bonds or the holders of such Bonds will not be adversely affected by such measures.

OTHER AGENCY PROGRAMS

Mortgage Revenue Bond Resolution Forward Commitment Program

Beginning in 1983, the Agency has issued its Mortgage Revenue Bonds, which include both taxable and tax-exempt bonds, under its MRB General Resolution and the applicable series resolutions (collectively, the "MRB Resolution"), for the primary purpose of purchasing mortgage loans. As of July 31, 2011, there was approximately $881 million aggregate principal amount of Mortgage Revenue Bonds outstanding (including accreted value of Mortgage Revenue Bonds issued at less than the maturity value thereof). The Agency has not redeemed any of its long-term, fixed-rate Mortgage Revenue Bonds from unexpended proceeds of such bonds not used to purchase mortgage loans and related amounts since 1987. As of July 31, 2011, the Agency had purchased approximately $2.9 billion of mortgage loans under the MRB Resolution (the "MRB Loans"). As of July 31, 2011, there was approximately $894 million aggregate outstanding principal balance of MRB Loans. The Agency has applied excess revenues (including principal prepayments) available under the MRB Resolution to finance $58 million of MRB Loans. In addition, the Agency can issue Mortgage Revenue Bonds and apply other excess revenues (including Principal Prepayments) in the future for such purpose. All of the Mortgage Revenue Bonds are secured separately from the Bonds.

Since 2009, the Agency has issued ten series of bonds under the MRB Resolution in an approximate aggregate principal amount of $701.4 million, eight of which were issued in connection with the New Issue Bond Program of the United States Department of the Treasury. The Agency has utilized the proceeds of such Mortgage Revenue Bonds to purchase approximately $589.4 million of MRB Loans from 2009 to and including September 30, 2011. The Agency exhausted its issuance capacity under the New Issue Bond Program in March 2011.

Mortgage Insurance Fund

In addition to its other programs, the Act authorizes the Agency to operate a mortgage insurance program. The MIF was created by the State Legislature in 1978 and is described in Part 2 — "Mortgage Insurance and New York Foreclosure Procedures—MIF" to this Part 2. The payment of principal and interest on the Bonds is not secured by or payable from moneys held in the MIF. The MIF currently provides mortgage pool insurance coverage and/or primary mortgage insurance coverage on (i) certain mortgage loans purchased with proceeds attributable to several series of the Agency's Mortgage Revenue Bonds and (ii) Mortgage Loans and Collateral Mortgage Loans as described in the table in Appendix D — "Certain Supplemental Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage

Loans — Mortgage Pool Insurance Coverage" and "— PMI Coverage" to this Part 2. The Agency has entered into an agreement with the MIF under which the MIF will provide mortgage pool insurance coverage with respect to the new Mortgage Loans and mortgage loans financed pursuant to the MRB Resolution. For information regarding such insurance coverage, see Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — Mortgage Pool Insurance Policies — General," "— Mortgage Pool Insurance Policies — MIF Policies," and "— PMI Programs — MIF PMI" to this Part 2.

Educational Loans

In 1972, the Agency was granted the authority to purchase and to make commitments to purchase education loans. In 2009, the existing education loan provisions of the Act were substantially revised to facilitate the implementation of the New York State Higher Education Loan Program ("NYHELPs Program"), a new program that is administered by the New York Higher Education Services Corporation, an educational corporation of the State, created in the State Education Department and within the University of the State of New York established under the Board of Regents. In connection with the NYHELPs Program, the Agency will be doing business as the State of New York Higher Education Finance Authority.

On December 15, 2009, the Agency issued its first series of bonds in connection with the NYHELPs Program, $97,795,000 aggregate principal amount NYHELPs Education Loan Revenue Bonds, 2009 Series A, of which $22,785,000 were outstanding as of July 31, 2011. On November 1, 2011, the Agency expects to redeem $1,460,000 aggregate principal amount of such bonds.

Other Activities

The Act also empowers the Agency to purchase home improvement loans.

For additional information relative to other programs of the Agency, see the Financial Statements contained in Appendix A to this Part 2.

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following is a summary of certain provisions of the General Resolution. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the General Resolution, to which reference is hereby made and copies of which are available from the Trustee or the Agency.

Certain Definitions

The following are definitions in summary form of certain terms contained in the General Resolution and used herein:

"Agency Request" means a written request or direction of the Agency signed by an Authorized Representative.

"Amortized Value" means for securities purchased at (i) par; and (ii) a premium above or a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such securities were purchased by the number of days remaining to maturity on such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (a) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price, and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

"Appreciated Amount" means with respect to a Deferred Interest Bond, (i) as of any date of computation with respect to any Deferred Interest Bond up to the date, if any, set forth in the Series Resolution authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable interest payment dates, an amount equal to the initial principal amount of such Deferred Interest Bond plus the interest accrued on such Deferred Interest Bond from the date of original issuance of such Deferred Interest Bond to the applicable interest payment date next preceding the date of computation or the date of computation if an applicable interest payment date, such increased amount to accrue at the rate per annum set forth in the Series Resolution authorizing such Deferred Interest Bonds, compounded on each applicable interest payment date, plus, if such date of computation shall not be an applicable interest payment date, a portion of the difference between the Appreciated Amount as of the immediately preceding applicable interest payment date (or the date of original issuance if the date of computation is prior to the first applicable interest payment date succeeding the date of original issuance) and the Appreciated Amount as of the immediately succeeding applicable interest payment date, calculated based upon an assumption that Appreciated Amount accrues in equal daily amounts on the basis set forth in the Series Resolution authorizing such Deferred Interest Bonds; and (ii) as of any date of computation on and after the date, if any, set forth in the Series Resolution authorizing such Deferred Interest Bond as of the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable interest payment dates, the Appreciated Amount as of such current interest payment commencement date.

For the purposes of actions, requests, notifications, consents or directions of Bondowners under the General Resolution, the calculation of the Appreciated Amount shall be as of the applicable interest payment dates preceding such date of calculation (unless such date of calculation shall be an applicable interest payment date, in which case, as of the date of calculation).

"Cash Equivalent" means Security Arrangement.

"Cash Flow Certificate" means a certificate of the Agency signed by an Authorized Representative to the effect that the action proposed to be taken is consistent with the assumptions as set forth in the Cash Flow Statement last filed with the Trustee.

"Code" means applicable provisions of the Internal Revenue Code of 1954, as amended, and the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Collateral Mortgage Loans" means mortgage loans credited to the Collateral Mortgage Loan Fund in a Series Resolution.

"Costs of Issuance" means all items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale, issuance and remarketing of the Bonds, and entering into of other Parity Obligation Instruments, as certified by an Authorized Representative.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys selected by the Agency; any such attorney may be a lawyer in the regular employment of the Agency.

"Debt Reserve Requirement" means, as of any particular date of calculation, an amount equal to the aggregate of all amounts established for all Series of Bonds Outstanding in the Series Resolutions authorizing the issuance of such Bonds, at least equal in the aggregate to three per centum (3%) of the sum of (i) the outstanding principal balance of Mortgage Loans (except Mortgage Loans underlying certificates of the Government National Mortgage Association or Fannie Mae), (ii) the amount on deposit to the credit of the Acquisition Fund, and (iii) the outstanding principal balance of Collateral Mortgage Loans pledged to secure Bonds at the time of issuance of a Series of Bonds (or Collateral Mortgage Loans substituted therefor). The Trustee may rely upon a certificate from an Authorized Representative of the Agency which states the Debt Reserve Requirement as of the date of said certificate. An aggregate amount equal to one per centum of the sum of clauses (i), (ii) and (iii) above and on deposit in the Debt Reserve Fund shall be held in cash in such

Fund or invested in Investment Obligations with a term to maturity less than three years from the date such investment is made; an Authorized Representative of the Agency shall direct the Trustee (promptly confirmed in an Agency Request) to invest an amount specified by the Agency (which shall equal said one per centum (1%)) in cash or Investment Obligations as aforesaid.

"Deferred Interest Bond" means any Bond designated as such by the Series Resolution authorizing the issuance of such Bond.

"Expenses" means any moneys required by the Agency to pay the expenses of the Trustee and any expenses which the Agency may lawfully pay, except as limited with respect to any Series of Bonds by the applicable Series Resolution. Expenses deposited in any Fiscal Year to the credit of the Expense Fund shall not exceed the aggregate of all the maximum Expenses designated in a Series Resolution and such annual deposit(s) shall not exceed one percent of the higher of (i) all Outstanding Bonds as of the first day of such Fiscal Year or October 1, whichever is higher or (ii) the outstanding principal balance of Mortgage Loans and Collateral Mortgage Loans as of a date not more than sixty (60) days prior to the first day of the preceding Fiscal Year or to October 1, whichever is higher.

"Fiscal Year" means the year beginning on the first day of November and ending on the last day of October in the next succeeding year.

"Government Obligations" means obligations of the United States of America (including obligations issued or held in book-entry form on the books of the U.S. Department of the Treasury) or obligations the principal of and interest on which are guaranteed by the United States of America.

"Hedge Receipt" means, if and to the extent designated as such pursuant to the Series Resolution or Supplemental Resolution authorizing the related Qualified Hedge, the net amount required to be paid to the Agency under a Qualified Hedge.

"Insurance Proceeds" means payments received with respect to the Mortgage Loans or Collateral Mortgage Loans under any insurance policy or guarantee or under any fidelity bond.

"Interest" means, with respect to Bonds, Parity Interest.

"Investment Obligations" means, to the extent authorized by law and by any applicable resolutions of the Agency for investment of moneys of the Agency at the time of such investment, (i)(A) Government Obligations or (B) obligations rated Aaa by Moody's of any state of the United States of America or any political subdivision of such a state, payment of which is secured by an irrevocable pledge of such Government Obligations; (ii)(A) bonds, debentures or other obligations issued by Student Loan Marketing Association, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Tennessee Valley Authority, the United States Postal Service, Federal Farm Credit System Obligations, Federal Home Loan Mortgage Corporation, Export Import Bank, World Bank, International Bank for Reconstruction and Development and Inter-American Development Bank; or (B) bonds, debentures or other obligations issued by Fannie Mae (*excluding* mortgage securities which are valued greater than par on the portion of unpaid principal or mortgage securities which represent payments of principal only or interest only with respect to the underlying mortgage loans); (iii) any obligations of an Agency controlled or supervised by or acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States; (iv) obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; (v) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any

other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used herein, "deposits" shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured, to the extent not insured by the Federal Deposit Insurance Corporation, by any of the obligations described in (i) above having a market value (exclusive of accrued interest) not less than the uninsured amount of such deposit or (b)(1) unsecured or (2) secured to the extent, if any, required by the Agency and made with an institution whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by Moody's; (vi) repurchase agreements (A) backed by or related to obligations described in (i), (ii) or (iii) above with any institution whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by Moody's or (B) with members of the Association of Primary Dealers which do not qualify under (A); (vii) investment agreements, (A) secured or unsecured, as required by the Agency, with any institution whose debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by Moody's or (B) fully secured by obligations described in (i) with members of the Association of Primary Dealers who do not qualify under (A); (viii) direct and general obligations of or obligations unconditionally guaranteed by the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged, and certificates of participation in obligations of the State which obligations may be subject to annual appropriations, which obligations are rated at least the then existing rating on the Bonds by Moody's; (ix) direct and general obligations of or obligations guaranteed by any state, municipality or political subdivision or Agency thereof, which obligations are rated in either of the two highest rating categories of Moody's; (x) bonds, debentures, or other obligations issued by any bank, trust company, national banking association, insurance company, corporation, government or governmental entity (foreign or domestic), *provided* that such bonds, debentures or other obligations are (a) payable in any coin or currency of the United States of America which at the time of payment will be legal tender for the payment of public and private debts, and (b) rated in either of the two highest rating categories by Moody's; (xi) commercial paper (having original maturities of not more than 365 days) rated in the highest category of Moody's; (xii) money market funds which invest in Government Obligations and which funds have been rated in either of the two highest rating categories by Moody's; (xiii) Mortgage Loans; as described below; (xiv) any bond or other debt instrument of the New York Convention Center Development Corporation, a subsidiary of the New York State Urban Development Corporation, organized pursuant to the New York Business Corporation Law pursuant to Chapter 35 of the Laws of the State, 1979, and Chapter 3 of the Laws of the State, 2004, as amended; or (xv) any investments authorized in a Series Resolution authorizing Bonds rated by Moody's. *Provided,* that it is expressly understood that the definition of Investment Obligations shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the General Resolution by a Supplemental Resolution, thus permitting investments with different characteristics from those permitted which the Board of Directors of the Agency deems from time to time to be in the interests of the Agency to include as Investment Obligations if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then existing rating assigned to them by Moody's. For purposes of this definition, "institution" means an individual, partnership, corporation, trust or unincorporated organization, or a governmental Agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

"Liquidation Proceeds" means amounts (*except* Insurance Proceeds) received in connection with the liquidation of a defaulted Mortgage Loan or Collateral Mortgage Loan, whether through foreclosure, trustee's sale, repurchase by a Mortgage Lender, or otherwise.

"Loan Loss Requirement" means, as of any particular date of calculation, an amount equal to the aggregate of all amounts established for the Series of Bonds Outstanding in the Series Resolutions authorizing the issuance of such Bonds, at least equal in the aggregate to one per centum (1%) of the sum of (i) the outstanding principal balance of Mortgage Loans (*except* Mortgage Loans underlying obligations of the Government National Mortgage Association or Fannie Mae), (ii) the amount on deposit to the credit of the Acquisition Fund, and (iii) the outstanding principal balance of Collateral Mortgage Loans pledged to secure Bonds at the time of issuance of a Series of Bonds (or Collateral Mortgage Loans substituted therefor). The

Trustee may rely upon a certificate from an Authorized Representative of the Agency which states the Loan Loss Requirement as of the date of said certificate. An aggregate amount equal to the one per centum (1%), of the sum of (i), (ii) and (iii) above on deposit in the Loan Loss Fund shall be held in cash in such Fund or shall be invested in Investment Obligations with a term remaining to maturity of less than thirteen (13) months from the date such investment was made; an Authorized Representative of the Agency shall direct the Trustee (promptly confirmed in a written Agency Request) to invest an amount specified by the Agency (which shall equal said one per centum (1%)) in cash or Investment Obligations as aforesaid.

"Mortgage Loans" described above are (i) Mortgage Loans but only with respect to investment of moneys on deposit in (a) the Debt Reserve Fund and Loan Loss Fund (the "Reserves"), and only if and to the extent that the aggregate principal amount on deposit in the Reserves invested in Investment Obligations with remaining terms to maturity of three years or less exceeds three percent of the sum of (1) Mortgage Loans and (2) the amount on deposit in the Acquisition Fund, and (b) the General Fund, so long as the aggregate amount on deposit in the General Fund invested at any one time in Mortgage Loans and CCALs does not exceed $125,000,000 and any such Mortgage Loan shall be an investment of General Fund moneys for no longer than one year, and (ii) CCALs, but only with respect to moneys on deposit in the General Fund and CCAL Fund, so long as the aggregate amount on deposit in the General Fund invested in any one time in Mortgage Loan and CCALs does not exceed $125,000,000 and any CCAL shall be an investment of General Fund moneys for no longer than one year. Investment agreements, time deposits, and other Investment Obligations that allow withdrawals of deposited funds at least once every three years and Investment Obligations redeemable at the option of the holder shall be treated as Investment Obligations with terms of three years or less.

"101% Parity Test" means such term as defined in Section 411(a) of the General Resolution (see "General Fund" in this "Summary of Certain Provisions of the General Resolution").

"Outstanding Bonds" means, as of any date, all Bonds theretofore authenticated and delivered by the Trustee under the Resolution, *except*:

(i) any Bond, following its maturity date, if sufficient moneys or Government Obligations are held in trust for the owner of such Bond by the Trustee on such maturity date to pay the principal amount of and accrued interest on such Bond;

(ii) any Bond canceled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity;

(iii) any Bond deemed paid in accordance with the redemption provisions of the General Resolution;

(iv) any Bond deemed paid in accordance with the defeasance provisions of the General Resolution; and

(v) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the General Resolution, unless proof satisfactory to the Trustee is presented that any Bond for which a Bond in lieu thereof or in substitution therefor shall have been authenticated and delivered is held by a bona fide purchaser, as that term is defined in Article Eight of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu thereof or in substitution therefor shall be deemed Outstanding.

"Parity Hedge Obligation" has the meaning provided in Section 213(d) of the General Resolution (see "Security Arrangements; Qualified Hedges; and Other Similar Arrangements" in this "Summary of Certain Provisions of the General Resolution").

"Parity Interest" means interest on Bonds, those portions of Parity Reimbursement Obligations that are related to interest payments on Parity Principal, and Parity Hedge Obligations.

"Parity Obligation" means Parity Interest and Parity Principal.

"Parity Obligation Instrument" means an instrument or other contractual arrangement, including Bonds, evidencing the Agency's obligation to pay the Parity Obligation.

"Parity Principal" means principal of Bonds and those portions of Parity Reimbursement Obligations that are related to principal.

"Parity Reimbursement Obligation" has the meaning provided in Section 213(b) of the General Resolution (see "Security Arrangements; Qualified Hedges; and Other Similar Arrangements" in this "Summary of Certain Provisions of the General Resolution").

"Parties" or "Party" means any person(s), other than the Agency, that is a/are party(ies) to a Parity Obligation Instrument other than Bonds.

"principal" means (a) as such term references the principal amount of a Deferred Interest Bond or Deferred Interest Bonds, the Appreciated Amount thereof, and (b) as such term references the principal amount of any other Bond or Bonds, the principal amount at maturity of such Bond or Bonds. References in the General Resolution to "principal" with respect to Bonds means Parity Principal.

"Principal Prepayment" means any payment by a Mortgagor or other recovery of principal on a Mortgage Loan or Collateral Mortgage Loan which is not applied to a scheduled installment of principal and interest on a Mortgage Loan or Collateral Mortgage Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a Mortgage Loan or Collateral Mortgage Loan) and the portion of any Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), Liquidation Proceeds or other payments representing such principal amounts, including from the sale of a Mortgage Loan or a Collateral Mortgage Loan.

"Qualified Hedge" means, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by the Agency with an entity that is a Qualified Hedge Provider at the time the arrangement is entered into; (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to a principal amount of Bonds or Mortgage Loans as set forth in the authorizing Series Resolution or Supplemental Resolution); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto; or any similar arrangement; (iii) which is executed by the Agency for the purpose of debt management, including managing interest rate fluctuations on Bonds and/or Mortgage Loans, but not for purposes of speculation, after the Agency has analyzed applicable risks and benefits of the Qualified Hedge; and (iv) which has been designated in writing to the Trustee by an Authorized Representative as a Qualified Hedge.

"Qualified Hedge Provider" means an entity (a) whose senior long-term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, at the time of entering into the related Qualified Hedge, are rated at least AA (or an equivalent rating) by the Rating Agency, or whose payment obligations under a Qualified Hedge are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability are rated at least AA (or an equivalent rating) by the Rating Agency, or (b) whose payment obligations under the related Qualified Hedge are secured by a collateral agreement that, at the time of entering into the collateral agreement, is rated, or the entity's (or a guarantor of the entity's) obligations (or those of a guarantor such entity) under the collateral agreement are rated, at least

AA (or an equivalent rating) by the Rating Agency; *provided,* that it is expressly understood that the definition of Qualified Hedge Provider shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the General Resolution by a Supplemental Resolution, thus permitting hedge providers with different characteristics from those permitted pursuant to (a) and (b) which the Board of Directors of the Agency deems from time to time to be in the interests of the Agency to include as Qualified Hedge Providers if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by any Rating Agency.

"Rating Agency" means each nationally recognized securities rating agency who is maintaining the rating on the Bonds at the request of the Agency.

"Reimbursement Obligation" has the meaning provided in Section 213(b) of the Resolution (see "Security Arrangements; Qualified Hedges; and Other Similar Arrangements" in this "Summary of Certain Provisions of the General Resolution").

"Revenues" means all moneys received by or on behalf of the Agency or Trustee representing (i) principal and interest payments on the Mortgage Loans or Collateral Mortgage Loans including all Principal Prepayments representing the same and all prepayment premiums or penalties received by or on behalf of the Agency in respect to the Mortgage Loans or Collateral Mortgage Loans, (ii) interest earnings, amortization of discount, and gain, all as received as cash on the investment of amounts in any Account or Fund, (iii) amounts transferred to the Revenue Fund in accordance with the General Resolution, (iv) amounts transferred to the Special Redemption Account from the Debt Reserve Fund or the Loan Loss Fund, (v) amounts deposited in the Revenue Fund pursuant to the General Resolution, and (vi) Hedge Receipt and Termination Receipts received pursuant to a Qualified Hedge.

"Security Arrangement" means a Letter of Credit, Insurance Policy, Surety, Guarantee or other Security Arrangement (as defined and provided for in a Series Resolution providing for the issuance of Bonds rated by Moody's or in a Supplemental Resolution), provided by an institution which has received a rating of its claims paying ability from Moody's at least equal to the then existing rating on the Bonds or whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the Security Arrangement is a short-term instrument) by Moody's.

"Serial Bonds" means the Bonds which are not Term Bonds.

"Series Program Determinations" means determinations by the Agency relating to Mortgage Loans and certain other matters required in connection with a Series of Bonds under the Program to be set forth (or provisions to be determined at certain specified times in the future) in a Series Resolution and shall include the following: (i) whether each Mortgage Loan shall be secured by a first lien mortgage, a second lien mortgage or a combination; (ii) whether each Mortgage Loan shall have approximately equal monthly payments or shall be a graduated payment mortgage loan or have a fixed or variable rate of interest; (iii) the maximum term to maturity of each Mortgage Loan; (iv) whether each residence to which each Mortgage Loan relates shall be a principal residence; (v) required primary mortgage insurance, if any, and the levels of coverage thereof; (vi) limitations, if any, applicable to purchasers of Mortgage Loans relating to planned unit developments, and/or cooperatives, geographic concentration, and type of principal and interest characteristics; (vii) Supplemental Mortgage Coverage; (viii) provisions, relating to Principal Prepayments, including application thereof for redemption or financing new Mortgage Loans; (ix) provisions relating to Collateral Mortgage Loans, if any; (x) maximum Expenses for such Series; (xi) restrictions, if any, on the applications of the proceeds of the voluntary sale of Mortgage Loans and Collateral Mortgage Loans, if any; and (xii) any other provision deemed advisable by the Agency not in conflict with the General Resolution.

"Sinking Fund Requirement" means, as of any particular date of calculation, with respect to the Term Bonds of any Series and maturity, the amount of money required to be applied on any applicable date to the redemption prior to maturity or the purchase of the Term Bonds, except as such Requirement shall have been

previously reduced by the principal amount of any Term Bonds of such Series and maturity with respect to which such Sinking Fund Requirement is payable which are to be purchased or redeemed (except out of Sinking Fund Requirements). Sinking Fund Requirements may be established as fixed dollar amounts or as method(s) of calculation thereof.

"Subordinated Contract Obligation" means any payment obligation of the Agency (other than a payment obligation constituting a Parity Obligation) arising under (a) any Security Arrangement which has been designated as constituting a "Subordinated Contract Obligation" pursuant to the Series Resolution or Supplemental Resolution authorizing such Security Arrangement, (b) any Qualified Hedge, or portion of a Qualified Hedge, which has been designated as constituting a "Subordinated Contract Obligation" pursuant to the Series Resolution or Supplemental Resolution authorizing such Qualified Hedge, and (c) any other contract, agreement or other obligation authorized by a Series Resolution or Supplemental Resolution and designated as constituting a "Subordinated Contract Obligation" in such authorizing Series Resolution or Supplemental Resolution. Each Subordinated Contract Obligation shall be payable from the Pledged Property subject and subordinate to the payments to be made with respect to the Parity Obligation, and shall be secured by a lien on and pledge of the Pledged Property, all as set forth in the General Resolution or in the related Series Resolution or Supplemental Resolution.

"Supplemental Mortgage Coverage" or "SMC" means the coverage, if any, of loss from Mortgage Loan defaults provided in a Series Resolution which supplements any primary mortgage insurance.

"Term Bonds" means the Bonds with respect to which Sinking Fund Requirements have been established.

"Termination Payment" means, with respect to a Qualified Hedge, an amount required to be paid by the Agency to a Qualified Hedge Provider as a result of the termination of the related Qualified Hedge or required to be paid by the Agency into a collateral account as a source of payment of any termination payments, provided that Termination Payments shall always be Subordinated Contract Obligations.

"Termination Receipt" means an amount required to be paid to the Agency under a Qualified Hedge by the Qualified Hedge Provider as a result of the termination of such a Qualified Hedge.

Payment Due or Acts to be Performed on Weekends and Holidays

If the date for making any payment of principal or premium, if any, or interest or the last date for performance of any act or the exercising of any right, as provided in the General Resolution, shall be a legal holiday or a day on which banking institutions in the city where the Trustee is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or not a day on which such banking institutions are authorized by law to remain closed, unless otherwise provided in a Series Resolution, with the same force and effect as if done on the nominal date provided in the General Resolution.

General Resolution to Constitute Contract

In consideration of the (i) purchase and acceptance of any and all of the Bonds issued under the General Resolution by those who shall own the same from time to time, and (ii) entering into of other Parity Obligation Instruments, the General Resolution shall be deemed to be and shall constitute a contract among the Agency and the owners of the Bonds and the Parties. The pledges made in the General Resolution and the covenants and agreements set forth in the General Resolution to be performed by the Agency shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, without regard to the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the General Resolution or by the applicable Series Resolution. Furthermore, the pledges made in the General Resolution,

and the covenants and agreements therein set forth to be performed by the Agency with respect to such pledges and security for Parity Obligation Instruments other than Bonds, shall be for the equal security of the Parties to any and all of the Parity Obligation Instruments, all of which, without regard to the time or times of their effective date, shall be of equal rank without preference, priority or distinction of any of the Parity Obligation Instruments over any other thereof, except as expressly provided in or permitted by the General Resolution or by the applicable Series Resolution.

Issuance of Bonds

The Bonds shall be executed substantially in the form and manner set forth in the General Resolution and shall be deposited with the Trustee for authentication, but before Bonds shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee the following:

(a) a copy, duly certified by an Authorized Representative, of the General Resolution and the Series Resolution for such Series of Bonds;

(b) a Counsel's Opinion stating in the opinion of such counsel that (i) the General Resolution and the applicable Series Resolution have been duly adopted and are valid and binding upon the Agency and (ii) said Bonds are valid and legally binding special obligations of the Agency secured in the manner and to the extent set forth in the General Resolution and the applicable Series Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained therein;

(c) a Cash Flow Statement conforming to the requirements of the General Resolution; and

(d) a request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Representative, to authenticate and deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor.

Simultaneously with the delivery of the Bonds, the Trustee shall deposit or credit the proceeds of said Bonds into the applicable Series Bond Proceeds Account of the Bond Proceeds Fund. Unless otherwise provided in the applicable Series Resolution the Trustee shall apply such proceeds, together with any other available funds, as follows:

(i) an amount shall be transferred to and deposited to the credit of the Debt Reserve Fund such that the amount on deposit in such Fund will at least equal the Debt Reserve Requirement;

(ii) an amount shall be transferred to and deposited to the credit of the Loan Loss Fund such that the amount on deposit in such Fund will at least equal the Loan Loss Requirement;

(iii) the total amount of such proceeds designated by the Agency as accrued interest and capitalized interest shall be deposited to the credit of the Revenue Fund;

(iv) an amount equal to pay the Costs of Issuance for such Bonds shall be transferred to and deposited to the credit of the Series Account in the Costs of Issuance Fund established for such Series;

(v) an amount to the extent set forth in the applicable Series Resolution shall be transferred to and deposited in the Expense Fund;

(vi) an amount to be transferred to and deposited into any Fund or Account not referred to in clauses (i)-(v) above or (vii) below as provided in the applicable Series Resolution; and

(viii) the balance of such moneys shall be transferred to and deposited to the credit of the Acquisition Account in the Acquisition Fund established for such Series.

Refunding Bonds

Refunding Bonds of the Agency may be issued under and secured by the General Resolution for the purpose of providing funds, with any other available funds, for (i) redeeming (or purchasing in lieu of redemption) prior to their maturity or maturities, or retiring at their maturity or maturities, all or any part of the Outstanding Bonds of any Series, including the payment of any redemption premium (or premium, to the extent permitted by law, included in the purchase price if purchased in lieu of redemption), (ii) making any required deposits to the Debt Reserve Fund and the Loan Loss Fund, (iii) if deemed necessary by the Agency, for paying the interest to accrue on the refunding Bonds or refunded Bonds to the date fixed for their redemption (or purchase) and (iv) any expenses in connection with such refunding. Before any Bonds shall be issued under the provisions of this paragraph, the Agency shall adopt a Series Resolution authorizing the issuance of such Series of Bonds, fixing the amount and the details thereof and describing the Bonds to be refunded. Except as may otherwise be provided in the applicable Series Resolution and *except* as to any differences in the maturities thereof or interest payment dates or the rate or rates of interest or the provisions for redemption, such refunding Bonds shall be on a parity with and shall be entitled to the same benefit and security of the General Resolution as all other Bonds issued under the General Resolution.

Prior to or simultaneously with the authentication and delivery of such refunding Bonds by the Trustee to or upon the order of the purchasers thereof there shall be filed with the Trustee the following:

(a) a copy, duly certified by an Authorized Representative, of the Resolution and the Series Resolution for such Series of refunding Bonds;

(b) a Counsel's Opinion stating in the opinion of such counsel that (i) the General Resolution and the applicable Series Resolution have been duly adopted and are valid and binding upon the Agency, and (ii) said Bonds are valid and legally binding special obligations of the Agency secured in the manner and to the extent set forth in the General Resolution and the applicable Series Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained therein;

(c) a Cash Flow Statement conforming to the requirements of the General Resolution;

(d) a certificate of an Authorized Representative stating that the proceeds (excluding accrued interest but including any premium) of such refunding Bonds, together with any moneys to be withdrawn from the Debt Service Fund by the Trustee and any other moneys which have been made available to the Trustee for such purposes, or the principal of and the interest on the investment of such proceeds or any such moneys, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest which will become due and payable on or prior to the date of their payment or redemption, the expenses in connection with such refunding and to make any required deposits to the Debt Reserve Fund and the Loan Loss Fund and specifying transfers, if any, from the Series Acquisition Accounts applicable to the Series of Bonds to be refunded and the refunding Bonds;

(e) if all or part of the refunded Bonds are to be redeemed prior to maturity, irrevocable instructions from an Authorized Representative of the Agency to the Trustee to redeem the applicable Bonds; and

(f) a request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Representative, to authenticate and deliver Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor.

Security Arrangements; Qualified Hedges; and Other Similar Arrangements

(a) The Agency may include such provisions in a Series Resolution authorizing the issuance of a Series of Bonds secured by a Security Arrangement or a Supplemental Resolution as the Agency deems appropriate, and no such provisions shall be deemed to constitute an amendment to the General Resolution, including:

(1) So long as a Security Arrangement providing security (but not liquidity) is in full force and effect, and payment on the Security Arrangement is not in default and the issuer of the Security Arrangement is qualified to do business, then, in all such events, the issuer of the Security Arrangement shall be deemed to be the sole Owner of the Outstanding Bonds the payment of which such Security Arrangement secures when the approval, consent or action of the Owners for such Bonds is required or may be exercised under the General Resolution, or, in the alternative (if so provided in the Series Resolution or Supplemental Resolution authorizing such Security Arrangement), that the approval, consent or action of the issuer of the Security Arrangement shall be required in addition to the approval, consent or action of the applicable percentage of the Owners of the Outstanding Bonds.

(2) In the event that the principal, Sinking Fund Requirements, if any, and Redemption Price, if applicable, of and interest due on any Outstanding Bonds shall be paid under the provisions of a Security Arrangement all covenants, agreements and other obligations of the Agency to the Owners of such Bonds shall continue to exist and such issuer of the Security Arrangement shall be subrogated to the rights of such Owners in accordance with the terms of such Security Arrangement and the General Resolution.

(b) The Agency may secure such Security Arrangement by an agreement providing for the purchase of the Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Agency pursuant to the applicable Series Resolution or Supplemental Resolution, except that no Security Arrangement can include any adjustments to maturity or redemption provisions unless (i) a Cash Flow Statement is delivered at the time of execution of such Security Arrangement which reflects such adjustments and changes in redemption provisions, (ii) such adjustments and changes in redemption provisions are conditioned upon delivery of a Cash Flow Statement at the time of each such adjustment or change which incorporates such adjustment or change, or (iii) for each payment of such adjusted maturity or redemption amount, the most recent Cash Flow Statement has shown sufficient Revenues available for such purposes. The Agency may also in an agreement with the issuer of such Security Arrangement agree to directly reimburse such issuer for amounts paid under the terms of such Security Arrangement (together with interest thereon, the "Reimbursement Obligation"); *provided, however,* that no Reimbursement Obligation shall be created, for purposes of the General Resolution, until amounts are paid under such Security Arrangement. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Bond, may be secured by a pledge of, and a lien on, the Pledged Property on a parity with the lien securing the Parity Obligation (a "Parity Reimbursement Obligation"), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration (unless either a Cash Flow Statement is delivered at the time of execution of the Security Arrangement incorporating a different principal amortization schedule with respect to such Parity Reimbursement Obligation or the payment pursuant to such different amortization schedule is conditioned on the delivery of such Cash Flow Statement), or may constitute a Subordinated Contract Obligation, as determined by the Agency in the applicable Series Resolution or Supplemental Resolution. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations (other than Parity Reimbursement Obligations) to any such

issuer, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds, which payments shall be Subordinated Contract Obligations.

(c) Any such Security Arrangement shall be for the benefit of and secure such Bonds or portion thereof as specified in the applicable Series Resolution or Supplemental Resolution.

(d) The Agency may, to the extent from time to time permitted pursuant to law, enter into Qualified Hedges if and to the extent the terms of such Qualified Hedge have been reflected in a Cash Flow Statement or the Agency delivers a Cash Flow Certificate that takes into account the terms of the applicable Qualified Hedge. The Agency's obligation to pay any amount under any Qualified Hedge may be secured by a pledge of, and a lien on, the Pledged Property on a parity, subject to the last sentence of this clause (d), with the lien securing the Parity Obligation (a "Parity Hedge Obligation"), or may constitute a Subordinated Contract Obligation, as determined by the Agency in the Series Resolution authorizing the related issue of Bonds or in a Supplemental Resolution. Parity Hedge Obligations shall not include any payments of any termination (including Termination Payments) or other fees, expenses, indemnification or other obligations (other than Parity Interest) to a Party to a Qualified Hedge, which payments shall be Subordinated Contract Obligations.

Funds and Accounts

The following Funds and Accounts are created and designated as set forth below:

Bond Proceeds Fund
  Series Bond Proceeds Accounts
Acquisition Fund
  Series Acquisition Accounts
Costs of Issuance Fund
  Series Costs of Issuance Accounts
Revenue Fund
Debt Service Fund
  Interest Account
  Principal Account

Redemption Fund
  Special Redemption Account
  Optional Redemption Account
Expense Fund
Debt Reserve Fund
Loan Loss Fund
General Fund
Principal Prepayment Fund
  Series Principal Prepayment Accounts
Collateral Mortgage Loan Fund

Additional Funds and Accounts (including for the purpose of depositing amounts required to be rebated to mortgagors or the United States, *i.e.,* a Rebate Fund or Account) may be created and designated in Series Resolutions.

Bond Proceeds Fund—Series Bond Proceeds Accounts

Upon the issuance of a Series of Bonds, the Trustee shall establish a Series Account within the Bond Proceeds Fund applicable to such Series of Bonds and deposit amounts received in connection with the issuance of such Bonds into such Account and thereupon apply such proceeds at the times and in the amounts set forth in the Series Resolution authorizing the issuance of such Bonds.

Acquisition Fund—Series Acquisition Accounts

Upon the issuance of a Series of Bonds, unless otherwise provided in the applicable Series Resolution, the Trustee shall establish a Series Acquisition Account within the Acquisition Fund applicable solely to such Series of Bonds. Moneys in the Acquisition Fund shall be applied by the Trustee to finance the acquisition of Mortgage Loans (the characteristics of which conform to the applicable Series Program Determinations) upon Agency Request or as otherwise provided in the Series Resolution. The Trustee shall transfer from any Series Acquisition Account to the Special Redemption Account any amount specified by the Agency from time to

time in any Agency Request for the purpose of redeeming or purchasing Bonds of the Series for which such Series Acquisition Account was established unless otherwise provided in the applicable Series Resolution.

The Trustee shall transfer any amount representing Principal Prepayments deposited in a Series Acquisition Account to the Principal Prepayment Fund, upon an Agency Request in the amount and at the time(s) stated in such Agency Request.

Moneys held for the credit of the Acquisition Fund shall be transferred to the Interest or Principal Account, in that order, pursuant to the General Resolution.

Costs of Issuance Fund—Series Costs of Issuance Accounts

Upon the issuance of a Series of Bonds, unless otherwise provided in the applicable Series Resolution, the Trustee shall establish a Series account within the Costs of Issuance Fund applicable to such Series of Bonds and shall transfer amounts from the Bond Proceeds Fund received in connection with the issuance of such Bonds into such Account in the amount set forth in the applicable Series Resolution authorizing the issuance thereof. In addition, the Agency may deposit other amounts available therefor in such Account. Moneys held in a Series account in the Costs of Issuance Fund shall be disbursed to pay the Costs of Issuance related to the applicable Series of Bonds upon a requisition, signed by an Authorized Representative of the Agency, identifying generally the nature and amount of such Costs of Issuance. Upon Agency Request any amount remaining in a Series Costs of Issuance Account shall be transferred to the Revenue Fund and treated as Revenues, to the Acquisition Fund or to the Special Redemption Account of the Redemption Fund.

Revenue Fund; Application of Revenues

All Revenues shall be deposited in the Revenue Fund as received by the Trustee.

No later than one month following the deposit of Principal Prepayments into the Revenue Fund, the Trustee shall transfer Revenues in an amount equal to and representing such Principal Prepayments received to the Principal Prepayment Fund.

At any time, upon Agency Request, the Trustee shall apply amounts in the Revenue Fund to pay for accrued interest in connection with the Trustee's purchase of Investment Obligations for deposit in any Fund or Account maintained under the Resolution and to pay accrued interest with respect to the financing of Mortgage Loans.

Upon deposit in the Revenue Fund, the Trustee shall transfer to the credit of the applicable Series Acquisition Account amounts equal to the amounts expended from such Account to pay accrued interest with respect to the financings of Mortgage Loans from amounts on deposit in such Account.

The Trustee shall transfer all Revenues in the Revenue Fund to the credit of the Funds and Accounts one business day prior to each debt service payment date in the following priority, as follows:

(i) To any Rebate Fund or Account, the amount(s), if any, specified by the Agency;

(ii) Principal payments, including Principal Prepayments, of Mortgage Loans in an amount equal to the amounts required by the Code to be applied to pay principal of Bonds shall be transferred to the Principal Account or the Special Redemption Account, as directed by the Agency;

(iii) To the Interest Account, to pay interest due on such succeeding debt service payment date on the Bonds, plus any Parity Interest not already included under this clause;

(iv) To the Principal Account, to pay principal due on such succeeding debt service payment date on the Bonds, plus the amount related to Parity Principal that is not already included in this clause;

(v) To the Interest Account, to pay any fees in connection with tender option features, letters of credit, standby bond purchase agreements and other forms of liquidity related to such Bonds as set forth in a Series Resolution or a Supplemental Resolution;

(vi) To the credit of the Expense Fund, an amount of Expenses specified in the Agency Request not to exceed one-half of the maximum amount of Expenses which may be deposited in the Expense Fund in such Fiscal Year, but in no event in any Fiscal Year can the amount deposited on any date, when aggregated with amounts already deposited during such Fiscal Year, cause the aggregate amount deposited in any Fiscal Year to exceed the maximum amount of Expenses which may be deposited in the Expense Fund in a Fiscal Year;

(vii) To the credit of the Interest Account, to pay any fees in connection with any Security Arrangements credited to either or both of the Debt Reserve Fund and the Loan Loss Fund;

(viii) To the credit of the Debt Reserve Fund, an amount sufficient to cause the amount on deposit in and credited to said Fund to equal the Debt Reserve Requirement;

(ix) To the credit of the Loan Loss Fund, an amount sufficient to cause the amount on deposit in and credited to said Fund to equal the Loan Loss Requirement;

(x) To the credit of the Expense Fund, the amount of Agency Expenses specified in an Agency Request accompanied by a Cash Flow Certificate but only to the maximum allowable pursuant to the Series Resolution in such Fiscal Year; and

(xi) To the General Fund, the balance.

At any time, upon Agency Request, the Trustee shall transfer to the Expense Fund an amount that would otherwise be permitted to be transferred to the Expense Fund on the business day immediately preceding the next succeeding debt service payment date. Any such amount may be so transferred only to the extent the amounts on deposit in the Revenue Fund, plus amounts on deposit in the Principal Account and Interest Account, exceed the sum of (i) and (ii) where (i) equals the product of (A) a fraction, the numerator of which is the number of days since the last interest payment date to and including the date of calculation, and the denominator of which is the number of days from the last interest payment date, to and including the next interest payment date, and (B) the interest to become due on the Bonds on the next interest payment date; and (ii) equals the product of (A) a fraction, the numerator of which is the number of days since the last principal payment date to and including the date of calculation, and the denominator of which is the number of days from the last principal payment date, and (B) the principal and sinking fund requirements to become due on the next principal payment date. Any amount so transferred shall be deducted from the next transfer described in paragraph (5) above. During the period between debt service payment dates, the aggregate amounts transferred as described in this paragraph shall not exceed the amount which can be transferred as described in paragraph (5) above.

Revenues in the Revenue Fund shall be applied to the purchase of Bonds at the times, in the manner and for the purposes set forth in the General Resolution.

Debt Service Fund—Interest Account

The Trustee shall, on each interest payment date, withdraw from the Interest Account and remit by mail (or other method of transfer acceptable to the Agency) (i) to each owner of Bonds the amounts required

for paying the Parity Interest on such Bonds as such Parity Interest becomes due and payable, and to each Qualified Hedge Provider the amount due which is Parity Interest, and (ii) to each issuer of a Security Arrangement, the amount due which is Parity Interest and which is not already included in clause (i) any liquidity fees related to such Bonds.

Debt Service Fund—Principal Account

The Trustee shall, on each principal payment date, set aside in the Principal Account the amounts required for paying the principal of all Bonds as such principal becomes due and payable and the amount due under such Parity Obligation Instrument which is Parity Principal and which is not already described in this paragraph.

Amounts on deposit in the Revenue Fund prior to being deposited to the credit of the Principal Account in satisfaction of Sinking Fund Requirements shall be applied as applicable to the purchase of Term Bonds of each Series then Outstanding subject to Sinking Fund Requirements on the next date such payments are scheduled as provided in this paragraph. The Trustee, upon direction of an Authorized Representative, shall endeavor to purchase the Term Bonds or portions of Term Bonds of each Series stated to mature on the next maturity date or to be redeemed pursuant to Sinking Fund Requirements for Term Bonds of such Series then Outstanding at a price not to exceed the Redemption Price (plus accrued interest to the date of redemption) which would be payable on the next redemption date to the owners of such Term Bonds under the provisions of the applicable Series Resolution if such Term Bonds or portions of Term Bonds under the provisions of the applicable Series Resolution should be called for redemption on such date. *Provided, however,* that subject to applicable law, notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time the investment earnings on the moneys in the Revenue Fund equal to the Sinking Fund Requirements for the next date such payments are scheduled shall be less than the interest accruing on the Bonds to be redeemed on such date from such Sinking Fund Requirement, then the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Bond under the provisions of the applicable Series Resolution, if an Authorized Representative certifies to the Trustee that the amount paid in excess of said Redemption Price is expected to be less than the interest which is expected to accrue on said Bond less any investment earnings on such available moneys for the period from the settlement date of the proposed purchase to the redemption date. The Trustee shall pay the interest accrued on such Term Bonds or portions of Term Bonds to the date of settlement therefor from the Revenue Fund. Notwithstanding the foregoing, no such purchase shall be made by the Trustee after the giving of notice of redemption by the Trustee.

Any purchase or redemption of Bonds shall be made pursuant to the provisions of Article III of the General Resolution. Upon the retirement of any Term Bonds by purchase or redemption pursuant to the provisions of the General Resolution, the Trustee shall file with the Agency a statement identifying such Bonds and setting forth the date of their purchase or redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any such Bonds shall be paid by the Trustee from the Expense Fund or from any other moneys available therefor.

Moneys held for the credit of the Principal Account shall be transferred to the Interest Account pursuant to the General Resolution.

Redemption Fund

The Trustee shall apply all moneys deposited to the credit of the Special Redemption Account and the Optional Redemption Account to the purchase or redemption of Bonds issued pursuant to the General Resolution as follows:

(a) The Trustee, upon the direction of the Agency, shall endeavor to purchase Bonds or portions of Bonds then Outstanding, whether or not such Bonds or portions of such Bonds shall then be subject to redemption, at a price not to exceed the Redemption Price (plus accrued interest, if any, to the date of redemption) which would be payable on the next redemption date. Such maximum purchase price may be exceeded in accordance with the terms of the General Resolution. The Trustee shall pay the interest accrued on such Bonds to the date of settlement therefor from the Interest Account or the Revenue Fund (except with respect to accrued interest in connection with redemptions due to Principal Prepayments, which shall be payable from the Special Redemption Account) and the balance of the purchase price from the Special Redemption Account or Optional Redemption Account, as applicable, but no such purchase shall be contracted for by the Trustee after the giving of notice by the Trustee that such Bonds have been called for redemption except from moneys other than moneys set aside in the Special Redemption Account or Optional Redemption Account, as applicable, for the redemption of such Bonds.

(b) The Trustee, having endeavored to purchase Bonds pursuant to paragraph (a) above, shall call for redemption on the earliest practicable date on which Bonds are subject to redemption from moneys in the Special Redemption Account or Optional Redemption Account, as applicable, and, with respect to accrued interest on such Bonds payable upon redemption, the Interest Account or Revenue Fund, such amount (computed on the basis of Redemption Prices) of Bonds as will exhaust the moneys held for the credit of the Special Redemption Account or Optional Redemption Account, as applicable, as nearly as may be practicable.

Moneys held for the credit of the Redemption Fund shall be transferred to the Interest or Principal Account, in that order, pursuant to the General Resolution.

Any amounts deposited in the Redemption Fund for the redemption of Bonds which remain on deposit after the payment in full of the Redemption Price of the applicable Bonds shall be transferred to the Revenue Fund at the time and in the amounts set forth in an Agency Request and shall continue to be treated as Revenues.

Expense Fund

Moneys held for the credit of the Expense Fund shall be applied by the Trustee for the following purposes in any order of priority:

(a) the payment of the fees and expenses of the Trustee, and the providers of credit enhancement on Bonds, Funds and Mortgage Loans; and

(b) for transfer to the Interest or Principal Accounts, pursuant to the Resolution; and

(c) upon requisition by Agency Request, the payment or reimbursement of any Expenses; and

(d) for payment or provision for payment of any rebate required to be paid to mortgagors or the United States pursuant to the Code; and

(e) to any Rebate Fund or Account, to cause the amount on deposit therein to equal the amount required pursuant to the Code to be rebated to Mortgagors or the United States; and

(f) upon Agency Request, for transfer to the Revenue Fund and thereafter to be treated as Revenues.

Debt Reserve Fund

Moneys and Cash Equivalents held for the credit of the Debt Reserve Fund shall be transferred or drawn upon for transfer, as applicable, by the Trustee to the Interest or Principal Account, in that order, to the extent that amounts on deposit (excluding amounts on deposit in the Special Redemption Account, the Optional Redemption Account or the Principal Prepayment Fund to the extent that such amounts have been set aside for the payment of Bonds which have been identified for purchase or called for redemption and amounts on deposit in any Series Acquisition Account to the extent that the Agency is contractually obligated to finance or originate identified Mortgage Loans acceptable for financing with amounts on deposit in such Series Acquisition Account) in such Accounts, the Revenue Fund, the General Fund, the Optional Redemption Account, the Principal Prepayment Fund, the Special Redemption Account, the Loan Loss Fund, the Expense Fund, the Acquisition Fund (subject to receipt of a Counsel's Opinion), the Bond Proceeds Fund (subject to receipt of a Counsel's Opinion), and the Costs of Issuance Fund are insufficient to pay the interest or the principal or Redemption Price payable on the Bonds.

Moneys held for the credit of the Debt Reserve Fund as of any date in excess of the Debt Reserve Requirement upon Agency Request shall be transferred to the Revenue Fund or the Special Redemption Account.

A Series Resolution may provide that the Debt Reserve Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. In connection with any discussion in the General Resolution of "moneys" on deposit in or held for the credit of the Debt Reserve Fund, "moneys" shall be deemed to include said Cash Equivalents.

Loan Loss Fund

Moneys and Cash Equivalents held for the credit of the Loan Loss Fund shall be transferred or drawn upon for transfer, as applicable, by the Trustee to the Interest or Principal Account, in that order, to the extent that amounts on deposit (excluding amounts on deposit in the Special Redemption Account, the Optional Redemption Account, or the Principal Prepayment Fund to the extent that such amounts have been set aside for the payment of Bonds which have been identified for purchase or called for redemption) in such Accounts, the Revenue Fund, the General Fund, the Optional Redemption Account, the Principal Prepayment Fund, and the Special Redemption Account are insufficient to pay the interest or the principal or Redemption Price payable on the Bonds.

Moneys held for the credit of the Loan Loss Fund as of any date in excess of the Loan Loss Requirement upon Agency Request shall be transferred to the Revenue Fund or the Special Redemption Account.

A Series Resolution may provide that the Loan Loss Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. In connection with any discussion in the General Resolution of "moneys" on deposit in or held for the credit of the Loan Loss Fund, "moneys" shall be deemed to include said Cash Equivalents.

General Fund

Except as otherwise provided in a Series Resolution, moneys held for the credit of the General Fund shall be transferred by the Trustee in the following order of priority listed in subsections (i) through (vi) and thereafter at any time upon Agency Request to the following Funds and Accounts:

(i) to the credit of the Interest Account, an amount sufficient to cause the amount on deposit in said Account to equal any Parity Interest previously due and unpaid on Parity Obligations;

(ii) to the credit of the Principal Account, an amount sufficient to make the amount then on deposit in said Account equal to any regularly scheduled principal of the Bonds previously due and unpaid;

(iii) to the credit of the Debt Reserve Fund, an amount sufficient to cause the amount on deposit in said Fund to equal the Debt Reserve Requirement;

(iv) to the credit of the Loan Loss Fund, an amount sufficient to cause the amount on deposit in said Fund to equal the Loan Loss Requirement;

(v) Subject to Section 413, and unless a lower priority of payment is provided in the Series Resolution or Supplemental Resolution authorizing such Security Arrangement, pursuant to the terms of any Security Arrangement, to pay to issuers of Security Arrangements the amount of Reimbursement Obligations then due and not included in subsection (ii) that are reimbursement of advances under such Security Arrangement or that are pursuant to term-loan or other principal amortization requirements in reimbursement of any advance under such Security Arrangement that are more accelerated than the amortization requirements of the related Bonds, but if available amounts shall be insufficient for such purposes, the amounts payable pursuant to each Security Arrangement will be pro rata based upon the respective amounts due thereunder; *provided, however,* that such amounts shall be payable only if and to the extent that the Cash Flow Statement filed with the Trustee in accordance with Section 607 demonstrates that sufficient funds are available for such purpose;

(vi) Subject to Section 413, and unless a lower priority of payment is provided in the Series Resolution or Supplemental Resolution authorizing such Qualified Hedge, pursuant to the terms of any Qualified Hedge, to pay to Qualified Hedge Providers the amount of Subordinated Contract Obligations then due, but if available amounts shall be insufficient for such purposes, the amounts payable pursuant to each Qualified Hedge will be pro rata based upon the respective amounts due thereunder; *provided, however,* that such amounts shall be payable only if and to the extent that a Cash Flow Statement filed with the Trustee in accordance with Section 607 hereof shows that, following each transfer pursuant to this subsection (vi), the aggregate of the amounts on deposit in all Funds and Accounts hereunder, other than the Cost of Issuance Fund, Expense Fund and Interest Account and excluding the principal amount of any Security Arrangements credited to the Debt Reserve Fund or Loan Loss Fund, plus the aggregate principal balances of all Mortgage Loans, shall at least equal one hundred one per centum (101%) of the sum of the aggregate principal amount of the Bonds Outstanding and the aggregate amount of any additional amounts attributable to Parity Principal ("101% Parity Test");

(vii) to the credit of the Expense Fund;

(viii) to the credit of the Optional Redemption Account for the redemption or purchase of Bonds;

(ix) to the credit of the Special Redemption Account for redemption or purchase of Bonds;

(x) to any specified Series Acquisition Account in the Acquisition Fund;

(xi) to the credit of any Series Account in the Costs of Issuance Fund; or

(xii) to the Agency, for any other purpose authorized or required under the Act free and clear of the pledge and lien of the General Resolution; *provided, however,* that no such payment shall be made under this clause unless a Cash Flow Statement shall have been filed with the Trustee pursuant to the General Resolution and such Cash Flow Statement satisfied the 101% Parity Test.

Principal Prepayment Fund—Series Principal Prepayment Accounts

Upon the issuance of a Series of Bonds the Trustee shall establish a Series Principal Prepayment Account within the Principal Prepayment Fund applicable to such Series of Bonds. Unless limited in a Series Resolution, the Trustee shall transfer amounts in the Principal Prepayment Fund at any time upon Agency Request to the Special Redemption Account, the Optional Redemption Account or the applicable Acquisition Account(s) of the Acquisition Fund. Moneys held for the credit of the Principal Prepayment Fund shall be transferred by the Trustee to the Interest Account or Principal Account in that order, pursuant to the Resolution. If the Trustee does not receive an Agency Request with respect to a mandatory redemption from Principal Prepayments set forth in a Series Resolution, the Trustee shall transfer Principal Prepayments in an amount sufficient to accomplish such mandatory redemption from the applicable Series Principal Prepayment Account of the Principal Prepayment Fund to the Special Redemption Account and shall call Bonds for redemption (subject to any other priority set forth in the applicable Series Resolution) on a pro rata basis, as nearly as practicable, from among each maturity of the Series (and subseries, if applicable) of Bonds that financed the Mortgage Loan that was prepaid.

Deficiencies in Debt Service Fund

In the event that amounts in the Debt Service Fund shall be insufficient on any Parity Obligation payment date to pay the principal of and interest on the Bonds due and unpaid on such date, or to pay amounts due under Qualified Hedges or Security Arrangements that are Parity Interest or Parity Principal, the Trustee shall withdraw amounts from the following Funds and Accounts in the following order of priority to the extent necessary to eliminate such deficiency; *provided, however,* that no amounts on deposit in the Special Redemption Account, the Optional Redemption Account, the Principal Prepayment Fund or the Principal Account shall be used for such purpose to the extent that such amounts have been set aside for the payment of Bonds which have been identified for purchase or called for redemption, and no amounts on deposit in any Series Acquisition Account shall be used for such purpose to the extent that the Agency is contractually obligated to finance or originate identified Mortgage Loans acceptable for financing with amounts on deposit in such Series Acquisition Account:

(a) Revenue Fund;

(b) General Fund;

(c) Optional Redemption Account;

(d) Principal Prepayment Fund;

(e) Special Redemption Account;

(f) Loan Loss Fund;

(g) Expense Fund;

(h) Acquisition Fund (but only if the Agency has received a Counsel's Opinion that such use will not adversely affect the exclusion (if excluded) of interest on the Bonds from gross income of the Owners thereof for Federal income tax purposes);

(i) Bond Proceeds Fund (but only if the Agency has received a Counsel's Opinion that such use will not adversely affect the exclusion (if excluded) of interest on the Bonds from gross income of the Owners thereof for Federal income tax purposes);

(j) Costs of Issuance Fund;

(k) Debt Reserve Fund;

(l) Principal Account;

(m) Acquisition Fund (if the Counsel's Opinion referred to in (h) above has not been received); and

(n) Bond Proceeds Fund (if the Counsel's Opinion referred to in (i) above has not been received).

Collateral Mortgage Loan Fund

The Agency may establish Series Collateral Mortgage Loan Accounts within the Collateral Mortgage Loan Fund and credit Collateral Mortgage Loans to any such Accounts pursuant to Series Resolutions. Collateral Mortgage Loans, and moneys received in connection therewith, shall be available for the purposes provided in the applicable Series Resolution or Supplemental Resolution.

Moneys Sufficient to Redeem Bonds

Whenever moneys and securities held for the credit of the Revenue Fund, the Debt Service Fund, the Debt Reserve Fund, Loan Loss Fund and General Fund are sufficient to pay, purchase or redeem the Bonds in whole and to pay all Parity Interest and Parity Principal under Qualified Hedges or Security Arrangements in whole on the next succeeding interest payment date, the Trustee shall apply such moneys, upon receipt of an Agency Request requesting such application, to the payment, purchase or redemption of the Bonds and payment of such Parity Interest and Parity Principal under the Qualified Hedges and Security Arrangements.

Security for Deposits; Investment of Moneys

All amounts held by the Trustee under the General Resolution, except as otherwise expressly provided in the General Resolution, shall be held in trust.

Moneys deposited for the credit of the Funds and Accounts under the General Resolution shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee upon the direction of an Authorized Representative (promptly confirmed by delivery of an Agency Request) in Investment Obligations which shall be in such amounts and bear interest at such rates with the objective that sufficient money will be available to pay Parity Interest when due and shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, with the objective that sufficient moneys will be available for the purposes intended.

Any Investment Obligations purchased as investment of moneys in any such Fund or Account shall be deemed at all times to be part of such Fund or Account. Any interest paid as cash, amortization of discount received as cash, or gain received as cash on the investment in any Fund or Account (except the Rebate Fund) shall be credited to the Revenue Fund when received and thereafter treated as Revenues. Any interest paid on the investment of the Rebate Fund shall be credited to the Rebate Fund. In computing the amount on deposit to the credit of any Account or Fund, obligations in which money in such Account or Fund shall have been invested shall be valued at Amortized Value plus the amount of interest on such obligations purchased with moneys in such Account or Fund.

Tax Covenants

The Agency shall at all times perform the applicable tax covenants contained in any applicable Series Resolution. If applicable and unless otherwise provided in the applicable Series Resolution, the Agency shall pay moneys in any Account in the Rebate Fund to Mortgagors as required by the Code.

The Agency covenants and agrees that it will not make or permit any use of the proceeds of the Parity Obligation Instruments which, if such use had been reasonably expected on the day of the issuance of the Tax-Exempt Bonds, would have caused the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of the Code and further covenants that it will observe and not violate the arbitrage provisions of the Code.

Books and Records

The Trustee shall keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and applications of all moneys received by the Trustee under the General Resolution, and such books shall be available for inspection by the Agency, any Bondowner and any Party during business hours, upon reasonable notice and under reasonable conditions.

On or before the tenth business day of each month the Trustee shall furnish to the Agency a statement of the Agency's revenues and expenditures and of the changes in its fund balances during the previous month.

The Agency shall keep proper books of record and account for all its transactions, other than those recorded in the books maintained by the Trustee described above, and such books shall be available for inspection by the Trustee and any Bondowner during business hours and upon reasonable notice.

Annual Audit and Report

Within 120 days of the end of each October 31 (the period from the immediately preceding November 1 to and including October 31, the "reporting period"), the Agency shall furnish to the Trustee (i) a statement of its revenues and expenses and of the changes in its fund balances during the previous reporting period, certified to by an Accountant, (ii) a report of its activities during the previous reporting period, and (iii) a certificate from an Authorized Representative stating that there is no current Event of Default and that no Event of Default occurred during the preceding reporting period (or if there has been an Event of Default, providing the details thereof and describing the steps the Agency took, or is taking, to cure such Event of Default).

Program Covenants

The Agency warrants and covenants (a) that no Mortgage Loan shall be financed by the Agency under the Program unless the Mortgage Loan complies in all respects with the Act in effect on the date of financing and, to the extent applicable, the Agency shall have received the representations and warranties of the Mortgage Lender required by the Act and (b) to comply with any additional program covenants contained in any Series Resolution.

Events of Default

Each of the following events constitutes an Event of Default under the General Resolution:

(a) payment of the principal or Redemption Price of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any Bonds shall not be made when the same shall become due and payable; or

(c) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Agency in an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Agency or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for the period of 60 consecutive days; or

(d) the commencement by the Agency of a voluntary case under the Federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Agency or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the taking of action by the Agency in furtherance of any of the foregoing; or

(e) failure by the Agency to pay, when due or within any applicable grace period, any amount owing on account of indebtedness for money borrowed or for deferred purchases of property, or the failure by the Agency to observe or perform any covenant or undertaking on its part to be observed or performed in any agreement evidencing, securing or relating to such indebtedness, resulting, in any such case, in an event of default or acceleration by the holder of such indebtedness of the date on which such indebtedness would otherwise be due and payable; or

(f) the Agency defaults in the due and punctual performance of any other covenants or agreements contained in the Bonds or in the General Resolution and such default continues for 90 days after written notice requiring same to be remedied shall have been given to the Agency by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding; provided, however, that so long as following such notice the Agency is diligently taking actions to remedy such default, such default shall not be an Event of Default.

Under no circumstances shall the Agency's failure to pay (i) Parity Obligation with respect to any Parity Obligation Instruments other than Bonds, (ii) Termination Payments or (iii) Subordinated Contract Obligations constitute an Event of Default under the General Resolution.

Acceleration of Maturity

Upon the happening and continuance of any Event of Default, then and in every such case (*except* as may be limited in a Series Resolution with respect to covenants set forth in such Series Resolution), the Trustee may and, subject to the Trustee's right to indemnification, upon the written direction of the owners of not less than 51% in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing to the Agency, declare the Parity Principal then Outstanding (if not then due and payable) to be due and payable immediately; and upon such declaration the same shall become immediately due and payable, anything contained in the Bonds, in other Parity Obligation Instruments, or in the General Resolution to the contrary notwithstanding. The Trustee may, and upon the written request of the owners of not less than 51% in aggregate principal amount of the Bonds not then due and payable and then Outstanding shall, by written notice to the Agency, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default under the General Resolution, then and in every such case the Trustee may, and upon the written direction of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, proceed, subject to the right of the Trustee to indemnification, to protect and enforce its rights and the rights of the Bondowners under applicable laws and under the General Resolution for the specific performance of any covenant or agreement contained in the General Resolution or in aid or execution of any power granted in the General Resolution or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the General Resolution, the Trustee shall be entitled to sue for, enforce payment of and recover judgment for any and all amounts then or after any default becoming, and at any time remaining, due from the Agency for Principal of the Bonds, premium, if any, on the Bonds, interest on the Bonds or otherwise and unpaid, with, to the extent permitted by the applicable law, interest on overdue payments of principal on the Bonds and of interest on the Bonds at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses.

Regardless of the happening of an Event of Default, the Trustee may, and, subject to the right of indemnification, if requested in writing by the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, shall, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the Pledged Property by any acts which may be unlawful or in violation of the General Resolution or of any resolution authorizing the Bonds or Series Resolution, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the General Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the owners of the Bonds not making such request.

If a covenant is set forth in a Series Resolution, limitations on the remedies available upon an Event of Default related to such covenant may be set forth in said Series Resolution.

Pro Rata Application of Funds

Anything in the General Resolution to the contrary notwithstanding, any time the money in the Funds and Accounts maintained under the General Resolution shall not be sufficient to pay the principal of or interest on the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities under the General Resolution) such money, together with any money then available, or thereafter becoming available for such purpose, shall be applied, following the satisfaction of any payments due to the Trustee, as follows:

(a) If the principal on the Bonds shall not have become or shall not have been declared due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest on Bonds other than subordinated Bonds (*except* interest on overdue principal) then accrued and unpaid in the chronological order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto as owners of Bonds other than subordinated Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds other than subordinated Bonds;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds other than subordinated Bonds which shall have become due and payable

(*except* Bonds other than subordinated Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Resolution) in the order of their stated payment dates, with interest on the principal amount of such Bonds other than subordinated Bonds at the respective rates specified therein from the respective dates upon which such Bonds other than subordinated Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds other than subordinated Bonds by their stated terms due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, with such payment being made to owners of Bonds other than subordinated Bonds, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto as owners of Bonds other than subordinated Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds other than subordinated Bonds;

THIRD: to the payment of the interest on and the principal of the Bonds other than subordinated Bonds, to the purchase and retirement of Bonds other than subordinated Bonds and to the redemption of Bonds other than subordinated Bonds;

FOURTH: to the payment to the persons entitled thereto of all installments of any unpaid Parity Interest (other than interest on overdue principal) then due and payable in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Parity Obligation Instruments;

FIFTH: to the extent not paid pursuant to clauses first through fifth, to the payment to the persons entitled thereto of the unpaid Parity Principal which shall have become due and payable in the order of its stated payment dates, with interest on the principal amount of such Parity Obligation at the respective rates specified therein from the respective dates upon which such Parity Obligation became due and payable, and, if the amount available shall not be sufficient to pay in full the Parity Principal by its stated terms due and payable on any particular date, together with Parity Interest, then to the payment first of Parity Interest, ratably, according to the amount of such Parity Interest due on such date, and then to the payment of such Parity Principal, ratably, according to the amount of such Parity Principal due on such date, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Parity Obligation Instruments;

SIXTH: to the payment of any Reimbursement Obligations and Subordinated Contract Obligation payable pursuant to the General Resolution with respect to the Bonds other than subordinated Bonds;

SEVENTH: to the payment to the persons entitled thereto of interest on subordinated Bonds (except interest on overdue principal) then accrued and unpaid in the chronological order in which such installments of interest accrued and, if the amount available shall not be sufficient to pay in full any particular daily installment, then to the payment, ratably, according to the amounts due on such daily installment, to the persons entitled thereto as owners of subordinated Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the subordinated Bonds;

EIGHTH: to the payment to the persons entitled thereto of the unpaid principal of any of the subordinated Bonds which shall have become due and payable (except subordinated Bonds called for redemption for the payment of which, money is held pursuant to the provisions of the General Resolution) in the order of their stated payment dates, with interest on the principal amount of such subordinated Bonds at the respective rates specified therein from the respective dates upon which such subordinated Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the subordinated Bonds by their stated terms due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, with such payment being made to owners of subordinated Bonds, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto as owners of subordinated Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the subordinated Bonds;

NINTH: to the payment of the interest on and the principal of the subordinated Bonds, to the purchase and retirement of subordinated Bonds and to the redemption of subordinated Bonds; and

TENTH: to the payment of any Reimbursement Obligations and Subordinated Contract Obligation payable pursuant to the General Resolution with respect to subordinated Bonds.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such money shall be applied:

FIRST: to the payment of the principal and premium, if any, and interest then due and unpaid upon the Bonds which are not subordinated Bonds, without preference or priority of principal over interest or of interest over principal, or of any daily accrual of interest over any other daily accrual of interest, or of any Bond which is not a subordinated Bond over any other Bond which is not a subordinated Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to the respective rates of interest specified in the Bonds which are not subordinated Bonds;

SECOND: to the payment of the all remaining Parity Interest and Parity Principal, without preference or priority of such Parity Principal over such Parity Interest or of such Parity Interest over such Parity Principal, or of any installment of such Parity Interest over any other installment of such Parity Interest, or of any Parity Obligation Instrument over any other Parity Obligation Instruments, ratably, according to the amounts due respectively for Parity Principal and Parity Interest, to the persons entitled thereto without any discrimination or preference except as to the respective rates of interest specified in the Parity Obligation Instrument;

THIRD: to the payment of any Reimbursement Obligations and Subordinated Contract Obligations payable pursuant to the General Resolution with respect to the Bonds other than subordinated Bonds, ratably, according to the amounts due respectively for Reimbursement Obligations and Subordinated Contract Obligations, to the persons entitled thereto without any discrimination or preference;

FOURTH: to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the subordinated Bonds, without preference or priority of principal over interest or of interest over principal, or of any daily accrual of interest over any other

daily accrual of interest, or of any subordinated Bond over any other subordinated Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to the respective rates of interest specified in the subordinated Bonds; and

FIFTH: to the payment of any Reimbursement Obligations and Subordinated Contract Obligations payable pursuant to the General Resolution with respect to the subordinated Bonds, ratably, according to the amounts due respectively for Reimbursement Obligations and Subordinated Contract Obligations, to the persons entitled thereto without any discrimination or preference.

(c) If all Parity Principal shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to (b) above in the event that the Parity Principal shall later become or be declared due and payable, the money remaining in and thereafter accruing to the Debt Service Fund and the Debt Reserve Fund, together with any other money held by the Trustee under the General Resolution, shall be applied in accordance with the provisions of (a) above.

Restrictions Upon Actions by Individual Bondowner

No owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust under the Resolution or for the enforcement of any remedy under the General Resolution unless such owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the owners of not less than fifteen per centum (15%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the General Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the General Resolution or to any other remedy under the General Resolution; *provided, however,* that notwithstanding the foregoing and without complying therewith, the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all owners of Bonds.

Trustee Entitled to Indemnity

The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under the General Resolution, or to enter any appearance or in any way defend in any suit in which it may be named a defendant, or to take any steps in the execution of the trusts created by the General Resolution or in the enforcement of any rights and powers under the General Resolution, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Agency shall reimburse the Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith.

Compensation and Indemnification of Trustee

Subject to the provisions of any contract between the Agency and the Trustee relating to the compensation of the Trustee, the Agency shall pay, from the Pledged Property, to the Trustee reasonable compensation for all services performed by it under the General Resolution and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts created by the General Resolution and the performance of its powers and duties under the General Resolution, and, from such source only, shall indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the General Resolution.

Resignation and Removal of Trustee

The Trustee may resign by notice in writing to be given to the Agency and mailed, first-class postage prepaid, to all registered owners of Bonds at their addresses as they appear on the registration books kept by the Bond Registrar(s), not less than 60 days before such resignation is to take effect, and such resignation shall take effect immediately upon the appointment of a new Trustee.

The Trustee may be removed at any time by an instrument in writing executed by the owners of not less than a majority in principal amount of the Bonds then Outstanding. The Trustee may also be removed at any time for reasonable cause by any court of competent jurisdiction upon the application of the Agency pursuant to resolution or of the owners of not less than 10% in principal amount of Bonds then Outstanding.

No resignation or removal of the Trustee or appointment of a successor Trustee shall become effective until the acceptance of appointment under the General Resolution by the successor Trustee.

Appointment of Successor Trustee

If the Trustee shall resign, be removed, be dissolved, or otherwise become incapable of acting under the General Resolution or if the position of Trustee becomes vacant for any other reason, then the Agency shall appoint a Trustee to fill such vacancy and shall cause notice of such appointment to be mailed, first-class postage prepaid, to all registered owners of Bonds at their addresses as they appear on the registration books kept by the Bond Registrar(s). At any time within one year after any such vacancy shall have occurred the owners of a majority in principal amount of the Bonds Outstanding may appoint a successor Trustee by an instrument in writing filed with the Agency, which Trustee shall supersede any Trustee theretofore appointed by the Agency. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within 10 days after the vacancy shall have occurred, the owner of any Bond Outstanding under the General Resolution or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribed, appoint a successor Trustee. Any successor Trustee must be a bank or trust company having its principal corporate trust office in the State, duly authorized to exercise corporate trust powers and subject to examination by Federal or State authority, of good standing, and having at the time of its appointment a combined capital and surplus of not less than $50,000,000 as shown on its most recently published report of its financial condition.

Supplemental Resolutions

The Agency, without obtaining the consent of the owners of the Bonds, from time to time and at any time, may adopt such resolutions supplemental to the provisions of the General Resolution:

(a) to cure any ambiguity or defect or omission in the General Resolution or in any supplemental resolutions; or

(b) to grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or the Trustee; or

(c) to include as pledged revenues or money under, and subject to the provisions of, the General Resolution any additional revenues or money legally available therefor; or

(d) to cure any ambiguity, to correct or supplement any provision of the General Resolution which may be inconsistent with any other provision thereof, or to make any other provisions with respect to matters or questions arising under the General Resolution which shall not be inconsistent with the provisions thereof, provided such action shall not adversely affect the interests of the Bondowners; or

(e) to add to the covenants and agreements of the Agency in the General Resolution other covenants and agreements thereafter to be observed by the Agency or to surrender any right or power in the General Resolution reserved to or conferred upon the Agency; or

(f) to add provisions relating to coupon Bonds or Bonds issued with full book-entry delivery; or

(g) to modify any of the provisions of the General Resolution in any respect whatever; *provided, however,* that either (i) such modification shall apply only to Series of Bonds issued after the effective date of the Supplemental Resolution and shall not materially adversely affect the interests of the owners of Bonds of any Series Outstanding on the effective date of the Supplemental Resolution or (ii)(a) such modification shall be effective only after all Bonds then Outstanding shall cease to be Outstanding, and (b) such Supplemental Resolution shall be specifically referred to in the text of all Bonds authenticated and delivered after the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof; or

(h) to modify, amend or supplement the General Resolution or any Supplemental Resolution in such manner as to permit, if presented, the qualification thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law; or

(i) to surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of the General Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the General Resolution; or

(j) to add to the definition of Investment Obligations, Parity Hedge Provider, or Security Arrangement pursuant to the respective last proviso of the definition thereof; or

(k) to modify, amend or supplement the General Resolution or any Supplemental Resolution in such manner as to permit a trustee (other than the Trustee) with respect to any subordinated Bonds issued under the General Resolution; or

(l) to authorize Qualified Hedges and Security Arrangements and establish their terms; or

(m) to make any other change which, in the judgment of the Trustee, does not materially adversely affect the interests of the Bondowners.

Anything contained in the General Resolution to the contrary *notwithstanding,*

(i) the Owners of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds then Outstanding,

(ii) if less than all of the Bonds then Outstanding are affected, the Owners of greater than fifty per centum (50%) in principal amount of Bonds so affected then Outstanding, and

(iii) in case the terms of any Sinking Fund Requirements are changed, the Owners of greater than fifty per centum (50%) in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Requirements and then Outstanding shall have the right, from time to time, to consent to and approve the adoption by the Agency and the Trustee of such Supplemental Resolution or Resolutions as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to, repealing or rescinding, in any particular, any of the terms or provisions contained in the General Resolution or in any Supplemental Resolution; *provided, however,* no Supplemental Resolution shall permit, or be construed as permitting, any of the following without the consent of all of the adversely affected Bondowners: (a) a change in the terms of redemption or of the maturity of the principal of or the interest on any Bonds, or (b) a reduction in the principal amount or Redemption Price of any Bond or the rate of interest on any Bond, or (c) the creation of a lien upon or pledge of Revenues, or any part thereof, other than the lien and pledge created by the General Resolution, or (d) a preference or priority of any Parity Obligation Instrument over any Bond, except as may be permitted by the applicable Series Resolution(s), or (e) a reduction in the aggregate principal amount or classes of the Bonds required for consent to such Supplemental Resolution. A Series shall be deemed to be affected by a modification or amendment of the General Resolution or a Supplemental Resolution if the same adversely affects or diminishes the rights of the Owner of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Bonds of any particular Series and maturity would be affected by any modification or amendment of the General Resolution or a Supplemental Resolution and any such determination shall be binding and conclusive on the Agency and all Owners of Bonds.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section, the General Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the General Resolution of the Agency, the Trustee and all Bondowners and the Parties shall thereafter be determined, exercised and enforced in all respects under the provisions of the General Resolution as so modified and amended.

Notice of any proposed Supplemental Resolution to be effective with consent of Bondowners will be mailed to all Bondowners.

Defeasance

If, when Parity Obligation Instruments secured by the General Resolution shall have become due and payable in accordance with their terms or otherwise as provided in the General Resolution, or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Agency to the Trustee, and the whole amount of the principal of, Redemption Price, and the interest on all of the Parity Obligation Instruments then Outstanding shall be paid or the Trustee shall hold money or Government Obligations or shall hold money and Government Obligations sufficient to pay the principal of, Redemption Price, and interest on all Parity Obligation Instruments or which when due will provide sufficient moneys to pay the principal of, Redemption Price, and the interest on the Parity Obligation Instruments, and provisions shall also be made for paying all other sums (including amounts due under Qualified Hedges and Security Arrangements) payable under the General Resolution by the Agency, then and in that case, the right, title and interest of the Trustee under the General Resolution shall thereupon cease, terminate and become

void, and the Trustee in such case, on demand of the Agency, shall release the General Resolution and shall release the security and shall execute such documents to evidence such release as may be reasonably required by the Agency, and shall turn over to the Agency or to such officer, board or body as may then be entitled to receive the same, all the remaining property held by the Trustee under the General Resolution.

Governing Law

The laws of the State shall govern the construction of the General Resolution.

STATE NOT LIABLE ON BONDS

The Bonds are special obligations of the Agency secured in the manner and to the extent described in this Official Statement (Parts 1 and 2) under the sections "Sources of Payment and Security for the Bonds." The Agency has no taxing power. Section 2410 of the Act provides that the Bonds shall not be a debt of the State or of any municipality, and neither the State nor any municipality shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Agency.

AGREEMENT OF THE STATE

In accordance with the authority granted to the Agency pursuant to the provisions of Section 2411 of the Act, the Agency, on behalf of the State, has pledged to and agreed with the Bondowners in the General Resolution that the State will not limit or alter the rights vested by the Act in the Agency to fulfill the terms of any agreements made with the Bondowners, or in any way impair the rights and remedies of the Bondowners until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceedings by or on behalf of the Bondowners, are fully met and discharged.

LEGALITY OF BONDS FOR INVESTMENT AND TO SECURE STATE DEPOSITS

Under the provisions of the Act, the Bonds are securities in which all public officers and bodies of the State and all its municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever in the State who are now or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them.

The Bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State, including, but not limited to, the State Comptroller, to secure deposits of State money in banks, trust companies and industrial banks, and to secure the release of amounts retained from payments to contractors performing work for the State or for any State department or official, in accordance with the applicable provisions of the State Finance Law, and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the State of New York is now or may hereafter be authorized.

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FINANCIAL STATEMENTS OF THE AGENCY AND INDEPENDENT AUDITORS' REPORT

State of New York Mortgage Agency

SONYMA

Financial Statements

Fiscal Year

2010

State of New York Mortgage Agency

Financial Statements

Fiscal Years Ended October 31, 2010 and 2009

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RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the State of New York Mortgage Agency (the "Agency"), for the fiscal years ended October 31, 2010 and 2009, are the responsibility of management. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

The Agency maintains a system of internal control. The objectives of an internal control system are to provide reasonable assurance as to the protection of, and accountability for, assets, compliance with applicable laws and regulations, proper authorization and recording of transactions, and the reliability of financial records for preparing financial statements. The system of internal control is subject to periodic review by management and the internal audit staff.

The Agency's annual financial statements have been audited by Ernst & Young LLP, independent auditors appointed by the Directors of the Agency. Management has made available to Ernst & Young LLP all the financial records and related data of the Agency as well as having provided access to all the minutes of the meetings of the Directors of the Agency. The independent auditors periodically meet with the Directors of the Agency.

The independent auditors conducted their audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. The audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, the independent auditors do not express an opinion on the effectiveness of the Agency's internal control over financial reporting. The audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The independent auditors' unqualified report attests that the financial statements are presented, in all material aspects, in accordance with accounting principles generally accepted in the United States of America.

Brian E. Lawlor
Chief Executive Officer

Joanne Hounsell
Senior Vice President/
Interim Chief Financial Officer

January 25, 2011

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Report of Independent Auditors

The Directors
State of New York Mortgage Agency
New York, New York

We have audited the accompanying balance sheet of the State of New York Mortgage Agency (the "Agency"), a component unit of the State of New York, as of October 31, 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Agency for the year ended October 31, 2009, were audited by other auditors whose report dated January 25, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Agency's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of October 31, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with US generally accepted accounting principles.

As discussed in Note 9, the Agency adopted Government Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* as of November 1, 2009.

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The Management's Discussion and Analysis and the schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Agency's basic financial statements. The Supplementary Section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Ernst + Young LLP

January 25, 2011

Overview of the Financial Statements

The following is a narrative overview of the financial performance of the State of New York Mortgage Agency ("the Agency" or "SONYMA") for the fiscal years ended October 31, 2010 and 2009 with selected comparative information for the fiscal year ended October 31, 2008. Please read this analysis in conjunction with the financial statements, the notes to the financial statements and the supplemental schedules.

The annual financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the financial statements; (3) the notes to the financial statements and (4) the supplemental schedules that report programs of the Agency individually.

The Agency's financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis:

- This section of the Agency's financial statements, Management's Discussion and Analysis (the "MD & A"), presents an overview of the Agency's financial performance during the fiscal year ended October 31, 2010 compared with the fiscal year ended October 31, 2009 and fiscal year ended October 31, 2008. It provides a discussion of financial highlights and an assessment of how the Agency's financial position has changed from the past year. It identifies the factors that, in management's view, significantly affected the Agency's overall financial position. It may contain opinions, assumptions or conclusions by the Agency's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described below.

The Financial Statements include:

- The "Balance Sheet" which provides information about the liquidity and solvency of the Agency by indicating the nature and the amounts of investments in resources (assets), the obligations to Agency creditors (liabilities) and net assets. Net assets represent the amount of total assets less liabilities.
- The "Statement of Revenues, Expenses and Changes in Net Assets" which accounts for all the current year's revenues and expenses in order to measure the success of the Agency's operations over the past year. It can be used to determine how the Agency has funded its costs. By presenting the financial performance of the Agency, the change in net assets is similar to net profit or loss for a business.
- The "Statement of Cash Flows" which is presented on the direct method of reporting and provides information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. Cash collections and payments are presented in this statement to arrive at the net increase or decrease in cash for each year.

The Notes to the Financial Statements provide:

- Information that is essential to understanding the financial statements, such as the Agency's accounting methods and policies providing information about the content of the financial statements.
- Details are included of contractual obligations, future commitments and contingencies of the Agency.
- Information is given regarding any other events or developing situations that could materially affect the Agency's financial position.

Overview of the Agency's Financial Performance

Background

The Agency is a corporate governmental Agency, constituting a public benefit corporation and a component unit of the State of New York ("State"). The Agency and its corporate existence shall continue until terminated by law; provided, however, that no such law shall take effect so long as the Agency has bonds, notes or other obligations outstanding.

The Agency has two primary lines of operations: Single Family Operations and Mortgage Insurance Fund Operations.

Single Family Operations are dedicated to providing affordable mortgage financing to New York State home purchasers with low and moderate incomes. It provides such financing through a network of participating lenders for the purchase of newly constructed and existing homes; homes in need of renovation; permanently affixed manufactured homes and financing for cooperatives and condominiums.

Mortgage Insurance Fund Operations are dedicated to providing mortgage insurance and credit support for multi-family affordable residential projects and special care facilities, as well as providing pool and primary mortgage insurance on single family mortgages purchased by the Agency.

In April, 2009, the Agency's statutory authority to purchase education loans was updated and expanded in order to permit the Agency to work with the New York State Higher Education Services Corporation ("HESC") in developing a new program to offer education loans to eligible students attending colleges and universities in the State. Under the new statutory authority, the Agency, doing business as The State of New York Higher Education Finance Authority issued its 2009 Series A Bonds (the "Bonds") in December of 2009 in the par amount of $97,795,000. The loan program was initiated in December of 2009 and is administered by the HESC.

Mortgage and Financial Markets

The Agency's operations continued to be impacted in fiscal 2010 by the persistent weakness in the U.S. real estate market and by the continuing disruptions in the capital markets. The Agency was also affected by a deterioration of investment earnings due to a prolonged period of low interest rates.

The Agency made use of certain federal programs, such as the New Issue Bond Program ("NIBP") and Mortgage Credit Certificate Program ("MCC") described below, that provided alternatives to the traditional, but currently costly, means of accessing the capital markets. Additionally, the Agency sought opportunities to increase investment earnings by using its available funds to temporally warehouse Agency mortgage loans. The Agency also responded by targeting its funds to assist those individuals and families for whom lower interest rate mortgages provide the needed bridge to homeownership.

The persistent weakness of the real estate market and the federal government's efforts to bolster the mortgage and housing markets were the main factors affecting the Agency's mortgage and financing activities in fiscal year 2010. In the first half of the fiscal year, the Agency's mortgage programs lost their traditional advantage over conventional mortgage rates due to the Federal Reserve's program to purchase $1.25 trillion of mortgage backed securities, aimed at maintaining conventional rates at historic lows, which it continued until March 31, 2010.

At the same time, however, the Agency benefited from federal programs such as the homebuyer tax credit, which stimulated home purchases through April 30, 2010. The Agency also benefitted from the U.S. Treasury's implementation of the New Issue Bond Program in December, 2009. NIBP was the federal government's response to challenges faced by state and local housing finance agencies.

With NIBP, the Treasury created a vehicle for housing finance agencies to lock borrowing costs at a rate tied to that of 10 year treasuries by purchasing 60 percent of a bond issue through Fannie Mae and Freddie Mac. This initiative resulted in a significant reduction in the Agency's borrowing costs and consequently, the Agency was able to offer mortgage rates lower than conventional and FHA programs.

Despite NIBP, the continued decline of 10-year treasury yields through late spring and summer caused the Agency's rates to once again lag behind conventional and FHA rates. In keeping with NIBP's original intent, in August, the Treasury provided housing finance agencies with additional opportunities to lock borrowing rates. This enabled the Agency to significantly reduce mortgage interest rates in September.

In prior years, the Agency has used a combination of fixed and floating rate bonds to fund its lending program. However, in fiscal year 2010, the cost and availability of liquidity facilities, a necessity to access the floating rate market, was still prohibitive, and so the Agency was limited to funding its mortgage programs solely through the issuance of fixed rate bonds. The rates on those bonds have not been attractive enough during fiscal 2010 to generate sufficiently low mortgage rates, particularly when compared to current conventional mortgage rates.

These factors had a considerable impact on the volume of SONYMA's mortgage originations. The demand for Agency-financed mortgages was mixed during fiscal 2010; demand for Agency mortgages increased 64% over its November through May 10-year average, but decreased 35% from our June through October 10-year average. In total, mortgage reservations were $543 million, up 131% from fiscal year 2009, but down 28% from fiscal 2008. In 2009, the Agency experienced one of its worst years as it was unable to generate mortgage rates to compete with conventional mortgage rates that were being supported by the federal government's program to purchase mortgage-backed securities.

In addition to making use of the NIBP Program, the Agency also continued offering the MCC program launched in September, 2009, as an alternative to bond financed mortgage products. The precipitous drop in loan volume during fiscal year 2009 caused the Agency to consider alternatives to its bond program to assist first-time homebuyers. Federal tax law provides state housing finance agencies, such as SONYMA, an alternative to issuing tax-exempt bonds. With mortgages funded by bonds, the borrower receives a benefit through a lower rate of interest from SONYMA. With MCCs, homebuyers can convert 20% of their annual mortgage interest expense into a direct dollar-for-dollar Federal tax credit on their Federal tax return for each year of the life of their loan. The MCCs are issued by SONYMA and can be used in conjunction with any non-SONYMA fixed-rate mortgage product. In fiscal year 2010, the Agency issued 790 mortgage credit certificates totaling $27.5 million to low- and moderate-income households.

During fiscal year 2010, the Agency focused its mission, during a period marked by low conventional rates and recessionary economic conditions, on providing mortgage loans to those individuals and families for whom low interest rate mortgages make the difference in achieving sustainable homeownership. This was achieved by targeting mortgage financing activities on the Achieving the Dream Program, which assists lower-income homebuyers (70% of area median income or less). In fiscal year 2010, 46% of the Agency's mortgages were originated under the Achieving the Dream Program.

The Agency's earnings were also impacted by the prolonged period of low interest rates throughout the financial markets and fell accordingly. The Agency was able to increase earnings through the temporary warehousing of Agency mortgages. To do this, the Agency increased the amount of mortgages temporarily purchased with existing funds until it raised permanent funds through a bond issue and locked in a permanent borrowing rate.

In a typical market environment, the Agency would balance the opportunity for temporary investment earnings with the increased risk of delaying the lock in of a permanent borrowing rate. Such a delay would expose the Agency to interest rate risk and the potential to have originated mortgages at a rate below the ultimate cost of funds. However in fiscal year 2010, through participation in the NIBP Program, the Agency was able to forward lock in its rate for 60% of its borrowing. In addition, by increasing the amount of mortgages warehoused, the Agency incurred minimum amounts of negative arbitrage.

Single Family Operations Highlights

General

During fiscal year 2010, SONYMA assisted 2,900 low and moderate-income households by purchasing $348.7 million in mortgages for 2,110 households and issuing $27.5 million in MCCs to 790 households. Most of the bond financed loans were purchased under SONYMA's two primary programs:

The Low Interest Rate Program, which provided financing to 930 households, and the Achieving the Dream Program, which provided financing for 966 households. In fiscal year 2010, the Agency purchased 52% more in mortgages than last fiscal year ($348.7 million in 2010 compared to $229.7 million in 2009). In addition, of the loans purchased, 578 borrowers received either down payment or closing cost assistance of $3 million in fiscal 2010, compared to 986 loans, of $6.2 million in fiscal 2009.

SONYMA launched its MCC program in September 2009 and in fiscal year 2010, the Agency assisted 790 low- and moderate-income households totaling $27.5 million.

The Agency also continued its partnership with NeighborWorks® America to promote homeownership in underserved neighborhoods. As a result of this partnership the Agency has strengthened its relationships with partners in the housing community and provided training and information about its products. Partially due to this relationship, target area lending in fiscal year 2010 increased by 5.2% when compared to fiscal year 2009 and by 32.5% when compared to fiscal year 2008.

SONYMA continues to better serve its borrowers and industry partners by:

- Developing 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 will improve SONYMA's relationships with lenders, other industry partners and potential borrowers. Ultimately, the system is expected to increase loan production and improve profitability.

- Launching the Tax Credit Advance Loan ("TCAL"), which allowed SONYMA borrowers to apply the full amount of their anticipated Federal homebuyer tax credit towards the purchase of a home at loan closing. The advance was used towards down payment and/or closing costs in conjunction with any available SONYMA first loan program. In fiscal year 2010, SONYMA purchased 187 TCALs totaling $1.4 million.

- Replacing our Closing Cost Assistance Loan product with Down Payment Assistance Loans, making the loan closing process simpler and more efficient. Transitioning to down payment assistance simplified the loan process and reduced paperwork by eliminating the need for lenders to submit additional documentation requesting SONYMA's approval of the final assistance amount prior to loan closing. Instead the down payment assistance amount would be reviewed and approved simultaneously with SONYMA's review of the standard pre-closing loan file.

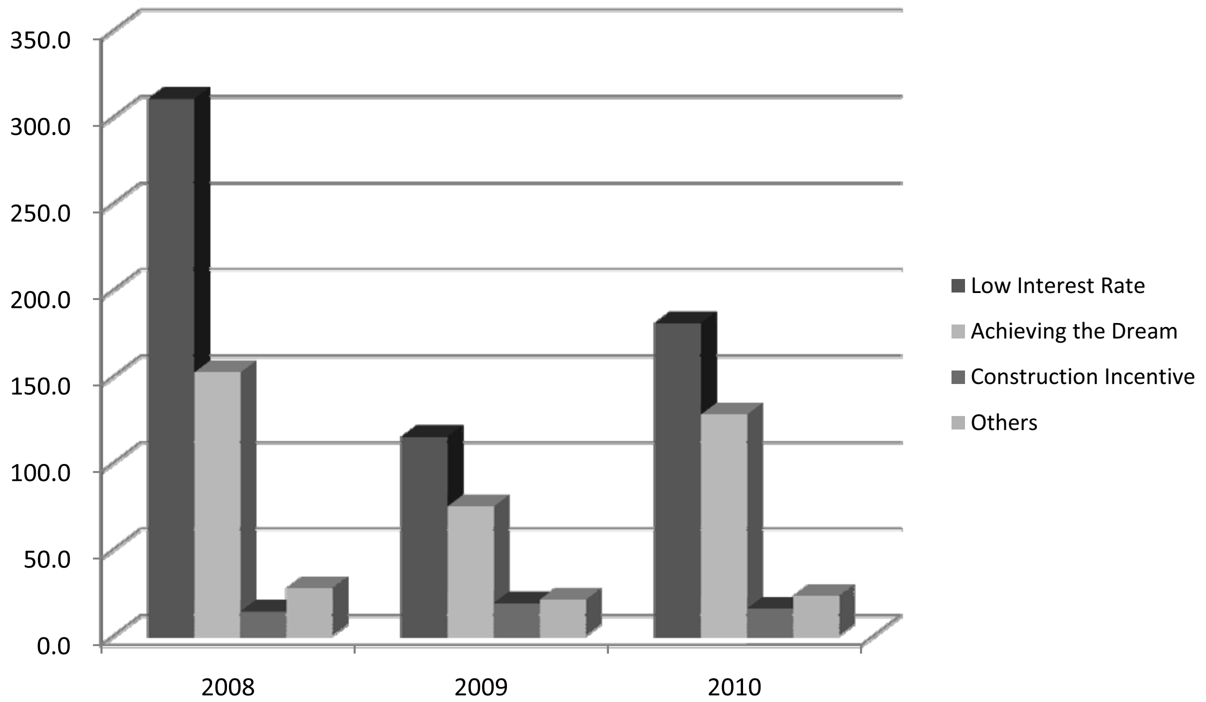
- Creating the SONYMA Advisory Council to get input and recommendations from industry professionals to help SONYMA maximize its role as an important provider of affordable and sustainable mortgages to low- and moderate-income first-time homebuyers across New York State. The Agency held its first meeting in May and another in September. Semi-annual meetings are scheduled.

- Continuing outreach to lenders for training and to recruit new lenders – particularly credit unions.

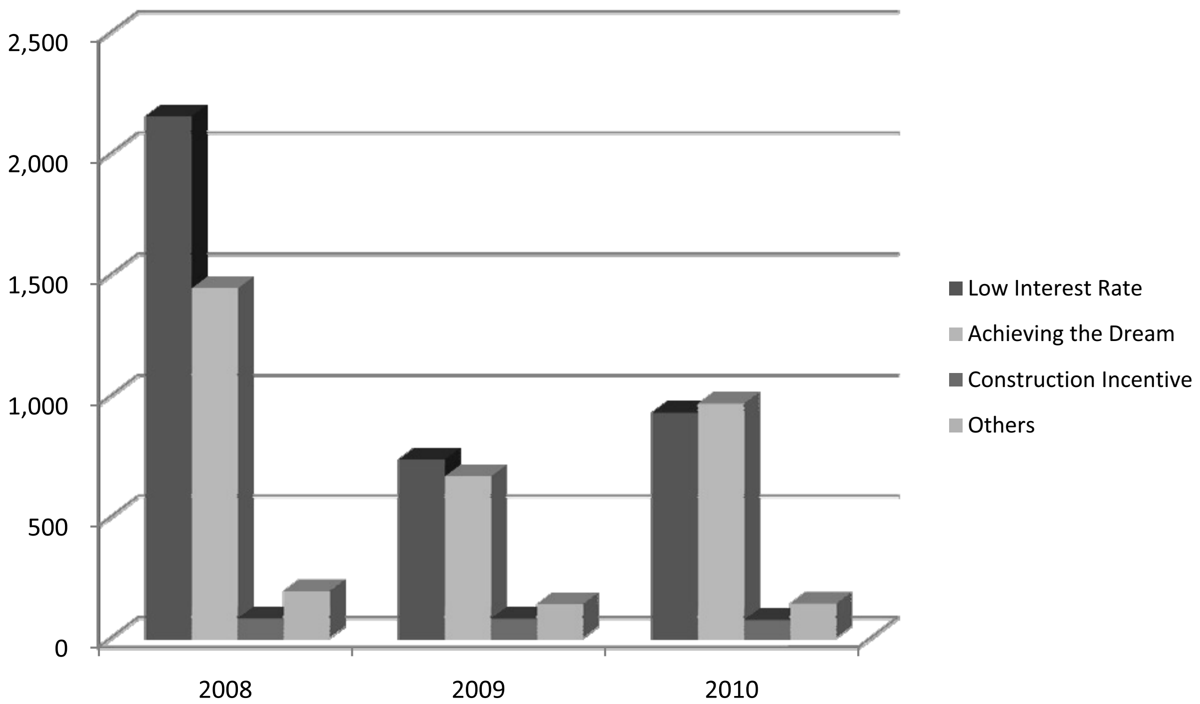
- Continuing collaborative working relationship with the New York State Association of Realtors ("NYSAR") and the New York State Builders Association, resulting in NYSAR incorporating SONYMA training into their continuing education curriculum.

The following table compares of SONYMA's loan purchases (based on dollars purchased) by fiscal year and program:

(In millions)



The following table compares of SONYMA's loan purchases (based on number of loans purchased) by fiscal year and program:



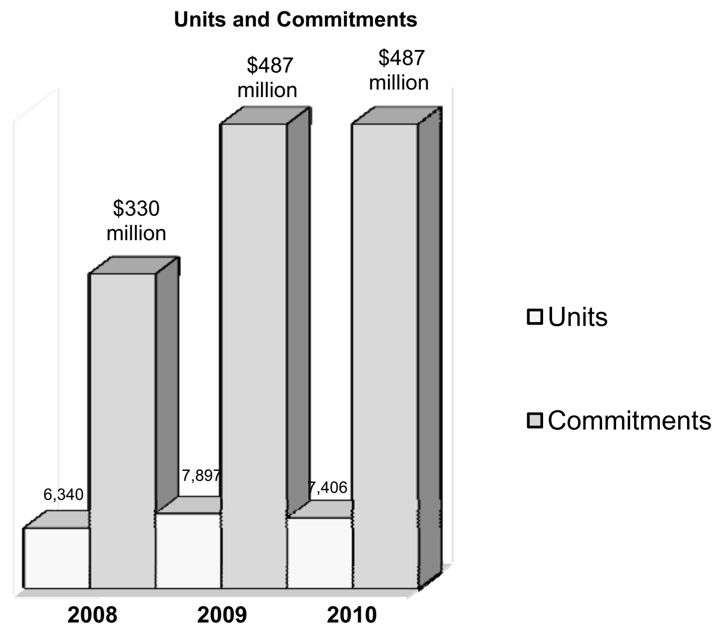
Performance of Mortgage Portfolio

Despite the continued turbulent economy and real estate market, SONYMA's mortgage portfolio has performed consistently well. At the end of fiscal 2010, SONYMA's 60 days or more delinquencies were 2.42% (based on the number of loans.) This compares very favorably to the New York State and national averages of 10.32% and 10.22%, respectively.

Mortgage Insurance Fund Operations

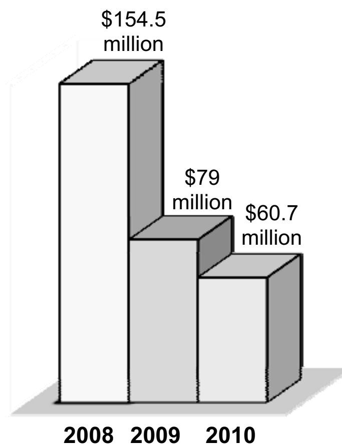
The Mortgage Insurance Fund ("the MIF") has two lines of business. It provides insurance on mortgages for multi-family housing and special needs facilities and on other mortgage loans made by government entities and commercial lenders. It also provides both pool and primary insurance on single family mortgages purchased by SONYMA.

The following graph highlights the MIF's project insurance commitments for the fiscal years indicated.



The increase in the MIF commitments in fiscal years 2010 and 2009 was due in part to problems at Fannie Mae and Freddie Mac which had formerly purchased loans without credit enhancement directly from conventional lenders. The increase was also due to the collapse of the auction rate municipal bond market which resulted in the State and New York City housing agencies doing a greater volume of fixed rate mortgage lending with MIF insurance. Although Fannie Mae and Freddie Mac resumed purchasing convention loans, the municipal bond market remained unsettled in 2010.

Substantially all of the MIF's revenues are derived from a New York State mortgage recording surtax which has been declining as indicated in the chart below:



The continued decline is due to a decrease in real estate transactions in the State leading to a reduction in mortgage recordings. The MIF also received $14.3 million in application and insurance premiums during fiscal 2010 compared with $13.4 million during fiscal 2009 and $12 million during fiscal 2008. Interest earned by the MIF during fiscal years 2010, 2009 and 2008 was $30.2 million, $34.6 million and $45.9 million respectively.

The claims-paying ability of the Single Family Pool Insurance Account and the Project Pool Insurance Account of the MIF are rated "Aa1" and "Aa1," respectively by Moody's and "AA+" and "AA-," respectively, by Fitch Inc. ("Fitch"). On July 28, 2010, Moody's downgraded its rating on the Single Family Pool Insurance Account from "Aaa" to "Aa1". This was due to a potential increase in the Account's risk to capital ratio due to reduced interest earnings and mortgage recording surtax revenue, and the weakness of private mortgage insurance companies whose primary mortgage insurance policies come before the MIF's pool insurance." On October 8, 2010, Moody's affirmed its rating and changed its outlook from stable to negative. Moody's affirmed its "Aa1" rating on the project Pool Insurance Account on July 16, 2010. Fitch affirmed its respective rating on the Single Family Pool Insurance Account and the Project Poll Insurance Account on December 11, 2007.

Higher Education Finance Authority Operations

On December 15, 2009 the Agency, doing business as The State of New York Higher Education Finance Authority, issued its 2009 Series A Bonds (the "Bonds") in the amount of $97.8 million to finance The New York Higher Education Loan Program ("NYHELPs Program" or "Program"). The NYHELPs Program is a program under which fixed rate credit based education loans are made available for eligible New York State borrowers attending participating colleges and universities across the State.

The New York State Higher Education Services Corporation ("HESC"), an educational corporation of the State administers the Program, and acts as the Servicer for the Program and is responsible for such things as credit underwriting, marketing the Program to prospective borrowers and remedying defaults. HESC engaged Firstmark, a subsidiary of Nelnet, Inc., to perform certain other servicing and reporting functions. The Authority's primary role is to finance the Program. The Authority: (1) issues bonds based on demand estimates provided by HESC and (2) monitors the various accounts and funds held both inside and outside of the bond indenture.

HESC advised the Authority in February 2010 that demand for the loans under the Program was substantially less than anticipated, and informed the Agency that as a result the available proceeds from the December bond issue would exceed the amount necessary for funding the loans. HESC proposed that the origination period be extended. Upon satisfaction of certain rating agency conditions set forth in the bond Indenture, the origination period was extended from April 28, 2010 to March 1, 2011. In order to satisfy rating agency requirements for the extension, an additional $4 million, was made available through a state appropriation, and was deposited into the Capitalized Interest Account.

As of October 31, 2010, the Authority had purchased $323,000 in loans and an additional $ 4.2 million in loans had been originated but not yet purchased. The amount on deposit in the Loan Account (net of originated but not purchased loans) was $ 93.7 million. Unless a further extension of the origination period is put into effect, upon satisfaction of rating agency conditions, or other steps permitted under the bond Indenture are taken, the board will consider approving an unexpended proceeds redemption in April of 2011.

Condensed Financial Information

Balance Sheet Summary Schedules

(in thousands)

The information set forth below is a comparison of certain Agency balance sheet information covering the fiscal years ended October 31, 2010, 2009 and 2008 primarily as it relates to assets, liabilities and net assets.

		October 31,		% Change	
	2010	2009	2008	2010-2009	2009-2008
Assets					
Cash	$ 10,835	10,376	8,007	4%	30%
Investments	2,377,150	1,930,171	1,884,284	23%	2%
Loans receivable	3,212,178	3,146,765	3,191,822	2%	(1%)
Other assets	31,175	28,879	30,077	8%	(4%)
Deferred amounts	98,083	108,906	110,793	(10%)	(2%)
Deferred outflow of resources	57,433	35,665	—	61%	100%
Total assets	$ 5,786,854	5,260,762	5,224,983		
Liabilities					
Bonds payable	$ 3,515,586	3,136,826	3,232,960	12%	(3%)
Interest payable	12,548	10,202	12,436	23%	(18%)
Allowance for anticipated claims	33,534	68,712	75,303	(51%)	(9%)
Deferred income, accounts payable and other liabilities	19,904	23,237	81,988	(14%)	(72%)
Postemployment retirement benefits	28,052	25,925	24,446	8%	6%
Derivative instrument - interest rate swap	57,433	35,665	—	61%	100%
Total liabilities	3,667,057	3,300,567	3,427,133		
Net assets	2,119,797	1,960,195	1,797,850		
Total liabilities and net assets	$ 5,786,854	5,260,762	5,224,983		

Assets

Investments

Investments held by the Agency increased from $1.93 billion at October 31, 2009 to $2.38 billion at October 31, 2010, an increase of approximately $450 million or 23%. This compares with the increase of approximately $45.9 million, from $1.88 billion at October 31, 2008 to $1.93 billion at October 31, 2009. The increase was primarily due to two factors, a financing of $389.1 million of which $239.1 million remained on deposit at October 31, 2010 relating to the Agencies participation in NIBP and the issuance of the $97.8 million of NYHELPs Authority bonds which remains undisbursed.

Loans receivable

Mortgage loans receivable are the primary assets of the Agency's Single Family operations constituting 55% of the total assets at October 31, 2010 and 60% at October 31, 2009

Mortgages loans receivable increased from $3.1 billion at October 31, 2009 to $3.2 billion at October 31, 2010, an increase of approximately $65 million, as compared with a decrease from $3.2 billion at October 31, 2008 to $3.1 billion at October 31, 2009, a decrease of approximately $45 million. As previously discussed, the participation of the Agency in NIBP has made SONYMA mortgages more competitive, thus resulting in an increase in mortgage loans receivable during fiscal 2010. During fiscal 2009, SONYMA's mortgage loan production activity decreased substantially due to weakening economy and SONYMA's inability to offer competitive interest rates.

Student loans receivable as of October 31, 2010 was $323 thousand.

Unamortized Mortgage and Bond Issuance Costs

The balance in Unamortized Mortgage and Bond Issuance Costs is primarily comprised of unamortized cost of issuance charges related to bond issuances and unamortized closing cost assistance payments relating to mortgage closings. Therefore, at the end of each fiscal year the balance is directly related to the number of bonds issuances which closed during the fiscal year and the number of mortgage closings during the fiscal year.

Primarily as a result of amortization, deferred mortgage and bond acquisition costs decreased from $108.9 million at October 31, 2009 to $98.1 million at October 31, 2010, a decrease of approximately $10.8 million, as compared with a decrease from $110.8 million at October 31, 2008 to $108.9 million at October 31, 2009, a decrease of approximately $1.9 million.

Deferred outflow of resources

In June 2008, the Governmental Accounting Standards Board ("GASB") issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53"). The Statement establishes guidance on the recognition, measurement and disclosures related to derivative instruments entered into by governmental entities. GASB No. 53 requires that most derivative instruments be reported at fair value, and requires governmental entities to determine if derivatives are effective hedges of risks associated with related hedgeable items. Generally, for derivatives that are effective hedges, changes in fair values are deferred whereas for others the changes in fair value are recognized in the current period. The Agency has implemented GASB No. 53 as of November 1, 2009.

The fair values of the Agency's interest rate swaps (derivatives) as of October 31, 2010 and 2009 were ($57.4) million and ($35.7) million respectively. Therefore, the Agency recorded a liability "derivative instrument-interest rate swaps" in the amount of the fair values of these instruments along with a corresponding deferred asset "deferred outflow of resourses". During fiscal 2010, there was a decrease in fair value of these instruments of $21.7 or 61%. Since GASB No. 53 was effective for periods beginning after June 15, 2009, a valuation was not required for fiscal 2008.

Liabilities

Bonds payable

At approximately 96% of total liabilities, bonds payable comprise the largest component of liabilities as of October 31, 2010 and 2009. Funds generated by the sale of bonds are used to purchase mortgages loans as part of the Agency's Single Family operations. The payments due on such loans, together with interest earnings, are used to fund the debt service payments due on bonds.

Bonds payable increased by $378 million from $3.1 billion at October 31, 2009 to $3.5 billion at October 31, 2010. This increase is compared to a decrease of $96 million from $3.2 billion at October 31, 2008 to $3.1 billion at October 31, 2009. The increase in bonds outstanding during fiscal year 2010 was a result of the Agencies participation in NIBP and the issuance of $97.8 million of NYHELPs Authority bonds.

The decrease in bonds outstanding at October 31, 2009 was a result of market conditions in the municipal bond market during fiscal 2009 coupled with a decrease in demand for SONYMA mortgage loans.

Allowance for anticipated claims

Allowance for anticipated claims decreased by $35.2 million from $68.7 million at October 31, 2009 to $33.5 million at October 31, 2010, as compared to a decrease of $6.6 million from $75.3 million at October 31, 2008 to $68.7 million at October 31, 2009 a decrease of approximately $6.6 million, or 9%. The MIF establishes provisions for potential insurance claims on its policies that are non-performing. The balance fluctuates as projects are moved to and from performing status or as periodic claims are paid.

During fiscal 2010, 2009 and 2008 the MIF had made claim payments in the amounts of $12 million, $12.9 million and $4.5 million respectively.

Deferred income, accounts payable and other liabilities

Deferred income, accounts payable and other liabilities decreased by $3.4 million from $23.2 million at October 31, 2009 to $19.9 million at October 31, 2010, as compared with a decrease of $58.7 million from $81.9 million at October 31, 2008 to $23.2 million at October 31, 2009. The decreases during both fiscal years was primarily due to a reduction in funds due to the State as a result of a decline in mortgage recording surtax received by the MIF as previously discussed.

The high level of deferred income, accounts payable and other liabilities at fiscal 2008 was primarily due to the establishment of liabilities for funds that were set aside by legislation to be advanced to various entities to promote affordable housing. As of October 31, 2008, $31.9 million remained of the $100 million originally set aside. During fiscal 2009 the Agency disbursed $10.9 million to promote affordable housing and the remaining balance of $21 million was remitted to the State as part of the deficit reduction plan enacted by the State.

Summary of Revenues, Expenses and Changes in Net Assets
(in thousands)

The information set forth below is a comparison of certain Agency information of revenues and expenses covering the fiscal years ended on October 31, 2010, 2009 and 2008 primarily as it relates to changes in net assets.

		Fiscal Year Ended October 31,			% Change	
		2010	2009	2008	2010-2009	2009-2008
Operating Revenues						
Interest on loans	$	174,028	179,327	167,743	(3%)	7%
Investment earnings		38,237	44,228	65,554	(14%)	(33%)
Recoveries		40,214	32,271	6,567	25%	391%
Other operating revenues		21,262	30,959	13,736	(31%)	125%
Total operating revenues		273,741	286,785	253,600		
Operating Expenses						
Interest expense		139,905	145,891	139,806	(4%)	4%
Provision for estimated claims		13,761	38,613	13,626	(64%)	183%
Pool insurance		981	1,055	1,248	(7%)	(15%)
Expenditures related to federal grants		1,150	1,193	510	(4%)	134%
Other operating expenses		49,057	36,939	32,289	33%	14%
Total operating expenses	$	204,854	223,691	187,479		
Net operating revenue		68,887	63,094	66,121	9%	(5%)
Non-operating revenues (expenses)						
Mortgage insurance reserves retained		67,163	98,402	64,777	(32%)	52%
Federal grants		1,150	1,193	510	(4%)	134%
Payments from (to) the State New York		23,800	—	(100,000)	100%	100%
Loss on early extinguishment of debt		(1,398)	(344)	(520)	306%	(34%)
Total non-operating revenues (expenses)		90,715	99,251	(35,233)		
Increase in net assets		159,602	162,345	30,888		
Total net assets - beginning of fiscal year		1,960,195	1,797,850	1,766,962		
Total net assets - end of fiscal year	$	2,119,797	1,960,195	1,797,850		

Operating Revenues

Interest on loans

Interest on mortgage loans from Single Family operations represents the primary source of funds available for the Agency to pay interest expense due on bonds payable. The decline in fiscal 2010 was a result of historic low interest rates on new loans purchased by the Agency. Interest on mortgage loans decreased from approximately $179.3 million in fiscal 2009 to $174 million in fiscal 2010, a decrease of $5.3 million, or 3%. This compares with an increase from $167.7

million in fiscal 2008 to $179.3 million in fiscal 2009, an increase of $11.6 million, or 7%. The increases in fiscal 2009 and 2008 were due primarily to the significant volume of mortgage loans acquired during fiscal 2008.

Investment earnings

Investment earnings decreased from $44.2 million in fiscal year 2009 to $38.2 million in fiscal year 2010, a decrease of approximately $6 million, or 14%, as compared with a decrease from $65.6 million in fiscal year 2008 to $44.2 million in fiscal year 2009, a decrease of approximately $21.4 million, or 33%. The decreases were attributable to the continued drop in investment rates applicable to all eligible investments of the Agency, particularly short term rates on U.S. government securities. The Federal Reserve's continued policy to reduce short-term benchmark interest rates has further reduced yields on short term securities. The Agency is limited by statute and bond resolutions in the types of investments it can purchase.

Recoveries

Recoveries result from the reclassification of certain loans insured by the MIF from non-performing status to performing status. Recoveries also include payments made to the MIF after a final claim payment was made. Recoveries increased from $32.3 million in fiscal year 2009 to $40.2 million in fiscal year 2010, an increase of approximately $7.9 million, or 25%, as compared with an increase from $6.6 million in fiscal year 2008 to $32.3 million in fiscal year 2009, an increase of approximately $25.7 million, or 391%.

During fiscal 2010 the MIF re-classified 4 projects totaling $27.6 million from non-performing to performing status. The MIF also recognized non cash recoveries of $9.3 million. This was offset by payments mentioned below:

During fiscal 2010, 2009 and 2008 the MIF received approximately $3.3 million annually relating to an Ulster County IDA mortgage on a nursing home in Kingston, New York. The mortgage was assigned to the Agency as a result of a final claim paid by the MIF in July, 2003.

Other operating revenues

Other operating revenues decreased from $31 million in fiscal 2009 to $21.3 million in fiscal 2010, a decrease of approximately $9.7 million, or 31%, as compared with an increase from $13.7 million in fiscal 2008 to $31 million in fiscal 2009, an increase of approximately $17.3 million, or 125%. The changes in other operating revenues were primarily due to unrealized gains on investments. The agency's unrealized gains on investments for fiscal 2010, 2009 and 2008 were $8.8 million, $21.4 million and $4.4 million respectively.

Expenses

Interest expense

Interest expense decreased during the current fiscal year primarily due to the low interest rates on the bonds related to NIBP. Interest expense declined from $145.9 million in fiscal 2009 to $139.9 million in fiscal 2010, a decrease of approximately $6 million or 4% as compared with an increase from $139.8 million in fiscal 2008 to $145.9 million in fiscal 2009, an increase of approximately $6.1 million or 4%. The increase in fiscal 2009 was a result of the high volume of market rate bonds issued in fiscal 2008.

Provision for estimated claims

The MIF sets aside provisions for potential insurance claims on its insured multi-family projects and special needs facilities that are non-performing. This account fluctuates as projects are moved to and from performing status or as periodic claims are paid. The provision for estimated claims decreased from approximately $38.6 million in fiscal year 2009 to $13.8 million in fiscal year 2010, a decrease of $24.8 million, or 64%, as compared with an increase from $13.6 million in fiscal year 2008 to $38.6 million in fiscal year 2009, an increase of $25 million, or 183%. In fiscal 2010 and 2009, provisions were set aside for multi-family projects insured by the MIF. For the MIF's claim activity, including provisions

for estimated claims established and the balance of total reserves for the fiscal years ended 2010 and 2009, see Note 7b to the financial statements.

Pool insurance

Pool insurance expense represents insurance cost paid to the MIF from the Agency's three bond indentures. The cost of the insurance is calculated at 1 basis point on the outstanding mortgage principal balance. Pool insurance expense decreased from approximately $1.1 million in fiscal year 2009 to $981 thousand in fiscal year 2010, a decrease of $74 thousand, or 7%, as compared with a decrease from $1.2 million in fiscal year 2008 to $1.1 million in fiscal year 2009, a decrease of $100 thousand, or 15%. The declines are a result of changes to mortgage loan balances.

Mortgage insurance reserves retained

As discussed in MIF operations section of this report, mortgage insurance reserves retained totaled $67.2 million during fiscal 2010 compared to $98.4 million during fiscal 2009 and $64.8 million during fiscal 2008. The decrease in reserves retained during fiscal 2010 was due to a decline in mortgage surtax receipts. The increase during fiscal 2009 was due to an increase in project insurance commitments.

Federal grants

During the fiscal years ended October 31, 2010 and 2009, the Agency has distributed federal funds under the National Foreclosure Mitigation Counseling Program. The federal funds were received in accordance with a Grant Agreement with NeighborWorks America, acting as a U.S. Department and of Housing and Urban Development (HUD) Approved Intermediary. Under the program, the Agency received a fee and was required to contribute funds to the program. The Agency contribution came from funds legally available to the Agency.

During fiscal 2010 the Agency received federal funds in the amount of $1.15 million ($1.19 in 2009) of which $57,000 ($50,000 in 2009) represented a fee due to the Agency. In addition, the Agency contributed $186,000 ($180,000 in 2009) to the program. The amount of $1.4 million (including $1.2 million in federal funds) was distributed in fiscal 2009 and $583,000 (including $483,000 in federal funds) in fiscal 2008 for foreclosure mitigation counseling to various entities throughout the State.

Payments from (to) the State of New York

In order to fund certain accounts required for NYHELPs (Student Loan) Program, the State provided a net amount of $23.8 million.

On June 11, 2008, the Board of Directors of SONYMA, pursuant to Chapter 57 of the Laws of 2008 authorized a onetime release of $100 million to various entities to fund affordable housing programs.

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State of New York Mortgage Agency
Balance Sheets

(Amounts in Thousands)

	October 31,	
	2010	**2009**
Assets		
Current Assets:		
Cash-demand deposits unrestricted	$ 3,356	1,516
Cash-demand deposits restricted	2,591	4,591
Cash-custodian deposits	4,888	4,269
Investments unrestricted	18,958	21,397
Investments restricted	1,234,828	819,235
Total cash and investments	1,264,621	851,008
Mortgages loans receivable	117,718	83,838
Accrued interest receivable:		
Mortgages and student loans	13,778	12,115
Investments	13,103	15,278
Other	4,294	1,486
Total current assets	**1,413,514**	**963,725**
Non-current Assets:		
Investments restricted	1,123,364	1,089,539
Mortgage loans receivable-net of unearned discount and unamortized commitment fees	3,094,137	3,062,927
Student loans receivable	323	—
Unamortized bond cost of issuance on mortgage and student loan acquisition	98,083	108,906
Deferred outflow of resources	57,433	35,665
Total non-current assets	**4,373,340**	**4,297,037**
Total Assets	**$ 5,786,854**	**5,260,762**
Liabilities and Net Assets		
Current Liabilities:		
Bonds payable, net	$ 150,429	121,144
Interest payable	12,548	10,202
Allowance for anticipated claims	33,534	68,712
Deferred income, accounts payable and other liabilities	19,904	23,237
Total current liabilities	**216,415**	**223,295**
Non-current Liabilities:		
Bonds payable, net	3,365,157	3,015,682
Postemployment retirement benefits payable	28,052	25,925
Derivative instrument - interest rate swap	57,433	35,665
Total non-current liabilities	**3,450,642**	**3,077,272**
Total Liabilities	**3,667,057**	**3,300,567**
Net Assets:		
Restricted for bond obligations	638,673	609,237
Restricted for insurance requirements	1,490,324	1,357,634
Unrestricted net deficit	(9,200)	(6,676)
Total Net Assets	**2,119,797**	**1,960,195**
Total Liabilities and Net Assets	**$ 5,786,854**	**5,260,762**

See notes to financial statements.

State of New York Mortgage Agency
Statements of Revenues, Expenses and Changes in Net Assets

(Amounts in Thousands)

	Fiscal Year Ended October 31,	
	2010	**2009**
Operating revenues		
Interest earned on loans	$ 174,028	179,327
Recoveries	40,214	32,271
Interest earned on deposits and investments	38,237	44,228
Gain on investments	8,797	21,392
Insurance premiums and application fees earned	10,311	8,369
Other income	2,154	1,198
Total operating revenues	**273,741**	**286,785**
Operating expenses		
Interest and amortization of discount on debt	139,905	145,891
Amortization of bond cost of issuance costs	2,875	3,141
Postemployment retirement benefits expense	2,126	1,765
General expenses	18,607	16,624
Overhead assessment by State of New York	3,855	2,898
Pool Insurance	981	1,055
Provision for estimated claims	13,761	38,613
Expenses related to federal and state grants	1,150	1,193
Other	21,594	12,511
Total operating expenses	**204,854**	**223,691**
Operating income	**$ 68,887**	**63,094**
Non-operating (expenses) revenues		
Loss on early extinguishment of debt	(1,398)	(344)
Mortgage insurance reserves retained	67,163	98,402
Federal grants	1,150	1,193
Payments from the State of New York	23,800	—
Total non-operating revenues	**90,715**	**99,251**
Increase in net assets	**159,602**	**162,345**
Total Net Assets, Beginning of Fiscal Year	**1,960,195**	**1,797,850**
Total Net Assets, End of Fiscal Year	**$ 2,119,797**	**1,960,195**

See notes to financial statements.

State of New York Mortgage Agency
Statements of Cash Flows

(Amounts in Thousands)

	Fiscal Year Ended October 31,	
	2010	2009
Cash flows from operating activities		
Interest received on loans	$ 173,392	178,982
Interest paid on bonds	(137,550)	(147,899)
Earnings on investments	54,099	67,659
Commitment fees, premium and other	15,483	13,384
General expenses	(26,677)	(23,325)
Expenditures related to federal and state grants	(1,150)	(1,193)
Mortgage recording tax	60,696	79,034
Payment to New York State of excess balance	—	(8,501)
Funds received from the State of New York	23,852	—
Claim payments	(12,037)	(16,350)
Other	(11,508)	(41,600)
Net cash provided by operating activities	**138,600**	**100,191**
Cash flows from non-capital financing activities		
Federal grants	1,150	1,193
Bond proceeds	642,955	82,485
Retirement and redemption of bonds	(264,979)	(179,558)
Net cash provided by (used in) non-capital financing activities	**379,126**	**(95,880)**
Cash flows from investing activities		
Principal payment on loans	283,644	285,231
Purchase of loans	(349,058)	(246,712)
Proceeds from the sale or maturities of investments	9,330,165	3,695,958
Purchase of investments	(9,782,018)	(3,736,419)
Net cash used in investing activities	**(517,267)**	**(1,942)**
Net increase in cash	459	2,369
Cash at beginning of fiscal year	10,376	8,007
Cash at end of fiscal year	**$ 10,835**	**10,376**
Reconciliation of operating revenues to net cash provided by operating activities:		
Operating income	$ 68,887	63,094
Adjustment to reconcile operating income to net cash provided by operating activities:		
Decrease in fair value of investments	(8,797)	(21,393)
Amortization and accretions	14,464	23,065
Mortgage insurance reserves retained and other	90,965	98,401
Changes in assets and liabilities:		
Interest, fees and other receivables	7,648	2,205
Accounts and other payables	(34,567)	(65,181)
Net cash provided by operating activities	**$ 138,600**	**100,191**

See notes to financial statements.

State of New York Mortgage Agency

(a component unit of the State of New York)

Notes to Financial Statements

October 31, 2010 and October 31, 2009

1. Organization and Basis of Presentation

The State of New York Mortgage Agency (the"Agency") is a public benefit corporation of the State of New York (the"State") created by statute in 1970 and for financial reporting purposes is a component unit of the State. The purpose of the Agency is to make mortgages available to low and moderate income first-time homebuyers and to other qualifying homebuyers through its various mortgage programs. The Agency provides mortgage insurance for qualifying real property loans through its Mortgage Insurance Program and to provide credit support for obligations of the Convention Center Development Corporation. Under State statutes, the Agency's operating provisions are subject to periodic legislative renewal. Also, as of January 1, 1991, certain participants in the Low Interest Rate Program may be subject to Federal recapture provisions enacted under federal law. The Agency is exempt from Federal, State and local income taxes. The financial statements of the Agency include the accounts of the respective bondholder funds as well as the Mortgage Insurance Fund and the General Operating Fund.

Pursuant to the general resolutions for the Agency's bond issues and in accordance with the Mortgage Insurance Program legislation, separate funds have been established to record all transactions relating to each of the bond resolutions and for the Mortgage Insurance Program. Generally, the Mortgage Insurance Fund and each bond fund's assets are available only for the purposes specified under the respective bond resolutions and/or pursuant to the Agency's enabling legislation.

a. Bondholder Funds

Prior to 1983, the Agency issued tax-exempt mortgage revenue bonds and applied the proceeds to the purchase of existing residential mortgage loans from financial institutions operating in the State, on the condition that the purchase proceeds be made available for new residential mortgage loans within the State. In 1982, the enabling legislation was amended to permit application of bond proceeds for direct issuance of forward commitments for new mortgage loans through participating originators. The newly originated loans are approved and acquired by the Agency and are serviced by eligible servicers doing business in the State. Mortgages originated through the Agency's mortgage programs are subject to certain Federal and/or State regulations and limitations. The Agency is authorized, however, and has issued obligations, the interest on which is federally taxable.

All acquired mortgage loans are collateralized by first liens. If required, the mortgages are insured with primary mortgage insurance. In addition, pool insurance coverage is provided in amounts ranging from 4%-10% of the original mortgage pool amount of a bond series. The assets of the Agency's bondholder funds are restricted as to purpose under the respective bond resolutions.

Mortgage escrow balances are maintained by each financial institution servicing the mortgages for the credit of the mortgagors. The servicers are responsible for the collections and disbursements made to and from the mortgagors' escrow accounts. Mortgage servicers annually receive a credit equal to 2.93% of actual mortgage payments collected less prepayments and curtailments which they apply as a credit to their applicable New York State tax liability.

In April, 2009, the Agency's statutory authority to purchase education loans was updated and expanded in order to permit the Agency to work with the New York State Higher Education Services Corporation ("HESC") in developing a new program to offer education loans to eligible students attending colleges and universities in New York State ("Student Loan Program").

2. Significant Accounting Policies

a. Basis of Accounting

The Agency maintains its accounting records and prepares its financial statements on the accrual basis of accounting. In accordance with Government Accounting Standards Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Activities that Use Proprietary Fund Accounting*, the Agency has elected not to apply Financial Accounting Standards Board Statements ("FASB") issued after November 30, 1989.

b. Cash

Cash demand deposit accounts are used for the collection of funds received from the servicing banks throughout the month. These amounts are remitted to the Agency during the month following the financial statement date and applied to the mortgage loan and interest accrual balances.

Cash custodian deposits represent mortgage payments in-transit held by the servicing financial institutions and not yet remitted to the Agency.

c. Investments

Investments, other than investment agreements, are recorded at their fair values, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which are based on quoted market prices. Investment agreements are reported at amortized cost. For the purpose of financial statement presentation, the Agency does not consider any of its investments to be cash equivalents.

Substantially all of the Agency's investments are held under the applicable bond resolutions of the Agency's bond programs. The Agency holds these investments for the purposes authorized and/or required under the applicable bond resolutions and is not required, although permitted, to liquidate these investments prior to their respective maturities or sales. Additionally, because the Agency may have purchased these investments using proceeds attributable to bonds issued by the Agency, the interest on which is exempt from federal income taxation, and in order to maintain the tax-exempt status of the interest thereon, the Agency may not be permitted, due to federal statutory and regulatory requirements relating to arbitrage and rebate rules, to retain all the proceeds from the sale of investments.

d. Mortgage Loans Receivable

Mortgage loans on real estate are stated at their unpaid principal balance, less unamortized commitment fees, where appropriate.

The Agency does not provide a reserve against uninsured mortgages receivable because all loans had at least 20 percent equity at origination. Further, most of these loans are well-seasoned (70% were originated in 2004 or earlier) and all mortgages are covered by a pool insurance policy.

Unearned commitment fees remitted to the Agency by participating financial institutions or mortgage applicants are amortized over the life of the respective mortgage portfolio as an adjustment to yield, using the sum-of-the-years digits method which approximates the interest method.

Mortgage acquisition costs consist primarily of inspection and initial processing fees incurred either directly by the Agency or by servicing financial institutions relative to the purchase of mortgages that have been reimbursed by the Agency. The acquisition costs are amortized over the average life of the respective mortgage portfolio, using the sum-of-the-years digits method which approximates the interest method.

2. Significant Accounting Policies (continued)

e. Bonds Payable

Serial and term bonds are stated at their principal amounts outstanding, net of unamortized bond discount, premium and unamortized loss deferrals, where applicable. Serial and term bonds are maintained at their accreted values for purposes of financial reporting to the date of the respective balance sheet.

In accordance with the respective bond resolutions, funds are available to the trustee to pay debt service on bonds when due, principally April 1 and October 1.

f. Unamortized Bond Issuance Costs and Unamortized Bond Discount and Premium

Bond issuance costs, bond discount and premium are amortized using the bonds-outstanding method which yields a level rate of expense over the respective lives of each bond series. The remaining unamortized portions of such costs relating to bonds which are retired prior to maturity by the Agency in the open market are included as a deduction in the computation of gain or loss on early extinguishment of debt. The Agency's redemptions using proceeds of refunding bonds resulted in losses that were deferred and amortized over the life of the refunded or refunding bonds, whichever is shorter.

g. Mortgage Insurance

By statute, all costs of providing mortgage insurance, including claims, are chargeable against a State mortgage recording tax surcharge. The State mortgage recording tax surcharge is a dedicated tax revenue stream received directly by the Agency and recorded in the MIF's Special Account (the "Special Account"). Surcharge tax receipts and application fees in excess of expenses and reserve requirements are held in the Special Account. Annually, if the amount on deposit in the Special Account is determined to be in excess of the required amount as of March 31, the excess is remitted to the State by May 31 of that year.

h. Interest and Discount Earnings on Mortgages

Interest revenue is accrued and recognized as revenue when earned. Discount on mortgage loans are deferred and amortized over the average life of the mortgage loans outstanding, which is estimated at ten years.

i. Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America required management to make estimates and assumptions that affect the amounts and disclosures included in the Agency's financial statements during the reporting periods. Actual amounts could differ from these estimates. The most significant estimates pertain to the allowance for potential losses on loans, valuation on investments and the calculation for other postemployment benefits. Actual amounts could differ from these estimates.

2. Significant Accounting Policies (continued)

j. New Accounting Standards

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53"). The Statement establishes guidance on the recognition, measurement and disclosures related to derivative instruments entered into by governmental entities. GASB No. 53 requires that most derivative instruments be reported at fair value, and requires governmental entities to determine if derivatives are effective hedges of risks associated with related hedgeable items. Generally, for derivatives that are effective hedges, changes in fair values are deferred whereas for others the changes in fair value are recognized in the current period. The Agency has implemented GASB No. 53 as of November 1, 2009 (see Note 9).

In December 2010, GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements ("GASB No. 62"). This Standard will improve financial reporting by incorporating into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and the American Institute of Certified Public Accountants ("AICPA") pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB No. 62 will supersede Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. The requirements of GASB No. 62 are effective for financial statements for periods beginning after December 15, 2011. The Agency has not completed the process of evaluating the impact of GASB No. 62 on its financial statements.

k. Federal Grants

Grants received from Federal, State and local governments are recognized as non-operating revenue as the related expenses are incurred in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions.*

l. Reclassifications

Certain reclassifications have been made to prior year amounts in order to conform to current year presentation.

m. Revenue and Expense Classification

Operating revenue consists primarily of interest on loans, earnings on investments, recoveries and insurance premiums and application fees. Revenue is accrued and recognized as revenue when earned. Operating expenses primarily include interest expense on bonds, general expenses and insurance claims activity. All other revenue and expenses are considered non-operating.

n. Use of Restricted Net Assets

Restricted net assets are used primarily only for programmatic purposes. The Agency transfers from restrict net assets to unrestricted net assets on an as needed basis to cover the expenses of the Agency.

3. Investments

The Agency's investments at October 31, 2010 and October 31, 2009, consisted of the following:

October 31, 2010:

Category		Time Deposits, Money Market and Savings Accounts	U.S. Treasury Obligations	U.S. Government Agencies	Total Fair Value
				(000s)	
Invested revenues	$	2,470	462,059	363	464,892
Mortgage insurance reserves		—	1,046,550	475,937	1,522,487
Mortgage acquisition and other bond proceeds		—	194,288	—	194,288
Bondholder reserves		48,940	127,123	19,420	195,483
Total	$	51,410	1,830,020	495,720	2,377,150

October 31, 2009:

Category		Time Deposits, Money Market and Savings Accounts	U.S. Treasury Obligations	U.S. Government Agencies	Total Fair Value
				(000s)	
Invested revenues	$	2,736	317,084	350	320,170
Mortgage insurance reserves		—	899,113	527,228	1,426,341
Mortgage acquisition and other bond proceeds		—	2,308	—	2,308
Bondholder reserves		48,940	96,859	35,553	181,352
Total	$	51,676	1,315,364	563,131	1,930,171

Agency funds are invested in accordance with the investment guidelines approved annually by the Agency's board, which are in compliance with the New York State Comptroller's Investment Guidelines.

All of the above investments of the Agency that are securities are in registered form, and the securities are held by its agents or by the trustee under the applicable bond resolution, in the Agency's name. The agents or their custodians take possession of the securities.

Permitted Investments

All bond proceeds and revenues can only be invested in Securities [defined as (i) obligations the principal of and interest on which are guaranteed by the United States of America; (ii) obligations of the United States of America; (iii) obligations the principal of and interest on which are guaranteed by the State; (iv) obligations of the State; (v) obligations of any agency of the United States of America; (vi) obligations of any agency of the State; (vii) obligations the principal of and interest on which are guaranteed by an agency or instrumentally of the United States of America; (viii) obligations of FNMA], Time Deposits and Certificates of Deposit. Securities are only purchased from Primary Dealers, and Securities are delivered to the applicable Custodian/Trustee who records the investment.

3. Investments (continued)

Collateralized Time Deposit Agreements and Certificates of Deposit may only be entered into with banks or trustees rated at least within the second highest rating category without regard to gradations within such category by Moody's Investors Service or Standard & Poor's. Collateralized Time Deposit Agreements and certificates of deposit are collateralized at a minimum of 103% of the principal amount of the agreement and marked to market weekly.

The collateral consists of United States government obligations, other securities the principal of and interest on which are guaranteed by the United States, Government National Mortgage Association obligations and obligations of agencies and instrumentalities of the Congress of the United States and obligations of FNMA. The collateral shall be delivered to the Custodian and held for the benefit of the Agency.

Investment Maturities in Years at October 31, 2010 and October 31, 2009 are as follows:

October 31, 2010:		Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
				(000s)		
Time Deposits	$	48,940	—	—	3,537	45,403
Trust Savings Accounts/ CDs		2,470	2,470	—	—	—
Municipal Bonds		28,363	—	—	—	28,363
U.S. Treasury Bills		790,230	790,230	—	—	—
U.S. Treasury Notes & Bonds		1,039,790	81,841	812,802	119,620	25,527
U.S. Government Agencies		467,357	333,565	133,407	328	57
Total	$	2,377,150	1,208,106	946,209	123,485	99,350

October 31, 2009:		Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
				(000s)		
Time Deposits	$	48,940	—	—	3,537	45,403
Trust Savings Accounts/ CDs		2,736	2,736	—	—	—
Municipal Bonds		43,525	—	8,615	—	34,910
U.S. Treasury Bills		495,216	495,216	—	—	—
U.S. Treasury Notes & Bonds		820,147	177,742	572,205	46,448	23,752
U.S. Government Agencies		519,607	127,699	391,398	439	71
Total	$	1,930,171	803,393	972,218	50,424	104,136

Interest Rate Risk

The Agency's exposure to fair value losses arising from rising interest rates is limited by the short term duration of 52% of the Agency's investments for fiscal year ended 2010 and 42% for fiscal year ended 2009.

4. Mortgage Loans Receivable

Changes in the principal balances of mortgage loans receivables for the years ended October 31, 2010 and October 31, 2009 are as follows:

October 31, 2010:

		Balance at October 31, 2009	Amortization	Prepayments, Transfers and Other Credits	Purchase of New Loans	Balance at October 31, 2010
				(000s)		
Homeowner Mortgage Revenue	$	2,753,330	(87,710)	(151,794)	145,856	2,659,682
Mortgage Revenue		389,805	(16,154)	(27,470)	202,868	549,049
Homeownership Mortgage Revenue		5,520	(226)	(525)	—	4,769
			(104,090)	(179,789)	348,724	
Less unearned discount and unearned commitment fees		(1,890)				(1,645)
Total Mortgage Receivable	$	3,146,765				3,211,855

October 31, 2009:

		Balance at October 31, 2008	Amortization	Prepayments, Transfers and Other Credits	Purchase of New Loans	Balance at October 31, 2009
				(000s)		
Homeowner Mortgage Revenue	$	2,810,486	(86,300)	(144,489)	173,633	2,753,330
Mortgage Revenue		376,969	(14,821)	(28,375)	56,032	389,805
Homeownership Mortgage Revenue		6,852	(252)	(1,080)	—	5,520
			(101,373)	(173,944)	229,665	
Less unearned discount and unearned commitment fees		(2,485)				(1,890)
Total Mortgage Receivable	$	3,191,822				3,146,765

4. Mortgage Loans Receivable (continued)

Mortgage loans outstanding were as follows at October 31, 2010 and October 31, 2009:

October 31, 2010:

Bondholder Funds	Number of Mortgage Loans	Outstanding Principal Balance (000s)
Homeowner Mortgage Revenue:		
Uninsured	9,980	$ 811,635
F.H.A. (insured)	3	38
Private mortgage insurance (at time of purchase)	22,098	1,853,275
Less deferred income	—	(1,414)
Total Homeowner Mortgage Revenue loans, net	32,081	$ 2,663,534
Mortgage Revenue:		
Uninsured	1,930	$ 169,644
F.H.A. (insured)	16	285
Private mortgage insurance (at time of purchase)	4,655	373,854
Less deferred income	—	(231)
Total Mortgage Revenue loans, net	6,601	$ 543,552
Homeownership Mortgage Revenue:		
Uninsured	6	$ 420
Private mortgage insurance (at time of purchase)	78	4,349
Total Homeownership Mortgage Revenue loans, net	84	$ 4,769

October 31, 2009:

Bondholder Funds	Number of Mortgage Loans	Outstanding Principal Balance (000s)
Homeowner Mortgage Revenue:		
Uninsured	10,251	$ 828,770
F.H.A. (insured)	3	51
Private mortgage insurance (at time of purchase)	23,113	1,930,587
Less deferred income	—	(1,742)
Total Homeowner Mortgage Revenue loans, net	33,367	$ 2,757,666
Mortgage Revenue:		
Uninsured	1,503	$ 103,279
F.H.A. (insured)	20	424
Private mortgage insurance (at time of purchase)	4,244	280,023
Less deferred income	—	(147)
Total Mortgage Revenue loans, net	5,767	$ 383,579
Homeownership Mortgage Revenue:		
Uninsured	6	$ 442
Private mortgage insurance (at time of purchase)	86	5,078
Total Homeownership Mortgage Revenue loans, net	92	$ 5,520

4. Mortgage Loans Receivable (continued)

The number of mortgage loans outstanding in arrears and related principal amounts were as follows at October 31, 2010 and October 31, 2009:

October 31, 2010:

Bondholder Fund Days in Arrears	Number of Loans in Arrears		Principal (000's)	Percent of Principal Outstanding of Loans in Arrears to Total Loans
Homeowner Mortgage Revenue:				
60	281	$	24,911	0.93%
90 plus	511		50,256	1.89%
	792	$	75,167	2.82%
Mortgage Revenue:				
60	47	$	3,385	0.62%
90 plus	88		7,049	1.30%
	135	$	10,434	1.92%
Homeownership Mortgage Revenue:				
60	5	$	307	6.44%
90 plus	6		530	11.11%
	11	$	837	17.55%
Combined:				
60	333	$	28,603	0.89%
90 plus	605		57,835	1.80%
	938	$	86,438	2.69%

October 31, 2009:

Bondholder Fund Days in Arrears	Number of Loans in Arrears		Principal (000's)	Percent of Principal Outstanding of Loans in Arrears to Total Loans
Homeowner Mortgage Revenue:				
60	236	$	19,212	0.70%
90 plus	409		35,891	1.30%
	645	$	55,103	2.00%
Mortgage Revenue:				
60	46	$	2,838	0.74%
90 plus	93		6,919	1.80%
	139	$	9,757	2.54%
Homeownership Mortgage Revenue:				
60	4	$	155	2.81%
90 plus	5		351	6.35%
	9	$	506	9.16%
Combined:				
60	286	$	22,205	0.71%
90 plus	507		43,161	1.37%
	793	$	65,366	2.08%

5. Bonds Payable

Changes in bonds payable for the year ended October 31, 2010 and October 31, 2009 were as follows:

October 31, 2010: Bondholder Funds		Net Bonds Outstanding at October 31, 2009	Matured/ Called/ Redeemed	Issued	Amortization of/or Bond Premium and Deferred Loss Amounts	Net Bonds Outstanding at October 31, 2010
				(000s)		
Homeowner Mortgage Revenue	$	2,801,314	(222,010)	—	773	2,580,077
Mortgage Revenue		329,745	(39,265)	541,995	958	833,433
Homeownership Mortgage Revenue		5,767	(3,693)	—	—	2,074
NYHELP's (Student Loan program)		—	—	97,795	2,207	100,002
Total Bonds	$	3,136,826	(264,968)	639,790	3,938	3,515,586

October 31, 2009: Bondholder Funds		Net Bonds Outstanding at October 31, 2008	Matured/ Called/ Redeemed	Issued	Amortization of/or Bond Premium and Deferred Loss Amounts	Net Bonds Outstanding at October 31, 2009
				(000s)		
Homeowner Mortgage Revenue	$	2,885,470	(162,875)	82,485	(3,766)	2,801,314
Mortgage Revenue		345,330	(15,585)	—	—	329,745
Homeownership Mortgage Revenue		6,865	(1,098)	—	—	5,767
Total Bonds	$	3,237,665	(179,558)	82,485	(3,766)	3,136,826

5. Bonds Payable (continued)

Homeowner Mortgage Revenue Bonds

One hundred sixty two Homeowner Mortgage Revenue Bond series have been issued between 1988 and 2010 in a total original amount of $8,868,718,000. At October 31, 2010, the interest rates for the fixed rate bonds outstanding ranged from 2.5% to 6.6%.

The schedule of Total Annual Maturities as of October 31, 2010 was as follows:

Due Dates		Serial Bonds	Term Bonds	Total Bonds Payable	Interest Payable	Total Debt Service
				(000s)		
2011	$	83,345	23,030	106,375	96,566	202,941
2012		80,120	26,180	106,300	92,075	198,375
2013		56,830	37,055	93,885	87,585	181,470
2014		56,735	37,685	94,420	83,450	177,870
2015		56,875	46,045	102,920	79,262	182,182
2016		56,020	53,090	109,110	74,484	183,594
2017		49,435	57,305	106,740	69,573	176,313
2018		12,465	69,490	81,955	64,946	146,901
2019		3,405	74,855	78,260	61,267	139,527
2020		—	71,175	71,175	57,797	128,972
2021		—	77,840	77,840	54,642	132,482
2022		2,255	84,195	86,450	51,133	137,583
2023		—	93,875	93,875	47,270	141,145
2024		—	90,575	90,575	43,138	133,713
2025		—	103,095	103,095	38,986	142,081
2026		—	113,135	113,135	34,606	147,741
2027		—	115,080	115,080	29,589	144,669
2028		—	114,635	114,635	24,466	139,101
2029		—	102,340	102,340	19,789	122,129
2030		—	88,005	88,005	16,278	104,283
2031		—	95,920	95,920	13,274	109,194
2032		—	89,110	89,110	10,210	99,320
2033		—	93,995	93,995	7,833	101,828
2034		—	100,230	100,230	5,569	105,799
2035		—	78,970	78,970	3,880	82,850
2036		—	72,925	72,925	2,851	75,776
2037		—	66,780	66,780	1,901	68,681
2038		—	29,585	29,585	867	30,452
2039		—	9,435	9,435	413	9,848
2040		—	895	895	34	929
2041		—	940	940	31	971
2042		—	980	980	27	1,007
2043		—	1,025	1,025	24	1,049
2044		—	1,080	1,080	20	1,100
2045		—	1,130	1,130	15	1,145
2046		—	1,190	1,190	11	1,201
2047		—	2,055	2,055	4	2,059
Unamortized bond premium		—	—	407	—	—
Deferred loss		—	—	(2,745)	—	—
Total	$	457,485	2,124,930	2,580,077	1,173,866	3,756,281

5. Bonds Payable (continued)

Homeowner Mortgage Revenue Bonds

At October 31, 2010, the interest rate for fixed rate Homeowner Mortgage Revenue Bonds outstanding ranged from 2.5% to 6.6%.

The schedule of Homeowner Mortgage Revenue Bonds outstanding by series as of October 31, 2010 was as follows:

Series		Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
		(000s)			
61	$	38,355	1,835	5.60%	2011
63		113,225	3,310	5.70%	2011
65		89,325	3,460	5.55%	2012
67		126,405	26,045	5.4%-5.8%	2028
69		89,180	25,045	5.4%-5.5%	2028
70		38,240	35,510	5.375%-5.4%	2022
71		133,330	61,355	5.35%-5.4%	2029
72		41,670	36,680	4.95%-5.3%	2027
73A		95,000	73,625	5.25%-5.3%	2029
74		11,280	1,160	5.3%-5.4%	2012
77A		69,495	50,910	4.7%-5.15%	2029
78A		10,505	10,505	5.00%	2017
79		114,040	52,485	4.8%-5.30%	2029
80		29,255	29,255	4.65%-5.1%	2017
82		105,565	33,320	5.55%-5.65%	2030
83		74,435	22,825	5.2%-5.55%	2027
85		17,435	515	5.30%	2011
87		77,085	12,395	5.15%	2017
95		27,645	5,170	5%-5.2%	2013
96		27,745	4,035	5%-5.2%	2014
97		48,175	26,605	5.4%-5.5%	2031
98		75,605	41,115	4.45%-5.15%	2022
99		16,995	3,565	4.50%	2023
100		9,390	440	4.95%	2015
101		140,050	99,025	4.35%-5.40%	2032
102		9,950	9,950	4.30%-4.80%	2017
104		31,785	14,285	4.80%	2022
105		23,215	18,845	3.45%-4.25%	2017
106		75,000	65,875	4.1%-5.25%	2034
107		1,640	1,640	4.15%-4.55%	2017
109		125,000	100,500	3.75%-4.95%	2034
110		99,650	49,010	3.5%-4.4%	2017
111		114,760	81,505	4%-4.55%	2023
112		10,240	10,240	3.45%-4%	2017
113		90,000	47,695	4.35%-5.25%	2034
114		2,200	2,200	4.05%-4.625%	2017
115		35,000	35,000	Reset Weekly	2034

5. Bonds Payable (continued)

Homeowner Mortgage Revenue Bonds

The schedule of Homeowner Mortgage Revenue Bonds outstanding by series as of October 31, 2010 was as follows:

Series		Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
		(000s)			
116	$	125,000	107,750	3.7%-4.80%	2034
117		44,280	35,885	4%-4.65%	2025
120		35,000	28,735	3.65%-4.75%	2025
121		400	300	4.00%	2017
122		40,000	40,000	Reset Weekly	2035
123		28,760	25,105	4.6%-4.75%	2029
124		36,240	29,070	3.4%-4.15%	2017
125		35,000	35,000	Reset Weekly	2036
127		20,605	18,200	4.7%-4.95%	2036
128		45,395	32,130	3.7%-4.75%	2027
129		34,000	34,000	Reset Weekly	2035
130		48,055	41,700	4.4%-4.8%	2037
131		28,725	24,660	3.55%-4.5%	2027
132		34,000	34,000	Reset Daily	2037
133		73,970	51,030	4.2%-6%	2032
134		1,815	1,815	4.15%-4.25%	2017
135		34,000	34,000	Reset Daily	2037
137		75,205	66,640	3.9%-4.7%	2031
138		15,795	15,795	3.55%-3.9%	2017
139		34,000	34,000	Reset Daily	2037
140		40,435	33,480	4.6%-4.75%	2037
141		15,565	15,335	3.7%-4.5%	2027
142		34,000	34,000	Reset Daily	2037
143		60,000	54,685	4%-4.9%	2037
144		30,000	30,000	Reset Daily	2037
145		22,980	20,690	4.95%-5.125%	2037
146		37,020	28,460	3.6%-4.6%	2022
147		50,000	50,000	Reset Weekly	2037
148		53,905	34,610	4.5%-5.2%	2032
149		21,095	19,745	3.375%4.7%	2027
150		50,000	50,000	Reset Daily	2037
152		29,765	24,370	3.125%-4.75%	2023
153		50,000	50,000	Reset Weekly	2047
154		10,695	10,695	Reset Weekly	2039
155		32,145	26,500	3.05%-4.375%	2018
156		75,695	75,695	4.5%-5.35%	2033
157		49,305	49,305	Reset Weekly	2047
158		50,000	47,200	4%-6.6%	2038
159		60,000	60,000	Reset Weekly	2038

5. Bonds Payable (continued)

Homeowner Mortgage Revenue Bonds

The schedule of Homeowner Mortgage Revenue Bonds outstanding by series as of October 31, 2010 was as follows:

Series		Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
		(000s)			
160	$	11,560	10,025	2.5%-4%	2018
161		45,925	45,870	4%-5.875%	2039
162		25,000	25,000	Reset Weekly	2039
Unamortized bond premium		—	407		
Deferred loss			(2,745)		
TOTAL	$	3,883,205	2,580,077		

Series 73 and 78 were disclosed as originally issued amounts, which differ from remarketed amounts of $123,975,000 and $10,505,000, respectively.

5. Bonds Payable (continued)

Mortgage Revenue Bonds

Forty-five Mortgage Revenue Bond series have been issued between 1984 and 2010 in a total original amount of $4,021,314,000. At October 31, 2010, the interest rates for the fixed rate bonds outstanding ranged from .4% to 5.45%.

The Schedule of Total Annual Maturities at October 31, 2010 was as follows:

Due Dates	Serial Bonds	Term Bonds	Bonds Payable	Interest Payable	Debt Service
			(000s)		
2011	$ 32,605	34,100	66,705	20,823	87,528
2012	254,460	—	254,460	20,956	275,416
2013	12,875	—	12,875	20,023	32,898
2014	15,295	—	15,295	19,638	34,933
2015	13,850	—	13,850	19,225	33,075
2016	8,260	2,665	10,925	18,851	29,776
2017	9,490	3,980	13,470	18,472	31,942
2018	8,980	8,350	17,330	17,953	35,283
2019	8,795	8,755	17,550	17,246	34,796
2020	6,955	11,560	18,515	16,499	35,014
2021	5,355	14,585	19,940	15,692	35,632
2022	1,240	20,135	21,375	14,798	36,173
2023	—	20,290	20,290	13,840	34,130
2024	—	20,160	20,160	12,940	33,100
2025	—	21,025	21,025	12,009	33,034
2026	—	21,680	21,680	10,987	32,667
2027	—	21,685	21,685	9,897	31,582
2028	—	22,690	22,690	8,791	31,481
2029	—	24,000	24,000	7,680	31,680
2030	—	25,700	25,700	6,532	32,232
2031	—	27,220	27,220	5,452	32,672
2032	—	18,085	18,085	4,605	22,690
2033	—	18,040	18,040	4,163	22,203
2034	—	18,840	18,840	3,723	22,563
2035	—	15,630	15,630	3,262	18,892
2036	—	12,250	12,250	2,797	15,047
2037	—	12,850	12,850	2,315	15,165
2038	—	13,490	13,490	1,809	15,299
2039	—	14,160	14,160	1,279	15,439
2040	—	14,860	14,860	722	15,582
2041	—	7,530	7,530	168	7,698
Unamortized bond premium			958		
	$ 378,160	454,315	833,433	333,147	1,165,622

5. Bonds Payable (continued)

Outstanding Mortgage Revenue Bonds

At October 31, 2010, the interest rate for fixed rate Mortgage Revenue Bonds outstanding ranged from .4% to 5.45%.

The schedule of Mortgage Revenue Bonds outstanding by series as of October 31, 2010 was as follows:

Series		Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
		(000s)			
27	$	68,400	5,445	5.05%-5.35%	2014
28		5,255	990	5.350%	2017
29		101,280	74,180	5.4%-5.45%	2031
30		30,805	13,340	4.45%-4.9%	2015
31		55,780	45,990	5.2%-5.3%	2032
32		27,055	8,650	4.1%-4.55%	2014
33		45,350	27,295	3.7%-4.85%	2032
34		4,650	4,650	3.7%-4.2%	2017
35		62,760	55,460	4.5%-4.8%	2030
36		27,240	20,425	3.45%-4.2%	2017
37		35,000	35,000	Reset Weekly	2035
38		389,110	239,110	Reset 4Wks	2012
38A		120,000	120,000	4.090%	2041
39		57,385	56,440	.55%-5%	2028
40		22,615	22,615	.7%-3.125%	2017
38B		30,000	30,000	.67%	2010
41		14,820	14,820	.4%-4%	2028
42		5,180	5,180	.4%-2.5%	2018
43		14,330	14,330	.4%-2.3%	2017
44		38,555	38,555	1.15%-4.35%	2024
Unamortized bond premium			958		
Total	$	1,155,570	833,433		

5. Bonds Payable (continued)

Homeownership Mortgage Revenue Bonds

Seven series of Homeownership Mortgage Revenue Bonds have been issued and privately placed between 1992 and 1999 totaling $118,306,000. The mortgages acquired under the resolution collateralize the bonds and scheduled amortization and other repayments of such mortgages are passed through to the bondholders.

The Schedule of Total Annual Maturities at October 31, 2010 was as follows:

Due Dates		Bonds Payable	Interest Payable	Total Debt Service
			(000s)	
2011	$	101	158	259
2012		99	139	238
2013		107	131	238
2014		114	123	237
2015		111	115	226
2016		118	107	225
2017		123	99	222
2018		129	90	219
2019		127	81	208
2020		136	71	207
2021		143	61	204
2022		150	51	201
2023		144	40	184
2024		128	30	158
2025		122	21	143
2026		100	12	112
2027		77	6	83
2028		37	2	39
2029		8	—	8
Total	$	2,074	1,337	3,411

Series		Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
		(000s)			
C	$	7,211	435	6.625%-%	2024
F		28,821	915	6.625%-7.875%	2028
G		7,495	724	6%-6.75%	2029
Total	$	43,527	2,074		

5. Bonds Payable (continued)

NYHELP's (Student Loan Program)

The State of New York Higher Education Finance Authority issued the NYHELP's Educational Loan Revenue Bond, 2009 series A in the total original amount of $97,795,000. At October 31, 2010, the interest rates for the bonds outstanding ranged from 3.25% to 5.25%.

The schedule of Total Annual Maturities as of October 31, 2010 was as follows:

Due Dates		Interest Payable	Bonds Payable	Total Debt Sevice
2011	$	4,561	—	4,561
2012		4,561	—	4,561
2013		4,532	1,435	5,967
2014		4,446	2,875	7,321
2015		4,288	5,020	9,308
2016		4,039	6,735	10,774
2017		3,654	9,985	13,639
2018		3,225	9,030	12,255
2019		2,833	8,425	11,258
2020		2,411	9,285	11,696
2021		1,996	7,800	9,796
2021		1,803	—	1,803
2022		1,491	12,580	14,071
2023		1,158	895	2,053
2024		803	14,030	14,833
2025		399	2,890	3,289
2026		164	6,810	6,974
Unamortized bond premium			2,207	
Total	$	46,364	100,002	144,159

6. Other Assets

At October 31, 2010 other assets consisted primarily of Owned Real Estate for which the balance was as follows:

Bondholder Funds	Number of Loans	Book Value	Appraised Value
		(000s)	
Homeowner Mortgage Revenue	61	$ 3,186	5,131
Mortgage Revenue	10	391	954
	71	$ 3,577	6,085

At October 31, 2009 other assets consisted primarily of Owned Real Estate for which the balance was as follows:

Bondholder Funds	Number of Loans	Book Value	Appraised Value
		(000s)	
Homeowner Mortgage Revenue	49	$ 2,470	3,898
Mortgage Revenue	11	284	886
Homerownership Mortgage Revenue	1	1	—
	61	$ 2,755	4,784

7. Allowance for Anticipated Claims

The Mortgage Insurance Fund claim activity for the fiscal year ended October 31, 2010 is as follows:

		Project Insurance	Pool Insurance	Primary Insurance	Total Insurance
				(000s)	
Reconciliation of Allowance for Claims					
Allowance, beginning of year	$	68,712	—	—	68,712
Current year provision					—
for estimated claims		12,337	1,333	91	13,761
Current year adjustment to					
claims status		(40,214)	—	—	(40,214)
Claims paid		(7,300)	(1,333)	(91)	(8,724)
Allowance, end of year	$	33,535	—	—	33,535

The Mortgage Insurance Fund claim activity for the fiscal year ended October 31, 2009 is as follows:

		Project Insurance	Pool Insurance	Primary Insurance	Total Insurance
				(000s)	
Reconciliation of Allowance for Claims					
Allowance, beginning of year	$	71,579	3,724	—	75,303
Current year provision					—
for estimated claims		38,343	—	270	38,613
Current year adjustment to					
claims status		(29,386)	(2,885)	—	(32,271)
Claims paid		(11,824)	(839)	(270)	(12,933)
Allowance, end of year	$	68,712	—	—	68,712

8. Retirement Benefits

State Employees' Benefits Retirement System

The Agency participates in the New York State and Local Employees' Retirement System (the "System") which is a cost sharing multiple employer public employee retirement system offering a wide range of plans and benefits which are related to years of service and final average salary, and provide for death and disability benefits and for optional methods of benefit payments. All benefits vest after five years of credited service. Obligations of participating employers and employees to contribute, and benefits payable to employees, are governed by the System and social security laws. The laws provide that all participating employers in the System are jointly and severally liable for any actuarial unfunded amounts. The Agency is billed annually for contributions.

The financial report of the system can be obtained from:

Office of the State Comptroller
New York State and Local Retirement System
110 State Street
Albany, NY 12244

Generally, all employees, except certain part-time and temporary employees, participate in the System. The System is contributory for the first ten years for employees who joined after July 1976 at the rate of 3% of their salary. Employee contributions are deducted from employees' compensation for remittance to the System.

The State Court of Appeals has ruled that the 1990 enactment of the projected unit credit actuarial method for calculating retirement plan funding was unconstitutional. On December 6, 1993, the State announced a return to the aggregate method for funding the plan.

The covered payrolls for the fiscal years ended October 31, 2010, 2009 and 2008 were $8.6 million, $8.4 million and $8.5 million in 2008, respectively.

Based upon the actuarially determined contribution requirements, the Agency contributed 100% of their required portion in the amounts of $609,952 in fiscal 2010, $677,822 in fiscal 2009 and $615,204 in fiscal 2008. Agency employees were required to contribute .11% of the current year's covered payroll ($82,802 in 2010, $89,505 in 2009 and $107,126 in 2008).

Changes in benefit provisions and actuarial assumptions did not have a material effect on contributions during fiscal 2010, 2009 and 2008.

Deferred Compensation

Some employees of the Agency have elected to participate in the State's deferred compensation plan in accordance with Internal Revenue Code Section 457. Agency employees contributed $488,552 during fiscal 2010 ($475,334 in fiscal 2009).

Other Postemployment Benefits

PLAN DESCRIPTION: The Agency is a participating employer in the New York State Health Insurance Program ("NYSHIP"), which is administered by the State of New York as a multiple employer agent defined benefit plan. Under the plan as participated in by the Agency, eligible retired employees receive heath care benefits with

employees paying 25% of dependent coverage costs and 10% of individual employee costs. The Agency's plan comports with the NYSHIP benefit provisions. In addition, as provided for in Civil Service Law Section 167, the Agency applied the value of accrued sick leave of employees who retire out of service to the retiree's share of costs for health benefits.

In June, 2004 GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB Statement No. 45),* which established new accounting standards for recording Other Postemployment Benefits ("OPEB"). The requirement applies to any state or local government employer that provides OPEB. The primary type of OPEB provided by the Agency is health benefits.

The Agency provides certain group health care, death benefits and reimbursement of Medicare Part B premium for retirees (and for eligible dependents and survivors of retirees). Contributions towards part of the costs of these benefits are required of the retirees.

Retiree contributions towards the cost of the benefit are calculated depending on a number of factors, including hire date, years of service, and/or retirement date. An actuarially determined valuation of these benefits was performed by a consultant to calculate the impact of GASB accounting rules applicable to the retiree medical benefits for retired employees and their eligible dependents. GASB Statement No. 45 requires the valuation must be performed at least biennially. The most recent biennial valuation was performed with a valuation date of November 1, 2009 and was used as a basis for the determination of costs for the year ended October 31, 2010. This valuation did not take into consideration the new Affordable Care Act that was signed into law March 23, 2010, the impact of which was not determinable. The total number of plan participants receiving OPEB from the Agency as of October 31, 2010 was 66.

The Agency elected to record the entire amount of the Unfunded Actuarial Accrued Liability ("UAAL") in the fiscal year ended October 31, 2006. The Agency also elected not to fund the UAAL more rapidly than on a pay-as-you-go basis. The UAAL relating to postemployment benefits is in the approximate amounts of $28.9 million and $20 million as of October 31, 2010 and 2009, respectively.

The Agency is not required by law or contractual agreement to provide funding for other postemployment benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. During the fiscal years ended October 31, 2010 and 2009, the Agency paid $323,000 and $286,000, respectively.

Annual OPEB Cost and Net OPEB Obligation. The Agency's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount that was actuarially determined by using the Projected Unit Credit Method (one of the actuarial cost methods in accordance with the parameters of GASB Statement No. 45).

The Agency is billed by NYSHIP for health care costs and also the health care costs relating to AHC. As a result, the Agency's Annual OPEB Cost and Net OPEB Obligation also includes a portion related to AHC. The service agreement between the Agency and AHC provides for an allocation of these costs to AHC, representing its share of the billed amount.

Since the Agency is a participating employer in NYSHIP, the Agency does not issue a separate stand-alone financial report regarding other postemployment benefits. The NYSHIP financial report can be obtained from:

NYS Department of Civil Service
Employee Benefits Division
Alfred E. Smith Office Building
Albany, NY 12239

8. Retirement Benefits (continued)

The portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term perspective. The Agency uses a level dollar amount on an amortization period of ten years on an open basis. The following table shows the elements of the Agency's annual OPEB cost for the year, the amount actually paid, and changes in the Agency's net OPEB obligation to the plan for the years ended October 31, 2010 and 2009:

	2010	2009
	(in thousands)	
Annual Required Contribution (ARC)	$ 4,584	3,778
Interest on the net OPEB obligation	1,102	1,039
Adjustment to ARC	(3,236)	(3,052)
Annual OPEB cost	2,450	1,765
Payments made	(323)	(286)
Increase in net OPEB obligation	2,127	1,479
Net OPEB obligation — Beginning of fiscal year	25,925	24,446
Net OPEB obligation — End of fiscal year	$ 28,052	25,925

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended October 31, 2010, 2009 and 2008 are as follow:

Year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
		($ in thousands)	
10/31/2010	$2,450	13.2%	$28,052
10/31/2009	$1,765	16.2%	$25,925
10/31/2008	$1,547	17.0%	$24,446

Actuarial Methods and Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The OPEB-specific actuarial assumptions used in the November 1, 2009 OPEB actuarial valuations were the projected unit credit method as its actuarial cost method, a 4.00% per annum discount rate and that retiree contributions are assumed to increase at the same rates as incurred claims. The valuation dated as of November 1, 2007 also used the projected unit credit method as its actuarial cost method and that retiree contributions are assumed to increase at the same rates as incurred claims. The per annum discount rate changed from 4.25% for the November 1, 2007 valuation date to 4% for the November 1, 2009 valuation date.

8. Retirement Benefits (continued)

The premium rate is used for all non-Medicare eligible retirees and dependents with basic medical coverage. Initial monthly premium rates are shown in the following table:

	Monthly Rate for Fiscal Year 2010 Basic
Eligible-Medicare	
Single	$ 499.07
Family	$ 1,165.06
Medicare (Part B)	$ 96.40

Medicare Part B Premiums:	Calendar Year	Monthly Premium
	2009 and 2010	$ 96.40

2009 Medicare Part B premiums are assumed to increase by Part B trend rates. No retiree is assumed to have income in excess of the threshold which would result in increasing Part B premiums above 25% of Medicare Part B costs.

Health Care Cost Trend Rate (HCCTR): Covered medical expenses are assumed to increase by the following percentages:

Year Ending	Part B	Medical Pre 65	Medical Post 65
2010	6.86%	8.24%	8.80%
2011	6.72	7.99	8.5
2012	6.58	7.75	8.22
2013	6.45	7.51	7.94
2014	6.32	7.29	7.67
2015	6.19	7.06	7.4
2016	6.07	6.85	7.15
2017	5.95	6.63	6.9
2018	5.83	6.43	6.66
2019	5.71	6.23	6.43
2020	5.59	6.04	6.21
2021	5.48	5.85	5.99
2022	5.37	5.67	5.79
2023	5.26	5.5	5.59
2024	5.16	5.33	5.39
2025	5.05	5.16	5.2
2026	4.95	5	5.02
2027	4.85	4.85	4.85
2028	4.53	4.53	4.52
2029+	4.5	4.5	4.5

Mortality. Mortality rates are those recommended by the actuary:

Age	Male	Female
20	0.05%	0.05%
30	0.0534	0.0534
40	0.0962	0.0962
50	0.2441	0.2177
60	0.7365	0.5332
70	1.8246	1.2686
80	4.6846	3.4091
90	14.5417	11.0872

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

9. Synthetic Fixed Rate Swaps

The Agency has entered into sixteen negotiated swaps as part of its risk management program, serving to increase financial flexibility and reduce interest costs. These swaps were entered into with seven financial institutions (the Counterparties) for a current total notional principal of $494,505,000. These synthetic fixed-rate swaps correspond to the State of New York Mortgage Agency Homeowner Mortgage Revenue ("HMB") variable-rate bond series listed below.

The fair value balances and notional amounts of derivative instruments outstanding at October 31, 2010, classified by type, and the changes in fair value of such derivative instruments from the year then ended as reported in the 2009 financial statements are as follows:

	Changes in fair value		Fair value at October 31, 2010		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedge	Deferred outflow	($21,768,364)	Debt	($57,432,652)	$494,505,000

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Objective and Terms of Hedging Derivative Instruments

The following displays terms of the Agency's hedging derivative instruments outstanding at October 31, 2010, along with the credit rating of the associated counterparty. The objective of all of the swaps entered into was to hedge changes in cash flows in the associated bond series:

Synthetic Fixed Rate Swaps

		Terms					
Associated Bond Series		**Notional Amount (000s)**	**Effective Date**	**Maturity Date**	**Fixed rate paid**	**Fair Value**	**Counterparty**
HMB Series 129*		$34,000	11/17/05	10/10/35	3.5870%	($6,130,144)	Citibank NA
HMB Series 132 (1)*		$34,000	03/09/06	04/01/37	3.4783%	($5,913,915)	JPMorgan Chase Bank NA
HMB Series 135*		$34,000	07/13/06	04/01/16	3.8570	($4,852,842)	UBS AG
HMB Series 139*		$34,000	09/23/08	10/01/16	2.9720	($3,310,457)	Goldman Sachs Cap.Markets LP
HMB Series 142*		$34,000	02/01/07	04/01/17	3.5650	($4,616,245)	Citibank NA
HMB Series 144*		$30,000	06/07/07	04/01/17	3.6540	($4,239,612)	UBS AG
HMB Series 147*		$20,000	09/20/07	10/01/12	3.2480	($1,093,658)	JPMorgan Chase Bank NA
HMB Series 147*		$30,000	09/20/07	10/01/17	3.4250	($3,900,029)	JPMorgan Chase Bank NA
HMB Series 150*		$10,000	12/14/07	04/01/13	2.9810	($601,152)	Goldman Sachs Cap.Markets LP
HMB Series 150*		$40,000	12/14/07	04/01/18	3.2170	($4,713,076)	Goldman Sachs Cap.Markets LP
HMB Series 153*		$20,000	03/27/08	04/01/13	2.5580	($991,826)	Merrill Lynch Der. Products AG
HMB Series 153*		$30,000	03/27/08	04/01/18	2.9900	($3,052,842)	Merrill Lynch Der. Products AG
HMB Series 154/157*		$30,000	08/14/08	10/01/16	3.0860	($3,119,113)	Royal Bank of Canada
HMB Series 154/157*		$30,000	08/14/08	10/01/18	3.1760	($3,484,679)	Royal Bank of Canada
HMB Series 159**		$60,000	10/30/08	10/01/18	3.5400	($7,385,121)	Royal Bank of Canada
HMB Series 162 (2)*		$24,505	01/22/09	04/01/39	2.3825	($27,941)	Barclays Bank PLC

* Variable rate payment received from counterparties is 63% of 1 month LIBOR plus 0.25%.
** Variable rate payment received from counterparties is SIFMA.

9. Synthetic Fixed Rate Swaps (Continued)

(1) The original counterparty was Bear Stearns Financial Products Inc. which was merged into JP Morgan Chase Bank NA on May 26, 2009.
(2) The Series 162 swap has multiple par cancelation options whereby SONYMA has the right to cancel increasing percentages of the outstanding notional amount beginning 4/1/11.

COUNTERPARTY RATINGS

Counterparty Name	Moody's/S&P/Fitch
Barclays Bank PLC	Aa3/AA-/AA-
Citibank N.A.	A1/A+/A+
Goldman Sachs Capital Markets L.P. (Guarantor Goldman Sachs Group)	A1/A/A+
JPMorgan Chase Bank N.A.	Aa1/AA-/AA-
Merrill Lynch Derivative Products AG	Aa3/AAA/AAA
Royal Bank of Canada	Aaa/Aa-/AA
UBS AG	Aa3/A+/A+

Risks

Credit risk. The Agency is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Agency's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating not be within the two highest investment grade categories by at least one nationally recognized statistical rating agency or the rating by any nationally recognized statistical rating agency fall below the three highest investment grade rating categories. The Agency has never been required to access collateral.

It is the Agency's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Interest rate risk. The Agency is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR OR SIFMA decreases, the Agency's net payment on the swap increases.

Basis risk. The Agency is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received by the Agency on these hedging derivative instruments are based on a rate other than interest rates the Agency pays on its hedged variable-rate debt, which is remarketed on either weekly or daily basis. As of October 31, 2010, the weighted-average interest rate on the Agency's hedged variable-rate debt is 0.317% percent, while the applicable 63% of one month LIBOR plus 0.23%, 63% of three month LIBOR plus 0.23%, and SIFMA were 0.389%, 0.412% and 0.280%, respectively.

Termination risk. The Agency or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Agency would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover risk. The Agency is exposed to rollover risk on hedging derivative instruments should a termination event occur prior to the maturity of the hedged debt.

9. Synthetic Fixed Rate Swaps (Continued)

Contingencies

Five of the Agency's counterparties have derivative instruments that include provisions that require the Agency to post collateral in the event its credit rating falls below certain levels. The collateral posted is to be in the form of U.S. Treasury securities in the amount of the fair value of the hedging derivative in a liability position net of the effect of applicable netting arrangements. If the Agency does not post collateral, the hedging derivative instrument may be terminated by the counterparty.

Three of the five counterparties requiring collateral posting have collateral posting provisions if the Agency's rating falls to Baa1 or below or not rated by Moody's or BBB+ or below or not rated by Standard & Poor's. If the collateral posting requirements were triggered at October 31, 2010, the Agency would be required to post $28,624,741 in collateral to these counterparties.

Two of the five counterparties requiring collateral posting have collateral posting thresholds relating to various rating levels.

- The threshold amount is $10,000,000 if the Agency's rating falls to Baa1 as rated by Moody's and BBB+ as rated by Standard and Poor's. At these ratings, if collateral posting requirements were triggered at October 31, 2010, the Agency would be required to post $4,016,854 in collateral to these counterparties.
- The threshold amount is $5,000,000 if the Agency's rating falls to Baa2 as rated by Moody's and BBB as rated by Standard and Poor's. At these ratings, if collateral posting requirements were triggered at October 31, 2010, the Agency would be required to post $9,016,854 in collateral to these counterparties.
- The threshold amount is $1,000,000 if the Agency's rating falls to Baa3 as rated by Moody's and BBB- as rated by Standard and Poor's. At these ratings, if collateral posting requirements were triggered at October 31, 2010, the Agency would be required to post $13,016,854 in collateral to these counterparties.
- The threshold amount is zero if the Agency's ratings fall to below Baa3 as rated by Moody's and below BBB- as rated by Standard and Poor's. At those ratings, if collateral posting requirements were triggered at October 31, 2010, the Agency would be required to post $14,016,854 in collateral to these counterparties.

10. Commitments and Contingencies

Operating Leases

The Agency is obligated under leases for office locations in the City of New York, Albany and Buffalo.

The Agency and the New York State Housing Finance Agency ("HFA") entered into an operating lease for office space which commenced in fiscal year 1994 for a term of fifteen years. The lease was renewed on January 1, 2009 for a term of ten years.

The leases obligate the Agency to pay for escalations in excess of the minimum annual rental (ranging from $2,434,266 to $4,731,836) based on operating expenses and real estate taxes. The Agency bears approximately 50% of the minimum annual lease payments under this lease with the balance assumed by HFA which occupies the remaining leased space.

Rental expense for the fiscal years ended October 31, 2010 and 2009 was $2,115,936 and $2,157,930 respectively. As of October 31, 2010, the future minimum lease payment, which includes the Agency's pro rata share of the annual payment for the office space leases, under the non-cancelable operating leases are as follows:

	Amount (000s)
Fiscal year ending October 31:	
2011	$ 2,425
2012	2,473
2013	2,509
2014	2,664
2015	2,789
Thereafter	11,852
Total minimum payments required	$ 24,712

Litigation

In the course of business, the Agency is party to various administrative and legal proceedings. Although the ultimate outcome of these actions cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the financial position, changes in financial position or cash flows of the State of New York Mortgage Agency as set forth in the Financial Statements.

11. Net Assets

The Agency's Net Assets represent the excess of assets over liabilities largely of mortgage loans and investments. The Agency's net assets are categorized as follows:

a. Restricted for bond obligations

Net asset balances consist of earned commitment fees and net investment earnings accumulated to date. These amounts are invested in mortgage receivables and reserve investments. The revenues from the investments are necessary to meet scheduled payments of interest and principal on bonds, amortization of bond issuance costs and, if available, used to redeem bonds in advance of scheduled maturities as provided under the various bond resolutions.

b. Restricted for insurance requirements

As of October 31, 2010 and 2009, the Mortgage Insurance Fund's net assets represent the required reserve for policies in force of $2.4 billion and $2.1 billion respectively. Included within policies in force are single family mortgage primary and pool policies (total aggregate loss limit) totaling $473 million and $469 million in 2010 and 2009, respectively. Commitments outstanding as of fiscal years ended 2010 and 2009 were $846 million and $866 million, respectively. The Agency provided $14 million and $39 million during fiscal 2010 and 2009 respectively, for potential claims on mortgages insured by the Mortgage Insurance Fund.

The Agency received approximately $3.4 million during fiscal 2010 and 2009 related to an Ulster County IDA mortgage relating to a nursing home in Kingston, New York. The mortgage was assigned to the Agency as a result of a claim paid by the Mortgage Insurance Fund in July, 2003.

The Agency has remitted to the State $0 million and $8.5 million representing excess tax collections during fiscal 2010 and 2009, respectively.

c. Unrestricted Net Deficit

The unrestricted net deficit represents the residual component of net assets. The net deficit is primarily a result of the Agency's OPEB obligation.

Changes in Net assets are as follows:

		Restricted	Unrestricted	Total
			(000s)	
Net assets at October 31, 2008	$	1,804,905	(7,055)	1,797,850
Net operating (expenses) revenues		78,530	(15,436)	63,094
Non-operating revenues		98,058	1,193	99,251
Transfers		(14,622)	14,622	—
Net assets at October 31, 2009		1,966,871	(6,676)	1,960,195
Net operating (expenses) revenues		85,933	(17,046)	68,887
Non-operating revenues		89,565	1,150	90,715
Transfers		(13,372)	13,372	—
Net assets at October 31, 2010	$	2,128,997	(9,200)	2,119,797

Required Supplementary Information

State of New York Mortgage Agency
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - POSTRETIREMENT HEALTHCARE PLAN
OCTOBER 31, 2010 AND 2009

($ in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Ratio of UAAL to Covered Payroll
	(A)	(B)	(C=B-A)	(A/C)	(D)	(C/D)
November 1, 2009	—	$25,461	$25,461	—	$8,630	295%
November 1, 2007	—	$18,005	$18,005	—	$8,500	212%

Supplementary Section

State of New York Mortgage Agency
Balance Sheets
October 31, 2010
with comparative totals for 2009

(Amounts in Thousands)

		Bondholder Funds	
	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
Assets			
Current Assets:			
Cash-demand deposits unrestricted	$ 796	—	—
Cash-demand deposits restricted	—	1,610	450
Cash-custodian deposits	—	4,127	761
Investments unrestricted	18,958	—	—
Investments restricted	—	195,058	402,832
Total cash and investments	19,754	200,795	404,043
Mortgages loans receivable	—	88,145	29,339
Accrued interest receivable:			
Mortgages and student loans	—	11,579	2,143
Investments	14	1,560	644
Other	—	3,843	447
Total current assets	**19,768**	**305,922**	**436,616**
Non-current Assets:			
Investments restricted	—	90,876	30,002
Mortgage loans receivable-net of unearned discount and unamortized commitment fees	—	2,570,123	519,479
Student loan receivable	—	—	—
Unamortized bond cost of issuance on mortgage and student loan acquisition	—	79,292	15,717
Deferred outflow of resources	—	57,433	—
Total non-current assets	**—**	**2,797,724**	**565,198**
Total Assets	**$ 19,768**	**3,103,646**	**1,001,814**
Liabilities and Net Assets			
Current Liabilities:			
Bonds payable, net			
Interest payable	$ —	106,375	43,820
Allowance for anticipated claims	—	8,151	2,116
Deferred income, accounts payable and other	—	—	—
liabilities	4,707	4,721	898
Interfund payables			
Total current liabilities	(3,791)	1,582	1,725
Non-current Liabilities:	**916**	**120,829**	**48,559**
Bonds payable, net			
Postemployment retirement benefits payable	—	2,473,702	789,613
Derivative instrument - interest rate swap	28,052	—	—
Total non-current liabilities	—	57,433	—
Total Liabilities	**28,052**	**2,531,135**	**789,613**
Net Assets:	**28,968**	**2,651,964**	**838,172**
Restricted for bond obligations			
Restricted for insurance requirements	—	451,682	163,642
Unrestricted net deficit	—	—	—
Total (Deficit) Net Assets	(9,200)	—	—
Total Liabilities and Net Assets	**(9,200)**	**451,682**	**163,642**
	$ 19,768	**3,103,646**	**1,001,814**

Homeownership Mortgage Revenue	Total	Student Loan Program	Mortgage Insurance Fund	Total All Funds October 31, 2010	2009
—	796	2,560	—	**3,356**	1,516
65	2,125	—	466	**2,591**	4,591
—	4,888	—	—	**4,888**	4,269
—	18,958	—	—	**18,958**	21,397
530	598,420	116,407	520,001	**1,234,828**	819,235
595	625,187	118,967	520,467	**1,264,621**	851,008
234	117,718	—	—	**117,718**	83,838
51	13,773	5	—	**13,778**	12,115
—	2,218	2	10,883	**13,103**	15,278
4	4,294	—	—	**4,294**	1,486
884	**763,190**	**118,974**	**531,350**	**1,413,514**	**963,725**
—	120,878	—	1,002,486	**1,123,364**	1,089,539
4,535	3,094,137	—	—	**3,094,137**	3,062,927
—	—	323	—	**323**	—
13	95,022	3,061	—	**98,083**	108,906
—	57,433	—	—	**57,433**	35,665
4,548	**3,367,470**	**3,384**	**1,002,486**	**4,373,340**	**4,297,037**
5,432	**4,130,660**	**122,358**	**1,533,836**	**5,786,854**	**5,260,762**
234	150,429	—	—	**150,429**	121,144
—	10,267	2,281	—	**12,548**	10,202
—	—	—	33,534	**33,534**	68,712
23	10,349	—	9,555	**19,904**	23,237
61	(423)	—	423	—	—
318	**170,622**	**2,281**	**43,512**	**216,415**	**223,295**
1,840	3,265,155	100,002	—	**3,365,157**	3,015,682
—	28,052	—	—	**28,052**	25,925
—	57,433	—	—	**57,433**	35,665
1,840	**3,350,640**	**100,002**	**—**	**3,450,642**	**3,077,272**
2,158	**3,521,262**	**102,283**	**43,512**	**3,667,057**	**3,300,567**
3,274	618,598	20,075	—	**638,673**	**609,237**
—	—	—	1,490,324	**1,490,324**	**1,357,634**
—	(9,200)	—	—	**(9,200)**	**(6,676)**
3,274	**609,398**	**20,075**	**1,490,324**	**2,119,797**	**1,960,195**
5,432	**4,130,660**	**122,358**	**1,533,836**	**5,786,854**	**5,260,762**

State of New York Mortgage Agency
Statements of Revenues, Expenses and Changes in Net Assets
Fiscal Year ended October 31, 2010
with comparative totals for 2009

(Amounts in Thousands)

		Bondholder Funds	
	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
Operating revenues			
Interest earned on loans	$ —	148,567	25,081
Recoveries	—	—	—
Interest earned on deposits and investments	45	5,684	2,143
Gain on investments	—	3,732	1,061
Insurance premiums and application fees earned	—	—	—
Other income	1,300	704	—
Total operating revenues	**1,345**	**158,687**	**28,285**
Operating expenses			
Interest and amortization of discount on debt	—	118,251	17,407
Amortization of bond cost of issuance costs	—	2,575	282
Postemployment retirement benefits expense	2,126	—	—
General expenses	11,289	2,789	263
Overhead assessment by State of New York	2,891	—	—
Pool Insurance	—	643	81
Provision for estimated claims	—	—	—
Expenditures related to federal and state grants	1,150	—	—
Other	935	18,304	2,350
Total operating expenses	**18,391**	**142,562**	**20,383**
Operating (loss) income	**$ (17,046)**	**16,125**	**7,902**
Non-operating (expenses) revenues			
Loss on early extinguishment of debt	—	(1,239)	(159)
Mortgage insurance reserves retained	—	—	—
Federal grants	1,150	—	—
Payments from the State of New York	—	—	—
Interfund transfers	13,372	(16,037)	2,665
Total non-operating revenues (expenses)	**14,522**	**(17,276)**	**2,506**
(Decrease) increase in net assets	**(2,524)**	**(1,151)**	**10,408**
Net (Deficit) Assets, Beginning of Fiscal Year	**(6,676)**	**452,833**	**153,234**
Total Net (Deficit) Assets, End of Fiscal Year	**(9,200)**	**451,682**	**163,642**

Homeownership Mortgage Revenue	Total	Student Loan Program	Mortgage Insurance Fund	Total All Funds Fiscal year ended October 31, 2010	2009
376	174,024	4	—	**174,028**	179,327
—	—	—	40,214	**40,214**	32,271
1	7,873	124	30,240	**38,237**	44,228
—	4,793	5	3,999	**8,797**	21,392
—	—	—	10,311	**10,311**	8,369
—	2,004	150	—	**2,154**	1,198
377	**188,694**	**283**	**84,764**	**273,741**	**286,785**
244	135,902	4,003	—	**139,905**	145,891
18	2,875	—	—	**2,875**	3,141
—	2,126	—	—	**2,126**	1,765
3	14,344	5	4,258	**18,607**	16,624
—	2,891	—	964	**3,855**	2,898
8	732	—	249	**981**	1,055
—	—	—	13,761	**13,761**	38,613
—	1,150	—	—	**1,150**	1,193
—	21,589	—	5	**21,594**	12,511
273	**181,609**	**4,008**	**19,237**	**204,854**	**223,691**
104	**7,085**	**(3,725)**	**65,527**	**68,887**	**63,094**
—	(1,398)	—	—	**(1,398)**	(344)
—	—	—	67,163	**67,163**	98,402
—	1,150	—	—	**1,150**	1,193
—	—	23,800	—	**23,800**	—
—	—	—	—	—	—
—	**(248)**	**23,800**	**67,163**	**90,715**	**99,251**
104	**6,837**	**20,075**	**132,690**	**159,602**	**162,345**
3,170	**602,561**	—	**1,357,634**	**1,960,195**	**1,797,850**
3,274	**609,398**	**20,075**	**1,490,324**	**2,119,797**	**1,960,195**

State of New York Mortgage Agency
Statements of Cash Flows
Fiscal Year ended October 31, 2010 with comparative totals for 2009

(Amounts in Thousands)

			Bondholder Funds	
		General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
Cash flows from operating activities				
Interest received on loans	$	—	148,412	24,598
Interest paid on bonds		—	(119,092)	(16,501)
Earnings on investments		56	7,401	2,515
Commitment fees, premium and other		987	—	—
Operating expenses		(23,611)	—	—
Expenditures related to federal grants		(1,150)	—	—
Mortgage recording tax		—	—	—
Transfer to New York State of excess balance		—	—	—
Funds received from New York State		45	—	—
Claim payments		—	—	—
Transfers		13,372	(16,037)	2,665
Reimbursements		5,992	(1,200)	—
Other		—	(3,869)	(7,625)
Net cash (used in) provided by operating activities		**(4,309)**	**15,615**	**5,652**
Cash flows from non-capital financing activities				
Transfer to Agencies of New York State		—	—	—
Federal grants		1,150	—	—
Bond proceeds		—	—	542,953
Retirement and redemption of bonds		—	(222,010)	(39,265)
Net cash provided by (used in) non-capital financing activities		**1,150**	**(222,010)**	**503,688**
Cash flows from investing activities				
Principal payment on mortgages		—	239,175	43,708
Purchase of mortgage loans		—	(145,857)	(202,870)
Proceeds from the sale or maturities of investments		89,380	2,148,611	3,751,059
Purchase of investments		(86,941)	(2,035,143)	(4,101,177)
Net cash provided by (used in) investing activities		**2,439**	**206,786**	**(509,280)**
Net (decrease) increase in cash		(720)	391	60
Cash, beginning of fiscal year		1,516	5,346	1,151
Cash, end of fiscal year	$	**796**	**5,737**	**1,211**
Reconciliation of operating revenues (expenses) to net cash (used in) provided by operating activities:				
Net operating revenues (expenses)	$	(17,046)	16,125	7,902
Adjustment to reconcile operating income to net cash provided (used in) by operating activities:				
Increase (decrease) in fair value of investments		—	(3,732)	(1,061)
Amortization and accretions		11	478	213
Transfers and mortgage insurance reserves retained		13,372	(16,037)	2,665
Changes in assets and liabilities				
Interest, fees and other receivables		(460)	17,234	(6,069)
Accounts payable and other liabilities		(186)	1,547	2,002
Net cash (used in) provided by operating activities	$	**(4,309)**	**15,615**	**5,652**

Homeownership Mortgage Revenue	Total	Student Loan Program	Mortgage Insurance Fund	Total All Funds Fiscal year ended October 31, 2010	2009
382	173,392	—	—	**173,392**	178,982
(234)	(135,827)	(1,723)	—	**(137,550)**	(147,899)
22	9,994	122	43,983	**54,099**	67,659
—	987	148	14,348	**15,483**	13,384
—	(23,611)	(3,066)	—	**(26,677)**	(23,325)
—	(1,150)	—	—	**(1,150)**	(1,193)
—	—	—	60,696	**60,696**	79,034
—	—	—	—	—	(8,501)
—	45	23,807	—	**23,852**	—
—	—	—	(12,037)	**(12,037)**	(16,350)
—	—	—	—	—	—
—	4,792	—	(4,792)	—	—
(7)	(11,501)	(7)	—	**(11,508)**	(41,600)
163	**17,121**	**19,281**	**102,198**	**138,600**	**100,191**
—	—	—	—	—	—
—	1,150	—	—	**1,150**	1,193
—	542,953	100,002	—	**642,955**	82,485
(3,704)	(264,979)	—	—	**(264,979)**	(179,558)
(3,704)	**279,124**	**100,002**	—	**379,126**	**(95,880)**
751	283,634	10	—	**283,644**	285,231
—	(348,727)	(331)	—	**(349,058)**	(246,712)
9,696	5,998,746	586,296	2,745,123	**9,330,165**	3,695,958
(7,110)	(6,230,371)	(702,698)	(2,848,949)	**(9,782,018)**	(3,736,419)
3,337	**(296,718)**	**(116,723)**	**(103,826)**	**(517,267)**	**(1,942)**
(204)	(473)	2,560	(1,628)	**459**	2,369
269	8,282	—	2,094	**10,376**	**8,007**
65	**7,809**	**2,560**	**466**	**10,835**	**10,376**
104	7,085	(3,725)	65,527	**68,887**	63,094
—	(4,793)	(5)	(3,999)	**(8,797)**	(21,393)
21	723	(2)	13,743	**14,464**	23,065
—	0	23,802	67,163	**90,965**	98,401
11	10,716	(3,068)	—	**7,648**	2,205
27	3,390	2,279	(40,236)	**(34,567)**	(65,181)
163	**17,121**	**19,281**	**102,198**	**138,600**	**100,191**

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APPENDIX B

MORTGAGE INSURANCE AND NEW YORK FORECLOSURE PROCEDURES

Mortgage Pool Insurance Policies

General

Each Mortgage Loan (*other than* Mortgage Loans insured by FHA or guaranteed by the VA or the RD) is covered or expected to be covered by a mortgage pool insurance policy (each, including the Genworth Policy (defined below), a "Policy") with terms generally as described below, provided by a private qualified mortgage pool insurer or the MIF (the "Mortgage Pool Insurer"). Subject to certain limitations, each such Policy will provide coverage of 100% of the loss of the Agency by reason of a default on any Mortgage Loan covered by such Policy up to an aggregate limit equal to 4% (in the case of each Policy covering Mortgage Loans financed with proceeds attributable to Bonds issued prior to the Series 45 Bonds, 5.5%) of the aggregate original principal amount of the Mortgage Loans covered by such Policy. Some of the Policies provide that, under certain circumstances, the Agency may cancel the Policy and may provide for alternative coverage (subject to limitations established in the applicable Series Resolution). The balance of the Policies have more limited cancellation rights.

For information regarding each Policy covering Mortgage Loans and Collateral Mortgage Loans (collectively, the "Covered Loans"), see Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage Loans — Mortgage Pool Insurance Coverage."

MIF Policies

Each Mortgage Pool Insurance Policy provided by the MIF (each, an "MIF Policy" and, collectively, the "MIF Policies") provides that no claim may validly be presented thereunder unless (i) coverage from mortgage insurance or guaranty on the amount of the Mortgage Loan which exceeds 72% of the value of the property has been kept in force for at least so long as the remaining principal balance of the Mortgage Loan exceeds 80% of the value of the property (or, in one of the MIF Policies with respect to the Fourth Series Bonds, unless such coverage has been in effect for 10 years from its inception date, whichever occurs first), (ii) premiums on hazard insurance on the property securing the defaulted Mortgage Loan have been paid, and (iii) if there has been physical loss or damage to the mortgaged property, it has been restored to the condition it was in at the time the Mortgage Loan became subject to the coverage of the MIF Policy, subject to reasonable wear and tear. Assuming the satisfaction of these conditions, the MIF generally has the option, after expiration of any applicable redemption period, to either (a) purchase the property securing the defaulted Mortgage Loan at a price equal to the principal balance thereof plus accrued and unpaid interest at the Mortgage Loan rate to the date of purchase and certain expenses on condition that the MIF must be provided with good and merchantable title to the mortgaged property or (b) pay the amount by which the sum of the principal balance of the defaulted Mortgage Loan plus accrued and unpaid interest, at the Mortgage Loan rate, to the date of the payment of the claim, plus certain expenses, exceeds such proceeds received from the sale of the property which the MIF has approved. In both (a) and (b), the amount of payment is reduced by the proceeds from any applicable PMI policy, and any unreimbursed advance claim payments made under such MIF Policy. The MIF considers the amount of each claim payment due to be paid under each MIF Policy to be reduced by the amount payable under the applicable PMI policy, whether or not payment is received from the provider of the PMI policy.

A claim under each MIF Policy must be filed within 60 days after the Agency has conveyed title to the property pursuant to an approved sale.

None of the MIF Policies provide coverage against casualty losses.

The amount of coverage under each MIF Policy will be reduced over the life of the respective Series of Bonds by the dollar amount of claims paid less amounts realized by the MIF upon disposition of mortgaged properties. The amount of claims payable includes certain expenses incurred by the Mortgage Lenders as well as the accrued interest on delinquent Mortgage Loans, including interest accrued through 60 days following an approved sale. Accordingly, if aggregate recoveries under any one or more of the MIF Policies reach the applicable MIF Policy limit, coverage under such MIF Policy will be exhausted (unless the aggregate recoveries are subsequently reduced to an amount below the MIF Policy limit) and any further losses will be borne by Bondowners to the extent remaining moneys held under the Resolution are inadequate to pay principal of and interest on the Bonds.

Although the Agency does not currently request advance claims under any of the Mortgage Pool Insurance Policies, each MIF Policy (other than the Series VV MIF Policy, as defined below under "Additional Information Concerning Series VV Policies," which does not provide for advance claim payments) provides that monthly advances will be made to the Agency in an amount equal to the monthly principal and interest payments on each Mortgage Loan subject to such MIF Policy which has become two or more payments past due. The payments will be in an amount equal to all sums delinquent, and will be paid by the MIF to the Agency after notification of such delinquency, provided that foreclosure proceedings will be initiated when monthly payments of principal and interest are 120 days (90 days in certain MIF Policies) past due. Such advance claims payments are not for the benefit of the mortgagor, but are advances against any MIF Policy claim which may be filed. The Agency is obligated to commence foreclosure action at 120 days' (90 days' in certain MIF Policies) delinquency or obtain title through deed in lieu of foreclosure or other means. Foreclosure must be pursued during the period in which advances are made. Claim settlements are reduced by the sum of the advances and the advances must be repaid if the Mortgage Loan becomes current, delinquent for fewer months than those for which advances were made or if a claim is not filed under the respective MIF Policy. Advances must be repaid after payments on the Mortgage Loan have been received (either from the mortgagor or insurer or through foreclosure) for which advances were previously made. If the Agency elects to sell the property itself, and not file a claim, the MIF must be reimbursed for all advances made. For additional information concerning the Series VV MIF Policy, see "Additional Information Concerning Series VV Policies" below.

The coverage available under the advance claims procedure equals the limit of coverage provided under the applicable MIF Policy. Advances for which the MIF is ultimately reimbursed are not charged against the limit of coverage under the applicable MIF Policy. To the extent foreclosure or other disposition of the property subject to a Mortgage Loan does not result in sufficient liquidation proceeds to pay principal of, delinquent interest on, and foreclosure costs with respect to a defaulted Mortgage Loan, and to reimburse the MIF for all advances made, aggregate coverage under the applicable MIF Policy will be reduced by the amount of such shortfall. Consequently, when coverage under any of the MIF Policies has been exhausted, whether through losses on advances or foreclosure losses with respect to Mortgage Loans financed with the proceeds of the applicable Series of Bonds, coverage under the applicable advance claims procedure will also be exhausted.

For information regarding the MIF, see "Mortgage Insurance and New York Foreclosure Procedures — MIF" below.

Private Insurer Policies and Private Mortgage Pool Insurers

Private Insurer Policies. Each Policy provided by a Mortgage Pool Insurer other than the MIF (each a "Private Insurer Policy" and, collectively, the "Private Insurer Policies") provides that no claim may validly be presented thereunder unless (i) with respect to a Mortgage Loan with an initial LTV in excess of 80%, PMI coverage on the amount of such Mortgage Loan which exceeds 75% (in the case of each Private Insurer Policy issued by Commonwealth Mortgage Assurance Company ("CMAC"), now known as Radian Guaranty Inc. ("Radian"), commencing with the Series VV CMAC Policy (defined below), 72%) of the value of the property (at the time of origination) has been kept in force from the time of origination until the remaining principal

balance of the Mortgage Loan is less than or equal to 80% of such value of the property or, solely with respect to Private Insurer Policies issued by Radian prior to the Series VV CMAC Policy (as defined below), 10 years from the date of origination, if earlier, (ii) premiums for PMI or for hazard insurance on the property securing the defaulted Mortgage Loan (the "Mortgaged Property"), real property taxes, property sale, preservation and protection expenses and foreclosure expenses have been advanced by the Agency or otherwise have been paid, and (iii) if there has been physical loss or damage to the Mortgaged Property, it has been restored to the condition it was in at the time the Mortgage Loan became subject to the coverage of the Private Insurer Policy, subject to reasonable wear and tear (the Private Insurer Policies do not provide coverage against casualty losses). Assuming the satisfaction of these conditions, the Mortgage Pool Insurer will have the option, after expiration of any applicable redemption period, either (a) to purchase the Mortgaged Property securing the defaulted Mortgage Loan at a price equal to the unpaid principal balance thereof plus accrued and unpaid interest at the Mortgage Loan rate to the date of purchase and certain expenses on the condition the Mortgage Pool Insurer must be provided with good and merchantable title to the Mortgaged Property or (b) to pay the amount by which the sum of the unpaid principal balance of the defaulted Mortgage Loan plus accrued and unpaid interest, at the Mortgage Loan rate, to the date of the payment of the claim, plus certain expenses, exceeds such proceeds received from the Mortgage Pool Insurer-approved sale of the Mortgaged Property. In both (a) and (b), the amount of payment is reduced by the amount of loss required to be paid under any applicable primary mortgage insurance policy, and any unreimbursed advance claim payments made under the applicable Private Insurer Policy.

A claim under a Private Insurer Policy must be filed within 60 days after the Agency has conveyed title to the Mortgaged Property pursuant to a Mortgage Pool Insurer-approved sale.

The amount of coverage under each Private Insurer Policy will be reduced over its life by the dollar amount of claims paid under such Private Insurer Policy less amounts realized by the Mortgage Pool Insurer upon disposition of mortgaged properties. The amount of claims payable includes certain expenses incurred by the Mortgage Lenders or the Agency as well as the accrued interest on delinquent Mortgage Loans, including interest accrued through completion of foreclosure proceedings. Accordingly, if aggregate recoveries under a Private Insurer Policy reach the Private Insurer Policy limit, coverage under a Private Insurer Policy will be exhausted, and any further losses will be borne by Bondowners to the extent remaining moneys held under the General Resolution are inadequate to pay principal of and interest on the Bonds.

A special endorsement to each Private Insurer Policy (the "Advance Claims Endorsement") provides that, if foreclosure proceedings have been instituted and are being diligently pursued (*except* in the case of each Private Insurer Policy (each, a "Genworth Policy") provided by Genworth Mortgage Insurance Corporation (formerly GEMICO) or Genworth Residential Mortgage Insurance Corporation of North Carolina (collectively, "Genworth"), which permits advances on a delinquent Mortgage Loan prior to commencement of foreclosure proceedings for no longer than 4 months after and including the month during which such Mortgage Loan became delinquent), advances will be made to the Agency, at the request of the Agency, in an amount equal to the monthly principal and interest payments on each Mortgage Loan subject to such Private Insurer Policy which is 60 days or more past due. Although available, the Agency does not currently request advance claims under any of the Private Insurer Policies. See Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans and Collateral Mortgage Loans — Mortgage Pool Insurance Coverage." If payments are requested, they are required to be in an amount equal to delinquent payments of principal and interest, and are required under the terms of the Advance Claims Endorsement to be paid by the Mortgage Pool Insurer to the Agency within 15 days (in the case of a Genworth Policy, 5 days) of receipt of the request for payment, *provided* that foreclosure proceedings have been initiated and are being diligently pursued (*except* in the case of a Genworth Policy, which permits advances on a delinquent Mortgage Loan prior to commencement of foreclosure proceedings for no longer than 4 months after and including the month during which such Mortgage Loan became delinquent). Such payments are not for the benefit of the mortgagor, but are advances against the Private Insurer Policy claim which may be filed for losses incurred as a result of the mortgagor's default. Advances must be repaid within 15 days (in the case of a Genworth Policy,

5 days) after payments have been received (either from the mortgagor or insurer or through foreclosure) on the Mortgage Loan for which advances were previously made.

The coverage available under the advance claims procedure as set forth in the Advance Claims Endorsement equals the limit of coverage provided under a Private Insurer Policy. Advances for which the Mortgage Pool Insurer is ultimately reimbursed are not charged against the limit of coverage under the Private Insurer Policy. To the extent foreclosure or other disposition of the property subject to a Mortgage Loan does not result in sufficient liquidation proceeds to pay principal of, delinquent interest on, and foreclosure costs with respect to a defaulted Mortgage Loan, and to reimburse the Mortgage Pool Insurer for all advances made, aggregate coverage under a Private Insurer Policy will be reduced by the amount of such shortfall. Consequently, when coverage under a Private Insurer Policy has been exhausted, whether through losses on advances or foreclosure losses with respect to covered Mortgage Loans, coverage under the applicable Advance Claims Endorsement will also be exhausted.

See "Ratings Disclosure" below for additional information regarding Radian and Genworth.

Additional Information Concerning Series VV Policies

The Mortgage Loans purchased with proceeds attributable to the Series VV Bonds are covered by mortgage pool insurance policies provided by Radian Guaranty Inc. (formerly CMAC) (the "Series VV CMAC Policy") and the MIF (the "Series VV MIF Policy"; together with the Series VV CMAC Policy, the "Series VV Policies"). The Series VV Policies have terms substantially the same as the Policies described under the subheadings "General" and "Private Insurer Policies and Private Mortgage Pool Insurers — Private Insurer Policies" above, *except* that (a) the Series VV CMAC Policy will provide coverage of the loss to the Agency by reason of a default on a Series VV Mortgage Loan (after receipt of any amount from primary mortgage insurance, if any, applicable to such Series VV Mortgage Loan) equal to 25% of the sum of the principal balance of the defaulted Series VV Mortgage Loan plus accrued and unpaid interest, at the Series VV Mortgage Loan rate, to the date of payment of the claim, plus certain expenses, up to an aggregate limit equal to 5½% of the aggregate original principal amount of the Series VV Mortgage Loans and (b) the Series VV MIF Policy will provide coverage of 100% of the loss to the Agency by reason of a default on a Series VV Mortgage Loan (after receipt of any amount from the Series VV CMAC Policy) up to an aggregate limit equal to 1% of the aggregate original principal amount of the Series VV Mortgage Loans.

PMI Programs

The Agency makes no representations regarding the financial condition of any private PMI provider or its ability to make full and any timely payment of claims made by the Agency for the Mortgage Loans such provider insures. If such claims are not paid on a timely basis, the Agency may experience losses on Mortgage Loans on default or in foreclosure. For information regarding private PMI, see Appendix D — "Certain Agency Financial Information and Operating Data—Mortgage Loans and Collateral Mortgage Loans—PMI Coverage."

Private PMI

The Agency generally requires that, with respect to Mortgage Loans to be the subject of private PMI, each private PMI provider insuring such loans must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation or, if there are no entities so qualified, by entities whose financial conditions, in and of themselves, would not adversely affect the then existing rating assigned to the Bonds by Moody's. While there is no requirement that a particular private PMI provider is to be utilized, based upon the Agency's experience with its programs, it expects that a substantial portion of the PMI with respect to particular Mortgage Loans will be provided by the entity that provides or underwrites the mortgage pool insurance with respect to such Mortgage Loans. Since Radian Guaranty Inc. (formerly CMAC) provided underwriting services for many MIF Policies, Radian Guaranty Inc. is the PMI provider for a significant

portion of the Mortgage Loans financed by the Agency with Bonds issued prior to the Series 123 Bonds. Genworth has been providing underwriting services with respect to the MIF Policies for most of the Mortgage Loans financed by the Series 123 Bonds and all Mortgage Loans financed since then. The Agency expects that Genworth will continue providing such services for Mortgage Loans financed by, as applicable, the Offered Bonds, future Bond issuances and other moneys available under the General Resolution. The Agency can substitute another provider or add additional providers of such underwriting services. For additional information regarding PMI providers with respect to all outstanding Mortgage Loans, see Appendix D — "Certain Agency Financial Information and Operating Data—PMI Coverage." See "Mortgage Pool Insurance Policies — Private Insurer Policies and Private Mortgage Pool Insurers — Private Mortgage Pool Insurers" above for rating information with respect to Radian and Genworth, the principal private PMI providers.

PMI policies currently being issued by such private PMI providers contain provisions substantially as follows: (a) the private PMI providers must pay a claim, including unpaid principal, accrued interest, and certain expenses, within a prescribed number of days of presentation of the claim by the insured; (b) in order for the insured to present a claim the insured must have acquired, and tendered to the provider, title to the property, free and clear of all liens and encumbrances including any right of redemption by the mortgagor; (c) when a claim is presented, the provider will have the option of paying the claim in full and taking title to the property and arranging for its sale or of paying the insured percentage of the claim and allowing the insured to retain title to the property; and (d) claims may also be settled by the provider at the option of the insured for actual losses where such losses are less than the insured percentage of the claim.

The private PMI policies generally do not insure against a loss sustained by reason of a default arising from or involving certain matters including (a) fraud or negligence in origination or servicing of the Mortgage Loans, including misrepresentation by the Mortgage Lender, borrower, or other persons involved in the origination of a Mortgage Loan; (b) failure to construct a property subject to a Mortgage Loan in accordance with specified plans; (c) physical damage to a property; and (d) a Mortgage Lender's not being approved as a servicer by the provider. Such private PMI policy will provide that no payment for a loss will be made unless the property financed by the defaulted Mortgage Loan is in the same physical condition as when the Mortgage Loan was originally insured, subject to reasonable wear and tear. If the provider elects to pay the claim in full, the Mortgage Lender, on behalf of the Agency, must convey good and merchantable title to the property to the provider upon payment of the claim for benefits, among other conditions.

MIF PMI

PMI provided by the MIF has terms substantially the same as those described in the second and third paragraphs under the heading "Private PMI." The MIF currently provides, and expects to continue to provide, PMI only with respect to Mortgage Loans that private PMI providers have declined to insure. For further information regarding MIF PMI with respect to Mortgage Loans for which a commitment was entered into on or after November 1, 1990, see Appendix D — "Certain Agency Financial Information and Operating Data—Mortgage Loans and Collateral Mortgage Loans—PMI Coverage." See "MIF" in this Appendix B for a discussion of the source of and procedures for funding the MIF. Reserves for MIF PMI are established in the Single Family Pool Insurance Account of the MIF. See "Ratings Disclosure" below for certain information regarding the Single-Family Pool Insurance Account.

MIF

Part II of the Act, authorizing the establishment of the MIF by the Agency, was adopted by the State Legislature in 1978 to encourage financial institutions to make mortgage loans in neighborhoods suffering from disinvestment by providing mortgage insurance to minimize the investment risk. See "Other Agency Programs—Mortgage Insurance Fund." In 1989, the Act was amended to authorize the Agency to issue commitments to provide mortgage pool insurance on any loan or aggregate of loans if (a) the project is located within an empire zone designated pursuant to Article 18-B of the General Municipal Law, (b) the project will provide affordable housing, (c) the entity providing the project's mortgage financing was or is created by local,

state, or Federal legislation, and certifies to the Agency that the project meets the program criteria applicable to such entity, or (d) the project will provide a retail or community service facility that would not otherwise be provided. The 1989 amendments also enabled the Agency to provide mortgage pool insurance for mortgages on one-to-four family homes and on multi-family projects where the loans are made by lenders meeting certain criteria. The Policies provided by the MIF were issued pursuant to such authorization.

In December 2004, the Act was amended to authorize the Agency to facilitate the financial activities of the Convention Center Development Corporation (the "CCDC"), a subsidiary of the New York State Urban Development Corporation, by entering into agreements with CCDC to provide a source or potential source of financial support to bonds of the CCDC and, to the extent not otherwise provided in respect of the support of bonds, for CCDC's ancillary bond facilities.

The MIF is authorized to issue commitments to provide pool insurance in an amount not in excess of 25% of the initial outstanding principal indebtedness of any aggregate of mortgage loans. The Act authorizes the creation of the MIF, among other things, (i) to issue commitments to insure mortgages and to enter into contracts of mortgage insurance; (ii) to issue commitments to provide and to provide pool insurance for (a) one or more aggregates of mortgage loans that the Agency finances pursuant to its single-family program; (b) one or more aggregates of mortgage loans on single family or multi-family residential buildings made by a domestic not-for-profit corporation whose public purposes include combating community deterioration, that is approved as a mortgage lender by the Federal Housing Administration for purposes of insurance issued by such administration, and that is a qualified seller-servicer for Fannie Mae and the Federal Home Loan Mortgage Corporation; or (c) one or more aggregates of preservation loans made by a financial institution with respect to a building owned by a cooperative housing corporation; and (iii) to fulfill its obligations and enforce its rights under any insurance so furnished.

The MIF is used as a revolving fund for carrying out the provisions of Part II of the Act with respect to mortgages insured thereunder and with respect to providing credit support for the CCDC bonds or ancillary bond facilities. The Act establishes within the MIF a special account (the "Special Account"), a single family pool insurance account with respect to insurance related to one-to-four dwelling units (the "Single Family Pool Insurance Account"), a project pool insurance account with respect to all other properties (the "Project Pool Insurance Account") and a development corporation credit support account with respect to providing credit support for the bonds or ancillary bond facilities of the CCDC (the "Development Corporation Credit Support Account"). The Development Corporation Credit Support Account is a source or potential source of payment of the sum of the respective amounts (or percentages) of required or permissive funding by the CCDC of each reserve and financial support fund established by the CCDC for its bonds and, to the extent not otherwise provided in respect of the support of bonds, for its ancillary bond facilities for which the Agency has determined that the Development Corporation Credit Support Account is or will be a source or potential source of funding. The Policies provided by the MIF are payable from amounts in the Single Family Pool Insurance Account. The Act provides that assets of the Special Account, the Single Family Pool Insurance Account, the Project Pool Insurance Account, and the Development Corporation Credit Support Account shall be kept separate and shall not be commingled with each other or with any other accounts which may be established from time to time, except as authorized by the Act.

The claims-paying ability of the Single Family Pool Insurance Account and the Project Pool Insurance Account of the MIF are rated "Aa1" and "Aa1," respectively, by Moody's and "AA+" and "AA-," respectively, by Fitch, Inc. ("Fitch"). On July 28, 2010, Moody's changed its rating on the Single Family Pool Insurance Account from "Aaa" and on October 8, 2010 Moody's affirmed its "Aa1" rating and changed its rating outlook from stable to negative. Moody's affirmed its rating on the Project Pool Insurance Account on July 18, 2011. Fitch affirmed its respective ratings on the Single Family Pool Insurance Account and the Project Pool Insurance Account on April 27, 2011 and changed its rating outlook from stable to negative. See "Ratings Disclosure" above. The claims paying ability of the Development Corporation Credit Support Account has not been rated. The Act provides that the Agency may not execute a contract to provide credit support to the bonds or ancillary bond facilities of the CCDC if, at the time such contract is executed, such

execution would impair any then existing credit rating of the Single Family Pool Insurance Account or the Project Pool Insurance Account. The payment of principal of and interest on the Bonds is not secured by or payable from moneys held in the MIF. The Act provides that all moneys held in the Single Family Pool Insurance Account, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages for one-to-four dwelling units insured by the MIF pursuant to the Act.

The MIF is funded primarily by a surtax on the State mortgage recording tax. Section 253(1-a) of the State Tax Law (the "State Tax Law") imposes a surtax (the "Tax") on recording mortgages of real property situated within the State. Excluded from the Tax are, among others, recordings of mortgages executed by voluntary nonprofit hospital corporations, mortgages executed by or granted to the Dormitory Authority of the State of New York and mortgages, wherein the mortgagee is a natural person, on mortgaged premises consisting of real property improved by a structure containing six or fewer residential dwelling units, each with separate cooking facilities. The Tax is equal to $0.25 for each $100 (and each remaining major fraction thereof) of principal debt which is secured by the mortgage.

Section 261 of the State Tax Law requires the respective recording officers of each county of the State, on or before the tenth day of each month, after deducting certain administrative expenses incident to the maintenance of their respective recording offices, to pay the Agency for deposit to the credit of the MIF the portion of the Tax collected by such counties during the preceding month, except that: (i) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the counties comprising the Metropolitan Commuter Transportation District on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the Metropolitan Transportation Authority; (ii) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the County of Erie on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the State Comptroller for deposit into the Niagara Frontier Transportation Authority light rail rapid transit special assistance fund; and (iii) Taxes paid upon mortgages covering real property situated in two or more counties shall be apportioned by the State Tax Commission among the Agency, the Metropolitan Transportation Authority and the Niagara Frontier Transportation Authority, as appropriate.

Mortgage recording taxes have been collected in the State for more than 75 years. The Agency has been entitled to receive Tax receipts since December 1978. Under existing law, no further action on the part of the State Legislature is necessary for the MIF to continue to receive such moneys. *However,* imposition or application of the mortgage recording taxes described herein as currently provided in the Act is subject to change in the future. The MIF's receipt of Tax receipts is dependent upon the performance by the county recording officers of their collection and remittance obligations; the State Tax Commission has general supervisory power over such officers. Tax receipts payable to the MIF in calendar years 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, and 2010 were approximately $83 million, $106 million, $131 million, $168 million, $184 million, $210 million, $140 million, $73 million, and $61 million, respectively. Through and including September 30, 2011, the tax receipts payable to the MIF in calendar year 2011 were approximately $61 million. Tax receipts have fluctuated over the period they have been payable to the MIF, due to changing conditions in the State's real estate market.

The Act requires the Agency to credit the amount of money received from the recording officer of each county to the Special Account within the MIF. The Act provides that, as each mortgage loan, or each pool of mortgage loans, becomes the object of an insurance commitment or policy, and as the Agency enters into agreements with the CCDC to provide credit support for the CCDC's bonds or ancillary bond facilities, the Agency shall credit from the Special Account to, as applicable, the Single Family Pool Insurance Account, the Project Pool Insurance Account or the Development Corporation Credit Support Account such moneys as are needed to satisfy the mortgage insurance fund requirement (described below) of the Single Family Pool Insurance Account, the Project Pool Insurance Account, or the Development Corporation Credit Support Account, respectively, except that during any twelve month period ending on March thirty-first the aggregate

amount credited to the Development Corporation Credit Support Account (excluding investment earnings thereon) shall not exceed the lesser of (i) fifty million dollars or (ii) the aggregate of the amounts required under the contracts executed by the Agency to provide credit support to the CCDC's bonds or ancillary bond facilities. The Act allows, but does not require, the Agency to transfer moneys from the Special Account to the Single Family Pool Insurance Account, the Project Pool Insurance Account, and the Development Corporation Credit Support Account if and to the extent the amount on deposit in any such account is less that its mortgage insurance fund requirement (including the funding commitment requirement of the Development Corporation Credit Support Account), provided that moneys transferred to the Development Corporation Credit Support Account are subject to the limitation described in the preceding sentence. Provisions of the Act also provide that assets of the Special Account, the Single Family Pool Insurance Account, the Project Pool Insurance Account, and the Development Corporation Credit Support Account shall be kept separate and shall not be commingled with each other or with any other accounts that may be established from time to time, except as otherwise authorized by the Act. Such provisions also provide that if at any time the moneys, investments, and cash equivalents (valued as determined by the Agency) of the Single Family Pool Insurance Account, the Project Pool Insurance Account, or the Development Corporation Credit Support Account exceed the amount necessary to attain and maintain the credit rating or, with respect to credit support for the CCDC's bonds or ancillary bond facilities, credit worthiness (as determined by the Agency), required to accomplish the purposes of such account, the Agency shall transfer such excess to the Special Account. Any amount on deposit in the Special Account in excess of certain required reserves, insurance claims paid, and Agency operating expenses is required to be remitted to the State annually. The Act provides that no moneys shall be withdrawn from the MIF at any time in such amount as would reduce the amount in such fund to less than the mortgage insurance fund requirement, except for the purpose of paying liabilities as they become due and for the payment of which other moneys are not available.

The Act provides that the Single Family Pool Insurance Account will be available to pay the claims made on all of the primary mortgage insurance policies and mortgage pool insurance policies issued by the MIF with respect to single family mortgage loans, which are not limited to policies with respect to Mortgage Loans, but may include policies on single family mortgage loans financed by the Agency with moneys other than Bond proceeds and on single family mortgage loans financed by entities other than the Agency. The Act provides that the Project Pool Insurance Account will be available to pay the claims made on all the insurance policies issued by the MIF with respect to mortgage loans other than single family mortgage loans. The Act also provides that the Development Corporation Credit Support Account will be available to pay amounts due pursuant to agreements entered into by the Agency to provide credit support for the CCDC's bonds and ancillary bond facilities. There can be no assurance that the amounts on deposit in the Special Account, the Single Family Pool Insurance Account, or the Project Pool Insurance Account will not be depleted through payment of liabilities arising with respect to insured pools of Mortgage Loans, insured pools of mortgage loans other than Mortgage Loans, insured individual mortgage loans, or that the Development Corporation Credit Support Account will not be depleted through payment of liabilities arising with respect to providing credit support for the CCDC's bonds or ancillary bond facilities. To date, the MIF has provided pool insurance only with respect to single family mortgage loans financed by the Agency, although it has provided primary mortgage insurance with respect to single family mortgage loans financed by the Agency and other entities.

The Act provides that the mortgage insurance fund requirement with respect to each of the Single Family Pool Insurance Account and the Project Pool Insurance Account as of any particular date of computation is equal to (i) the aggregate of (a) the principal amount of such insured mortgage loans as the Agency has determined to be due and payable as of such date pursuant to its contracts to insure mortgages with respect to such Account plus (b) an amount equal to 20 per centum of the principal amounts of the mortgage loans insured under the Agency's insurance contracts with respect to such Account plus 20 per centum of the principal amounts to be insured under the Agency's commitments to insure less the amounts payable pursuant to clause (a) above (*provided, however,* that if the board of directors of the Agency shall have established a different per centum for a category of loans pursuant to the Act, such per centum shall be substituted for twenty per centum in this paragraph as, for example, the March 2001 determination that the per centum for special needs facilities was forty per centum) less (ii) the aggregate of the amount of each reinsurance contract

procured in connection with obligations of the Agency determined by the Agency to be a reduction pursuant to this paragraph in calculating the mortgage insurance fund requirement applicable to such account. The mortgage insurance fund requirement with respect to the Development Corporation Credit Support Account as of any particular date of computation is equal to (i) the aggregate of (a) such amount of credit support for the CCDC's bonds or ancillary bond facilities that the Agency has determined to be due and payable as of such date pursuant to its contracts to provide credit support for the CCDC's bonds or ancillary bond facilities plus (b) an amount equal to the respective amounts established by contracts under which the Agency has determined that the Development Corporation Credit Support Account will provide credit support for CCDC's bonds or ancillary bond facilities, less the amounts payable with respect to credit support for CCDC's bonds or ancillary bond facilities pursuant to subparagraph (a) above less (ii) the aggregate of the amount of each reinsurance contract procured in connection with obligations of the Agency determined by the Agency to be a reduction pursuant to this paragraph in calculating the mortgage insurance fund requirement applicable to such account. There can be no assurance that such mortgage insurance fund requirement will not be reduced.

As of March 31, 2011 the MIF had total reserves with a book value of approximately $1,540,999,816, including single family pool reserves with a book value as of such date of approximately $229,864,026.

As of March 31, 2011, the MIF's total liability against commitments and against policies in force was $3,344,493,764 of which $2,860,212,748 was against project mortgage insurance commitments and policies in force, the balance of $484,281,016 being against single family primary and pool insurance commitments and policies in force. As of March 31, 2011, the MIF had a total loan amount on outstanding commitments and policies in force of $6,424,349,424 of which $3,044,464,838 represented the total loan amount on outstanding project mortgage insurance commitments and policies in force, the balance of $3,379,884,586 being the total loan amount on outstanding single family primary and pool insurance commitments and policies in force. The Agency currently intends to continue and expand its mortgage insurance programs.

As of March 31, 2011, the Project Pool Insurance Account had paid 52 project mortgage insurance claims for loss in the aggregate amount of $114,272,185 and had 20 insurance policies in force on which claims for loss had been submitted. The Agency estimates that its total liability thereon is $39,239,355. As of March 31, 2011, the Single Family Pool Insurance Account had paid 1,450 claims for loss in the aggregate amount of $27,790,941.

The Agency has entered into a credit support agreement with CCDC, pursuant to which the Agency has agreed to provide credit support for the New York Convention Center Development Corporation Revenue Bonds (Hotel Unit Fee Secured) Series 2005 (the "CCDC Series 2005 Bonds") issued by CCDC. The Agency has made an initial deposit of $33.8 million into the Development Corporation Credit Support Account and, thereafter, will maintain a minimum balance of $25 million in such account. These moneys will be used to support the payment of an amount equal to up to one-third of the scheduled principal and interest due on the CCDC Series 2005 Bonds.

Additional information regarding the MIF may be found in Appendix A to Part 2 of this Official Statement.

In accordance with the authority granted to the Agency pursuant to the provisions of Section 2411 of the Act, the Agency on behalf of the State has pledged to and agreed with the holders of mortgage pool insurance contracts issued by the MIF that the State will not limit or alter rights vested by the Act in the Agency to fulfill the terms of any agreements made with the holders of such contracts, or in any way impair the rights and remedies of such holders until such contracts, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged.

Ratings Disclosure

The ratings, as of November 2, 2011, of the providers of mortgage pool insurance and PMI are:

	Moody's[1]	S&P[2]	Fitch
MIF Single-Family Pool Insurance Account[3]	Aa1[6]	N.A.	AA+[6]
Genworth[4]	Ba1[6]	BB-[6]	
Radian[5]	Ba3[7]	B+[6]	

(1) Moody's Investors Services.
(2) Standard & Poor's Corporation.
(3) SONYMA Mortgage Insurance Fund. See the fifth paragraph under the heading "MIF" for additional information.
(4) Genworth Mortgage Insurance Corporation.
(5) Radian Guaranty Inc.
(6) Negative Outlook.
(7) Positive Outlook.

No prediction can be made regarding the results of Moody's review of Genworth for possible downgrade or when Moody's will conclude such review. However, a downgrade of Genworth's rating may have an adverse effect on the rating of the Bonds. See "PMI Programs — Ratings Disclosure."

The Agency does not undertake any responsibility to directly notify investors of any change in, proposed change in or withdrawal of any rating assigned by S&P, Moody's or Fitch. Such ratings reflect only the views of the respective rating agency at the time such ratings were given and the Agency makes no representation as to the appropriateness of the ratings. An explanation of the significance of such ratings can only be obtained from the rating agency furnishing the same. There is no assurance that a particular rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of the respective rating agency, as the case may be, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Offered Bonds. Unless otherwise specified herein, all ratings are as of November 2, 2011.

New York Foreclosure Procedures and Federal Bankruptcy Law

New York Foreclosure Procedures

In order to recover the debt due on a defaulted mortgage loan, the holder of the mortgage loan may sue on the mortgage note or foreclose the mortgage. Under New York law, a default mortgage on real property improved by a single family residence can only be foreclosed by an action to foreclose and sell. Where final judgment has been rendered in a separate action on the note to recover any part of the mortgage debt, an action may not be commenced to foreclose and sell unless the sheriff has been issued an execution against the property of the mortgagor, which has been returned wholly or partly unsatisfied. The complaint must state whether any other action has been brought to recover any part of the mortgage debt and if so, whether any part has been collected. While a foreclosure action is pending or after final judgment for the mortgagee, no other action on the mortgage debt (*i.e.,* an action on the note or a guaranty) may be commenced to recover any part of the mortgage debt without leave of court.

On December 15, 2009, the State laws governing foreclosure actions were amended to require (a) a mortgagee to provide notice to a mortgagor in default at least 90 days prior to the commencement of a foreclosure action, (b) a mandatory settlement conference between the litigants in a foreclosure action, and (c) that during such conference, the mortgagee and the mortgagor negotiate in good faith to reach a mutually agreeable resolution such as, but not limited to, a modification of the terms of the mortgage. These requirements expire on December 15, 2014.

Where a foreclosure action is brought, every person having an estate or interest in possession in the property whose interest is claimed to be subject and subordinate to the mortgagee's lien, must be made a party defendant to the action. At least 20 days before a final judgment directing a sale is rendered, the mortgagee must file, in the clerk's office for the county where the mortgaged property is located, a notice of the pendency of the action in order to protect against conveyances, liens, and encumbrances that arise subsequent to the filing of the notice of pendency. If during the pendency of the action, the mortgagor pays into court the amount due for principal and interest and the costs of the action together with the expenses of the proceedings to sell, if any, the court will (i) dismiss the complaint without costs against the mortgagee if the payment is made before judgment directing the sale or (ii) stay all proceedings upon judgment if the payment is made after judgment directing sale but before sale. Where the mortgagee remains partly unsatisfied after the sale of the property, the court, upon application, may award the mortgagee a deficiency judgment for the unsatisfied portion of the mortgage debt, or as much thereof as the court may deem just and equitable, against a mortgagor who has appeared or has been personally served in the action.

The Agency's mortgage servicing contractors are or will be instructed to negotiate with the delinquent mortgagor to offer a deed in lieu of foreclosure to the Agency. In this manner, the Agency reduces the cost of acquiring the property which in turn makes the property saleable at a lower price with purchase money mortgage financing available through the Agency at below market interest rates and yet above the Agency yield requirement. Losses on sale, if any, may be recovered over the life of the purchase money mortgage in this manner. This is also applicable to properties acquired through foreclosure action.

Bills introduced in the State Legislature would affect foreclosure proceedings by providing for either up to a one year moratorium on any judgment of foreclosure or the deferment of a mortgagor's monthly mortgage payments for a specified period of time. Since their respective dates of introduction, none of the aforementioned bills have been subject to any further legislative action. The Agency cannot predict what effect the legislation described in this paragraph, or any other legislation affecting mortgage foreclosure actions, would have on the amount or timing of payments to be received with respect to Mortgage Loans that became subject to the particular provisions of such legislation.

Federal Bankruptcy Law

A mortgagor may seek protection under the United States Bankruptcy Code, which provides a debtor with an opportunity to adjust his debts without losing control of his assets. Chapter 13 of the Bankruptcy Code allows a debtor to formulate a plan under which his or her creditors will be paid varying percentages of their debts. Under such a plan a debtor may modify the rights of holders of secured claims or unsecured claims, but the debtor may not modify a claim secured only by a security interest in real property that is the debtor's principal residence. Absent court-ordered relief (which is only available under limited circumstances), the automatic stay under Section 362 of the Bankruptcy Code will apply to any case commenced under the Bankruptcy Code, and the mortgagee will be stayed from any action to satisfy its claim, including foreclosure on the real property.

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APPENDIX C

SERVICERS OF MORTGAGE LOANS AND COLLATERAL MORTGAGE LOANS†

Servicers of Greater Than 5% in Principal Amount of Mortgage Loans and Collateral Mortgage Loans as of July 31, 2011	Approximate Principal Amounts of Mortgage Loans and Collateral Mortgage Loans Being Serviced as of July 31, 2011††
M & T Bank	$1,374,961,777
HSBC Mortgage Corporation	261,060,282
Bank of New York Mellon	134,389,705
All Other Servicers (24)	568,446,460
Total	$2,338,858,224

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† See "The Program — Mortgage Loan Servicing" in this Part 2 for information regarding Mortgage Loan servicing.
†† Does not include participating ownership interests in Mortgage Loans.

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APPENDIX D

CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA

Mortgage Loans and Collateral Mortgage Loans

Principal Amounts and Interest Rates

Proceeds of Bond Series not included in the following tables were not applied to finance new Mortgage Loans.

The following table summarizes certain information regarding the Mortgage Loans and the corresponding Outstanding Prior Series Bonds whose lendable proceeds have been fully expended to acquire Mortgage Loans. In addition, the Agency has invested moneys on deposit in the General Fund. See in this Appendix D "Investments — General Fund." Also see the table "Mortgage Loans — Series Lendable Proceeds Not Fully Expended."

Mortgage Loans — Series Lendable Proceeds Fully Expended(ll)

Series	Date When Money First Available to Purchase Mortgage Loans	Weighted Average Mortgage Loan Coupon Rate at Origination as of July 31, 2011	Approximate Original Balance as of July 31, 2011 of Mortgage Loans Purchased (000s)	Approximate Current Balance as of July 31, 2011 of Mortgage Loans Purchased (000s)	Approximate Current Weighted Average Mortgage Loan Coupon Rate (%) as of July 31, 2011
BB-2	9/28/88	8.41%	$ 82,657	$ 2,280	7.84%
EE-1	4/14/89	8.57	35,914	1,116	8.56
EE-2	9/14/89	8.30	35,838	942	8.30
EE-3	6/07/90	8.30	36,870	1,076	8.30
EE-4	10/01/90	(a)	23,235(a)	814	8.83
FF	9/28/88	8.60	28,123	691	8.60
GG	9/28/88	8.60	56,176	1,105	8.60
HH-1	4/14/89	8.57	51,269	1,042	8.55
HH-2	9/14/89	8.30	51,107	1,362	8.30
HH-3	6/07/90	8.30	50,213	1,147	8.30
HH-4	10/01/90	(b)	51,781	4,459	6.35
II	3/21/89	8.54	58,691	1,973	8.45
JJ	9/27/89	8.50	58,077	1,920	8.50
KK/LL	10/30/89	8.50	103,135	2,793	8.50
MM-1	2/04/91	8.40	57,760	2,131	8.40
MM-2	10/01/90	8.39	62,316	1,785	8.40
NN	2/02/90	8.11	31,631	987	8.10
RR	9/13/90	8.49	62,794	892	8.50
SS	9/13/90	8.49	56,619	1,756	8.50
TT	5/01/91	8.28(c)	39,550	354	8.30
UU	5/01/91	8.28(c)	57,094	1,411	8.30
VV	6/13/91	8.01(c)	125,884	2,972	8.13
27	5/05/92	7.74(d)	66,524	2,434	8.10
28	5/05/92	7.69(d)	67,121	3,386	8.05
29-A	12/01/92	5.87(e)	31,432	4,938	5.97
30-A	12/01/92	5.87(e)	63,402	9,928	6.38
29-B	3/01/93	6.51(e)	29,937	2,033	7.38
30-B	3/01/93	6.51(e)	64,915	7,830	6.04
29-C-1	7/01/93	5.90(e)	15,000	1,717	5.87
30-C-1	7/01/93	5.90(e)	32,392	5,430	5.87
29-C-2	7/01/93	5.95(e)	16,755	2,461	5.91
30-C-2	7/01/93	5.95(e)	36,222	5,745	5.91
31-A	9/30/93	5.38	30,813(z)	5,860	4.95
32-A	9/30/93	5.92	34,920	6,127	5.91
33	3/01/94	5.78	29,862(aa)	4,701	5.54

Mortgage Loans — Series Lendable Proceeds Fully Expended[ll]

Series	Date When Money First Available to Purchase Mortgage Loans	Weighted Average Mortgage Loan Coupon Rate at Origination as of July 31, 2011	Approximate Original Balance as of July 31, 2011 of Mortgage Loans Purchased (000s)	Approximate Current Balance as of July 31, 2011 of Mortgage Loans Purchased (000s)	Approximate Current Weighted Average Mortgage Loan Coupon Rate (%) as of July 31, 2011
34	3/01/94	5.99%	$ 34,797	$ 5,322	5.96%
36-A	6/06/94	6.61	48,607	5,282	6.36
37-A	6/06/94	6.61	35,775	3,663	6.36
38	4/07/94	4.79	35,132	11,033	3.43
39	4/07/94	3.60	37,438(f)	5,790	4.65
40-A	6/07/94	7.10	50,577	3,950	7.02
41-A	6/07/94	7.10	33,718	2,630	7.02
40-B	8/01/94	7.20	37,920	2,864	7.17
41-B	8/01/94	7.20	12,569	949	7.17
42	9/20/94	7.36(t)	95,999(cc)	7,169	6.63
43	9/20/94	7.36(t)	51,269	3,529	7.38
44	11/30/94	7.82(t)	65,711	3,454	7.84
45	11/30/94	7.82(t)	31,052	1,632	7.84
46	3/28/95	7.08(t)	137,619	13,190	6.90
47	3/28/95	7.08(t)	31,959	3,063	6.90
48	6/29/95	6.88(t)	95,696(g)	10,911	7.00
49	6/29/95	6.75(t)	3,807	662	6.88
50	9/13/95	6.88(t)	115,122(h)	11,420	7.43
51	9/13/95	6.65(t)	16,909(i)	1,960	7.68
52	1/04/96	6.71(t)	36,337	3,668	6.65
53	1/04/96	7.06(t)	18,373(j)	1,346	6.89
54(k)	4/25/96	7.09(t)	64,709(l)	4,589	7.01
54(m)	4/25/96	6.59(t)	38,336	3,207	7.25
55	4/25/96	6.59(t)	11,686	587	7.25
56(k)	7/16/96	7.42(t)	63,118	4,493	7.42
56(m)	7/16/96	6.83(t)	13,130	603	7.51
57(m)	7/19/96	6.82(t)	37,045(n)	1,988	7.62
58	9/17/96	7.08(t)	59,110(bb)	5,106	6.35
59	9/17/96	7.19	14,452	1,742	7.05
60	1/14/97	6.78(t)	55,819	8,722	6.71
61	1/14/97	6.84(t)	36,431	4,785	6.81
62	1/14/97	6.97	9,484(o)	546	7.72
63	3/24/97	6.97(t)	106,443(p)	9,781	7.33
64	3/24/97	1.56(t)	9,359(q)	2,022	1.24
65	7/10/97	6.67(t)	84,249(r)	11,895	7.13
66	7/10/97	4.17(t)	20,501(u)	4,592	4.54
67	9/24/97	5.93(t)	118,772(s)	25,614	6.44
68	9/24/97	6.04	3,091(v)	451	6.75
69	3/19/98	6.07(t)	84,350(w)	18,615	6.28
70	3/19/98	5.85(t)	36,279	8,384	5.80
71	7/9/98	4.93(t)	124,576(x)	41,197	4.95
72	7/9/98	5.08(t)	39,223(y)	11,023	5.22
73A	9/24/98	5.44(t)	89,115(dd)	25,609	5.53
73B/74	9/30/99	5.78(t)	38,201	8,610	5.75
77A/78A	12/22/98	5.50(t)	75,272	20,037	5.44
77B/78B	11/23/99	6.62(t)	58,879	8,213	6.51
79/80	3/24/99	5.67(t)	135,284	33,585	5.62
82/83	7/8/99	6.47(t)	170,370	27,675	6.44
84/85	9/30/99	5.08	89,929	27,651	4.73
88/89	11/23/99	6.93(t)	102,834(ee)	13,593	6.93
90/91	3/16/00	6.25(t)	135,795(ff)	22,636	5.01
94/95	12/14/00	5.48 (t)	69,739(gg)	26,715	6.08
97/98	7/12/01	5.16(t)	116,543(hh)	52,044	5.73
101/102	7/11/02	5.22(t)	144,136(ii)	66,150	5.35

Mortgage Loans — Series Lendable Proceeds Fully Expended[ll]

Series	Date When Money First Available to Purchase Mortgage Loans	Weighted Average Mortgage Loan Coupon Rate at Origination as of July 31, 2011	Approximate Original Balance as of July 31, 2011 of Mortgage Loans Purchased (000s)	Approximate Current Balance as of July 31, 2011 of Mortgage Loans Purchased (000s)	Approximate Current Weighted Average Mortgage Loan Coupon Rate (%) as of July 31, 2011
104/105	10/24/02	5.14%(t)	$ 52,967	$ 25,316	5.24%
106/107	9/25/03	4.51(t)	76,000	44,925	4.51
109/110	12/23/03	4.54(t)	126,507	78,510	4.56
111/112	3/25/04	4.64(t)	124,808	79,977	4.69
113/114/115	7/13/04	4.67(t)	121,333	78,503	4.68
116/117/118	11/10/04	4.83(t)	121,066	81,308	4.85
120/121/122	1/13/05	4.81(t)	71,904	50,730	4.84
123/124/125	7/14/05	5.08(t)	95,714	69,592	5.10
127/128/129	11/17/05	5.07(t)	95,845	70,340	5.10
130/131/132	3/9/06	5.13(t)	100,007	75,887	5.15
133/134/135	7/13/06	5.42(t)	103,689	80,341	5.43
137/138/139	10/12/06	5.75(t)	117,555	88,220	5.76
140/141/142	2/1/07	5.25(t)	86,010(jj)	67,924	5.23
143/144	6/7/07	5.43(t)	85,276(kk)	70,028	5.90
145/146/147	9/20/07	5.70(t)	104,602	86,600	5.79
148/149/150	12/14/07	5.72(t)	118,732	102,761	5.68
151/152/153	3/27/08	5.63(t)	91,889	79,781	5.58
154/155/156/157	8/14/08	5.70(t)	158,856	137,347	5.69
158/159	10/30/08	5.88(t)	104,062	87,507	5.88
160/161/162	1/22/09	6.02	78,180	69,968	6.00
163/164 (ll)	9/22/11(ll)	(ll)	(ll)	(ll)	(ll)
HMB Principal Prepayments (mm)	n.a.†	5.64(t)	96,168	87,124	5.52
TOTAL			$7,149,845	$2,316,234	

(a) Prior to October 1, 1991, the Agency originated Mortgage Loans financed with proceeds of the Series EE-4 Bonds ("Series EE-4 Mortgage Loans") in the approximate aggregate principal amount of $18.4 million, with coupon rates ranging from 8.10% to 8.40% per annum, with a weighted average coupon rate of 8.37% per annum. From October 1, 1991 to February 1, 1993, the Agency originated approximately $4.8 million aggregate principal amount of Series EE-4 Mortgage Loans, with a coupon rate of 6.00% per annum during the first five years of any such loan, and 8.00% per annum thereafter. Such loans were underwritten at the initial coupon rate.

(b) Prior to October 1, 1991, the Agency originated Mortgage Loans financed with proceeds of the Series HH-4 Bonds ("Series HH-4 Mortgage Loans") in the approximate aggregate principal amount of $26.2 million, with coupon rates ranging from 8.10% to 8.40% per annum, with a weighted average coupon rate of 8.36% per annum. From October 1, 1991 to February 1, 1993, the Agency originated approximately $5.5 million aggregate principal amount of Series HH-4 Mortgage Loans, with a coupon rate of 6.00% per annum during the first five years of any such loan, and 8.00% per annum thereafter. Such loans were underwritten at the initial coupon rate. From February 1, 1993 to April 1, 1993, the Agency originated approximately $2.2 million aggregate principal amount of Series HH-4 Mortgage Loans, with a coupon rate of 5.00% per annum during the first five years of any such loan, and 6.00% per annum thereafter. Such loans were underwritten at the initial coupon rate. From April 1, 1993 to April 22, 1994, the Agency originated Series HH-4 Mortgage Loans in the following approximate aggregate principal amounts and at the following coupon rates per annum: $13.8 million at 4.50%; $8.3 million at rates ranging from 5.75% to 6.50%, with a weighted average rate of 5.92%; $321,000 at 6.50% during the first three years and 7.90% thereafter (underwritten at the initial coupon rate); and $56,000 at 7.25% during the first five years and 8.125% thereafter (underwritten at the initial coupon rate). A portion of each of the mortgage loans described in the immediately preceding sentence in the approximate aggregate principal amount of $5,000,000 (the "HH-4 Non-Bonds Participation Interest") represents amounts, other than proceeds attributable to the Bonds, applied to finance such mortgage loans, with a coupon rate of 0% per annum. Coupon rates described in this footnote on Series HH-4 Mortgage Loans are rates to the mortgagor. The HH-4 Non-Bonds Participation Interest is not a source of payment or security for the Bonds, including the Series HH-4 Bonds.

(c) Prior to March 16, 1992, the Agency originated Mortgage Loans financed with proceeds of the Series TT Bonds, Series UU Bonds, and Series VV Bonds ("Series TT Mortgage Loans," "Series UU Mortgage Loans," and "Series VV Mortgage Loans," respectively) in the respective approximate aggregate principal amounts of $38.2 million, $54.9 million, and $80.6 million, with coupon rates of 8.30%, 8.30%, and ranging from 8.00% to 8.50%, respectively, per annum. From March 16, 1992 to February 5, 1993, the Agency originated Series TT Mortgage Loans, Series UU Mortgage Loans, and Series VV Mortgage Loans in the respective approximate aggregate principal amounts of $1.4 million, $2.2 million, and $45.2 million, with a coupon rate of 7.25% per annum during the first five years of any such loan, and 8.20% per annum thereafter. Such loans were underwritten at the initial coupon rate.

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(d) Prior to October 1, 1992, the Agency originated Mortgage Loans financed with proceeds of the Series 27 Bonds and Series 28 Bonds ("Series 27 Mortgage Loans" and "Series 28 Mortgage Loans," respectively) in the respective approximate principal amounts of $60.3 million and $42.0 million, with a coupon rate of 7.25% per annum during the first five years of any such loan, and 8.125% per annum thereafter. Such loans were underwritten at the initial coupon rate. From October 1, 1992 to February 1, 1993, the Agency originated Series 27 Mortgage Loans and Series 28 Mortgage Loans in the respective approximate aggregate principal amounts of $6.2 million and $23.2 million, with a coupon rate of 6.50% per annum during the first three years of any such loan, and 7.90% per annum thereafter. Such loans were underwritten at the initial coupon rate. From February 1, 1993 to April 9, 1993, the Agency originated Series 28 Mortgage Loans in the approximate aggregate principal amount of $1.9 million, with coupon rates ranging from 8.00% to 8.30% per annum, with a weighted average coupon rate of 8.11% per annum.

(e) Prior to February 1, 1993, the Agency originated Mortgage Loans financed with proceeds of the Series 29 and Series 30 Bonds ("Series 29 and 30 Mortgage Loans") in the approximate aggregate principal amount of $31.6 million, with a coupon rate of 6.50% per annum during the first three years of any such loan, and 7.90% per annum thereafter. Such loans were underwritten at the initial coupon rate. Prior to February 1, 1993, the Agency also originated Series 29 and 30 Mortgage Loans in the approximate aggregate principal amount of $7.5 million, with a coupon rate of 7.25% per annum during the first five years of any such loan, and 8.125% per annum thereafter. Such loans were underwritten at the initial coupon rate. From February 1, 1993 to February 18, 1994, the Agency originated Series 29 and 30 Mortgage Loans in the approximate aggregate principal amounts of $14.1 million, $13.2 million, $8.8 million, $0.6 million, and $0.4 million, with respective approximate aggregate principal balances as of July 31, 2011 of $2.2 million, $2.6 million, $1.1 million, and $0.1 million, in the form of participating ownership interests in mortgage loans, with the balances of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution. The respective coupon rates per annum to the mortgagor at origination on the mortgage loans described in the immediately preceding sentence as of July 31, 2011 were an approximate weighted average rate of 5.75%; an approximate weighted average rate of 5.9%; an approximate weighted average rate of 6.0%; and an approximate weighted average rate of 6.5%. For the mortgage loans described in the two immediately preceding sentences, the approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 was 6.13% per annum, and the approximate weighted average coupon rate to such mortgagors as of July 31, 2011 was 6.00% per annum.

(f) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $9.5 million, with an approximate aggregate principal balance as of July 31, 2011 of $2.8 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 39 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.49% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.43% per annum.

(g) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $3.5 million, with an approximate aggregate principal balance as of July 31, 2011 of $1.6 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 48 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.88% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.83% per annum.

(h) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $88.9 million, with an approximate aggregate principal balance as of July 31, 2011 of $9.1 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 50 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.88% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.80% per annum.

(i) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $10.6 million, with an approximate aggregate principal balance as of July 31, 2011 of $1.0 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 51 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.59% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.58% per annum.

(j) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $1.4 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.02 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 53 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 7.06% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.85% per annum.

(k) These Mortgage Loans do not include one- or two-family new construction loans purchased pursuant to the Agency's Construction Incentive Program (the "Construction Incentive Loans"). See footnote (t) and the subsection "Stepped-Coupon Mortgage Loans" below.

(l) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $1.9 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.1 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 54 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 7.09% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.83% per annum.

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(m) These Mortgage Loans constitute Construction Incentive Loans.

(n) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $5.1 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.5 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 57 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.80% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.78% per annum.

(o) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $9.5 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.5 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 62 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.97% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.95% per annum.

(p) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $63.2 million, with an approximate aggregate principal balance as of July 31, 2011 of $5.7 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased with amounts under the MRB Resolution and with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 63 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.97% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.81% per annum.

(q) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $8.7 million, with an approximate aggregate principal balance as of July 31, 2011 of $2.0 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 64 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 1.56% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 1.13% per annum.

(r) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $63.5 million, with an approximate aggregate principal balance as of July 31, 2011 of $8.9 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased either with amounts attributable to other Series of Bonds or with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 65 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.67% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.50% per annum.

(s) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $115.1 million, with an approximate aggregate principal balance as of July 31, 2011 of $25.3 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased either with amounts attributable to other Series of Bonds or with amounts under the MRB Resolution. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 67 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.93% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.77% per annum.

(t) Mortgage Loans financed by this Series included Construction Incentive Loans. The initial interest rate on Construction Incentive Loans is increased by two percentage points after the first 48 payments. The loans were underwritten at the initial coupon rate. Set forth in the following chart are the approximate original principal balances (as of July 31, 2011) of Mortgage Loans purchased and applicable coupon rates by Series, except that the principal balances include participation interests financed by moneys derived from such Series and participation interests financed by other Series of Bonds or amounts under the MRB Resolution. In calculating the Weighted Average Mortgage Loan Coupon Rate at Origination as of July 31, 2011 shown for each such Series in the main chart, a weighted average coupon rate was used for each Mortgage Loan ("CIP"). However, in calculating the Approximate Current Weighted Average Mortgage Loan Coupon Rate as of July 31, 2011 shown for each such Series in the main chart, the current actual coupon was used for each Construction Incentive Loan. Information about the approximate unpaid principal balance of stepped-coupon Mortgage Loans appears below under the heading "Stepped-Coupon Mortgage Loans."

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Approximate Original Balances as of July 31, 2011 of
Construction Incentive Loans Purchased at
Applicable Stepped-Coupon Rates ($000s)

Series	3.375%-5.375%	3.625%-5.625%	3.875%-5.875%	4%-6%	4.125%-6.125%	4.25%-6.25%	4.375%-6.375%	4.5%-6.5%	4.625%-6.625%	4.75%-6.75%	4.875%-6.875%	5%-7%	5.25% 7.25%	5.5%-7.5%	5.75%-7.75%	6%-8%
42/43																11,556
44/45														0		13,101
46/47														1,284		18,403
48														3,649	456	6,695
49														1,507	155	92
50														21,300	1,643	1,698
51														3,535	419	
52													111	3,109	776	140
53														793	464	
54														2,138	767	
54(CIP)													38,336			
55(CIP)													11,686			
56													0	0	279	150
56(CIP)													0	14,230		
57(CIP)													119	36,763	239	
58														1,093	142	138
60															227	
61													315		199	
63													2,117		15,420	
64													74			
65													2,670	1,373	16,300	0
66														93	107	
67													9,977	2,695	6,164	
69										489			4,587	848	983	
70										1,639			1,032	182	192	
71										4,235			1,990	78	297	
72										2,476			138		100	
73A								210		6,468			279			
73B/74								2,013		1,037		284				
77A/78A								1,670		3,243					131	
77B/78B								3,430		0		5,996			316	
79/80								6,680		3,003		513				
82/83								14,678		941		5,803				
88/89								682		121		3,019			2,308	134
90/91								315				2,662		161	14,854	4,188
94/95			310			1,622		325					1,835	468		492
97/98			5,900	2,195		856										
101/102			1,207	20,236		1,113								139		
104/105			191	14,393		85										
106/107	361			5,822												
109/110	2,894	931		3,338												
111/112	1,322	5,545	144	3,178												
113/114/115	120	2,428	828	80												
116/117/118	99	3,785	2,017	321												
120/121/122		1,428	2,810													
123/124/125			4,815													
127/128/129			5,099													
130/131/132			1,817	110		359										
133/134/135			1,823	257		1,004	120									
137/138/139			1,415	654		194	2,231	660			355					
140/141/142				591	770	391	271	1,069	714		378					
143/144				570		176	162	1,046	470		1,130					
145/146/147				300	208	223		1,463	308	870	293					
148/149/150				168	595	372	135	1,363	686	417	539					
151/152/153				362	633			589	1,660	342						
154/155/156/157								228	148	596	152					
158/159						290				108						
HMB Prepayments(ll)					1,658		339		4,442							
TOTAL	$4,796	$14,117	$28,376	$52,575	$3,864	$6,685	$3,258	$36,421	$8,428	$25,985	$2,847	$18,277	$75,266	$95,438	$62,938	$56,787

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(u) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $9.1 million, with an approximate aggregate principal balance as of July 31, 2011 of $2.0 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 66 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 4.17% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 4.41% per annum.

(v) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $3.1 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.5 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 68 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.04% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.08% per annum.

(w) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $41.8 million, with an approximate aggregate principal balance as of July 31, 2011 of $7.5 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 69 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.14% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.98% per annum.

(x) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $37.1 million, with an approximate aggregate principal balance as of July 31, 2011 of $11.8 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 71 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 4.93% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 4.79% per annum.

(y) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $23.8 million, with an approximate aggregate principal balance as of July 31, 2011 of $6.4 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 72 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.08% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 4.89% per annum.

(z) A portion of the Mortgage Loans in the approximate original aggregate principal amount of $2.8 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.9 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 31 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.1% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 4.86% per annum.

(aa) A portion of the Mortgage Loans in the approximate original aggregate principal amount of $1.1 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.3 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 33 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 4.99% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 4.87% per annum.

(bb) A portion of the Mortgage Loans in the approximate original aggregate principal amount of $2.8 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.7 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 58 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.28% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.03% per annum.

(cc) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $2.3 million, with an approximate aggregate principal balance as of July 31, 2011 of $0.7 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 42 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.53% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.46% per annum.

(dd) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $20.7 million, with an approximate aggregate principal balance as of July 31, 2011 of $6.4 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 73A Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.44% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.35% per annum.

(ee) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $7.8 million, with an approximate aggregate principal balance as of July 31, 2011 of $1.0 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 88/89 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.84% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 6.84% per annum.

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(ff) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $15.4 million, with an approximate aggregate principal balance as of July 31, 2011 of $6.3 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 90/91 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.43% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.36% per annum.

(gg) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $68.9 million, with an approximate aggregate principal balance as of July 31, 2011 of $26.3 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 94/95 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.48% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.45% per annum.

(hh) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $110.6 million, with an approximate aggregate principal balance as of July 31, 2011 of $49.3 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 97/98 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.16% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.14% per annum.

(ii) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $22.7 million, with an approximate aggregate principal balance as of July 31, 2011 of $10.1 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 101/102 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.22% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.19% per annum.

(jj) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $7.2 million, with an approximate aggregate principal balance as of July 31, 2011 of $5.8 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 140/141/142 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.61% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.61% per annum.

(kk) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $85.3 million, with an approximate aggregate principal balance as of July 31, 2011 of $70.0 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2011 on mortgage loans financed in whole or in part with proceeds of the Series 143/144 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.43% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2011 on such mortgage loans was 5.43% per annum.

(ll) Subsequent to the July 31, 2011 "as of" date for the information set forth in this table, approximately $18.4 million of the proceeds of the Series 163 and 164 Bonds became available to purchase Mortgage Loans.

(mm) During the period beginning October 2008 and ending October 2009, the Agency utilized Principal Prepayments from Mortgage Loans financed by many of the above Homeowner Mortgage Revenue Bond Series to acquire newly originated loans.

(†) Not applicable.

End of footnotes

Mortgage Loans: Series Lendable Proceeds Not Fully Expended

At present, there are $18.4 million of lendable proceeds of Bonds available to finance Mortgage Loans. Moneys deposited in the Acquisition Fund and Bond Proceeds Fund (both of which funds are held under the General Resolution) in connection with future issuances of Bonds may be used to acquire Mortgage Loans, to reimburse the General Fund for moneys in such Fund used to acquire Mortgage Loans, or to acquire mortgage loans financed under the MRB Resolution

Stepped-Coupon Mortgage Loans

Set forth below is information regarding Mortgage Loans with stepped interest rates for which, as of July 31, 2011, the date of the increase in interest rate has not occurred. Four years after the origination of each such stepped-coupon Mortgage Loan, the interest rate will increase by two percent. All stepped-coupon loans are Construction-Incentive Loans. For information regarding the original principal balance of all stepped-coupon Mortgage Loans, listed by Bond series, see footnotes (k) and (t) to the table above entitled "Mortgage Loans — Series Lendable Proceeds Fully Expended."

Stepped-Interest Rate Mortgage Loans
Remaining Balance of Loans Not Stepped

Initial Interest Rate	Approximate Outstanding Principal Balance as of 7/31/11 of Mortgage Loans (000s)	Origination Date Range	Step Date Range
4.000%	$ 756.4	8/07 - 5/08	10/11 - 7/12
4.125	2,780.8	9/07 - 5/09	11/11 - 7/13
4.250	660.3	10/07 - 7/08	12/11 - 9/12
4.500	2,190.0	7/07 - 5/08	9/11 - 7/12
4.625	6,705.6	9/07 - 5/09	11/11 - 7/13
4.750	1,967.4	8/07 - 9/08	10/11 - 11/12
4.875	788.9	7/07 - 7/08	9/11 - 9/12
	$15,849.4		

Mortgage Loan Terms

The table below sets forth the approximate current unpaid principal balance of Mortgage Loans based upon their term to maturity at the time of origination. Each Mortgage Loan bears a fixed-rate and has level payments.

Original Term (Years)	Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans as of July 31, 2011
30	95.22%
40	4.17
20	0.61

Age of Mortgage Loan Portfolio

The following table provides information as of July 31, 2011 with respect to Mortgage Loans based upon their respective year of origination.

Age of Mortgage Loan Portfolio

Year of Origination	Number of Mortgage Loans	Percentage of Total Outstanding Mortgage Loans	Cumulative Percentage of Total Outstanding Mortgage Loans	Approximate Current Balance	Percentage of Total Approximate Current Balance	Cumulative Percentage of Total Approximate Current Balance
1998 and Prior	7,693	26.19%	26.19%	$ 338,491,321	14.47%	14.47%
1999	2,626	8.94	35.13	152,970,538	6.54	21.02
2000	1,179	4.01	39.15	69,632,863	2.98	23.99
2001	483	1.64	40.79	30,219,039	1.29	25.29
2002	1,570	5.35	46.14	106,851,596	4.57	29.86
2003	1,272	4.33	50.47	93,042,666	3.98	33.83
2004	3,486	11.87	62.33	303,194,270	12.97	46.80
2005	1,691	5.76	68.09	159,524,158	6.82	53.62
2006	2,842	9.68	77.77	287,165,581	12.28	65.90
2007	2,366	8.06	85.82	261,802,973	11.20	77.10
2008	3,296	11.22	97.04	411,790,643	17.61	94.71
2009	803	2.73	99.78	112,586,158	4.81	99.52
2011	65	0.22	100.00	11,220,951	0.48	100.00
TOTAL	29,372	100.00%		$2,338,492,756	100.00%	

Mortgage Pool Insurance Coverage

The following table sets forth, as of July 31, 2011, the amount of mortgage pool insurance coverage provided by each Mortgage Pool Insurer.

Amount of Mortgage Pool Insurance Coverage Provided By Each Mortgage Pool Insurance

	Approximate Unpaid Principal Amount of Mortgage Loans as of July 31, 2011	Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans as of July 31, 2011
MIF[1]	$2,193,475,966	93.80%
Radian[2]	91,415,990	3.91%
Genworth[3]	53,600,800	2.29%
	$2,338,492,756	100.0%

[1] The Agency's Mortgage Insurance Fund.
[2] Now known as Radian Guaranty Inc.
[3] Now known as Genworth Mortgage Insurance Corporation.

The following table provides information as of July 31, 2011 with respect to each Policy covering Covered Loans. On or prior to its expiration, a Policy can be replaced with another mortgage pool insurance policy or with alternate forms of Supplemental Mortgage Coverage.

Mortgage Pool Insurance Coverage With Respect to Covered Loans

Policy Number(s)	Pool Insurer	Covered Series, Portion of Series or Other Sources[1]	Approximate Original Coverage Amount[1] (000s)	Approximate Amount of Claims Paid as of 7/31/11[2] (000s)	Approximate Remaining Coverage Amount Balance as of 7/31/11 (000s)	Approximate Remaining Coverage as a Percentage of Current Principal Balance of Covered Loans as of 7/31/11
RADIAN						
88-066005 / 90-066012	RADIAN[4]	EE, FF, GG, HH, II, 96	$24,594.9	$ 7,908.1	$ 16,686.8	100.00%[6]
88-066006	RADIAN	BB	4,428.6	2,119.8	2,308.8	100.00%[6]
91-066003	RADIAN	MM-1	2,827.9	570.6	2,257.3	100.00%[6]
93-066028 / 93-106029	RADIAN	30-34, 36-60	39,009.8	2,922.4	36,087.4	52.42%
91-066011 / 310232	RADIAN/MIF[8]	VV, 99/100	6,911.9	463.9	6,448.0	100.00%[6]
			$77,773.1	$13,984.8	$63,788.3	
GENWORTH[5]						
221	GENWORTH	TT, UU, 99/100	5,315.4	1,180.7	4,134.7	100.00%[6]
236	GENWORTH	27, 28	7,346.7	1,219.9	6,126.7	100.00%[6]
238	GENWORTH	29-34, 36-46, HH	17,551.4	2,098.9	15,452.5	34.79%
			$30,213.5	$ 4,499.5	$ 25,713.9	
MIF[7]						
310223	MIF	PP	3,597.4	0.0	3,597.4	100.00%[6]
310227	MIF	RR, 96	3,453.7	687.9	2,765.8	100.00%[6]
310228	MIF	SS	3,114.0	744.8	2,369.3	100.00%[6]
310229	MIF	JJ, KK, LL, MM-2, NN, 86, 87	14,284.4	4,140.7	10,143.7	100.00%[6]
310231	MIF	EE-4, HH-4, 33/34, 96	2,882.4	191.1	2,691.3	100.00%[6]
310238	MIF	38/39	2,815.4	592.4	2,223.0	19.28%
310239	MIF	40-56	2,896.0	251.8	2,644.2	82.87%
310234	MIF	33, 35	11,700.5	124.4	11,576.0	100.00%[6]
310235	MIF	35	18,543.2	526.8	18,016.4	100.00%[6]
310240	MIF	46-69	22,564.9	1,077.3	21,487.6	41.17%
310242	MIF	57-88/89	27,964.2	833.0	27,131.2	16.17%
COOP CITY	MIF	44/45	1.0	0.0	1.0	23.87%

Mortgage Pool Insurance Coverage With Respect to Covered Loans

Policy Number(s)	Pool Insurer	Covered Series, Portion of Series or Other Sources[1]	Approximate Original Coverage Amount[1] (000s)	Approximate Amount of Claims Paid as of 7/31/11[2] (000s)	Approximate Remaining Coverage Amount Balance as of 7/31/11 (000s)	Approximate Remaining Coverage as a Percentage of Current Principal Balance of Covered Loans as of 7/31/11
310243	MIF	48/49	155.9	0.0	155.9	96.26%
310244	MIF	50	$ 62.6	$ 31.7	$ 30.9	14.85%
310246	MIF	48/49, 52-57, 60-67	1,163.1	13.5	1,149.6	50.52%
310247	MIF	50	3,981.4	197.5	3,783.9	42.26%
310248	MIF	51	677.5	3.2	674.3	55.80%
310249	MIF	57-67	6,663.5	184.0	6,479.5	37.88%
310250	MIF	73A-104/105	30,954.1	933.1	30,021.0	18.62%
310251	MIF	94/95-137/138/139	37,930.0	1,347.7	36,582.3	6.70%
310252[3]	MIF	116/117/118-163/164 & HMB Principal Prepayments	58,467.7	1,443.0	57,024.7	4.81%
			$253,872.8	$13,323.9	$240,548.9	

(1) Generally, each Policy provides coverage in an amount equal to a stated percentage (5½% in the case of each Policy covering Mortgage Loans financed with proceeds attributable to Bonds issued prior to the Series 46 Bonds, and 4% for all subsequent Series of Bonds) of the aggregate original principal amount of the Mortgage Loans covered by such Policy. Mortgage pool insurance coverage with respect to Series VV Mortgage Loans differs in certain respects from that with respect to other Mortgage Loans. Certain Mortgage Loans financed with proceeds attributable to the Series EE-4, HH-4, 33, and 34 Bonds bearing interest at a predetermined fixed rate during an initial period and adjusting to a higher predetermined rate for the remainder of such loan are covered under a Policy provided by the MIF providing coverage in an amount equal to 10% of the aggregate original principal amount of the mortgage loans covered by such Policy. Most of the Mortgage Loans financed with proceeds attributable to Series 54, 55, 56, and 57 Bonds which were part of the Agency's Construction Incentive Program are covered under Policy Number 310240. Policy Nos. 310243-310249 provide coverage for the mortgage loan participation interests funded with proceeds of the respective Series of Bonds in mortgage loans funded with both Bond proceeds and bonds issued under the MRB Resolution.

(2) Prior to submitting any claims under Policy Number 88-066005/90-066012 or Policy Number 88-066006, there were net losses attributable to such Policies equal to the respective deductible amounts of $872,317 and $165,313.

(3) Amounts available to finance Mortgage Loans that will be covered by this Policy had not yet been fully expended as of July 31, 2011. This Policy provides or will provide coverage in an amount equal to 4% of the aggregate original principal amount of the Mortgage Loans covered by such Policy.

(4) Now known as Radian Guaranty Inc.

(5) Now known as Genworth Mortgage Insurance Corporation.

(6) Notwithstanding the percentage shown, the maximum aggregate principle amount payable under the applicable mortgage pool insurance policy is limited to the aggregate principal amount of the currently outstanding Mortgage Loans insured by such mortgage pool insurance policy plus certain expenses incurred by the Mortgage Lenders or the Agency as well as accrued interest on delinquent Mortgage Loans, including interest accrued through completion of foreclosure proceedings in connection with such Mortgage Loans. The coverage amount in excess of the maximum aggregate principle amount payable under any one mortgage pool insurance policy is not available to pay losses with respect to Mortgage Loans insured under other mortgage pool insurance policies.

(7) The Agency's Mortgage Insurance Fund (the "MIF").

(8) Mortgage Loans financed by respective portions of Series VV Bonds and Series 99-100 Bonds have pool insurance coverage under separate policies issued by Radian and the MIF, respectively.

As of July 31, 2011, the Agency had received advances under Policies provided by the MIF in the aggregate amount of $1,917,537 through November 1998. As of December 1, 1998, the Agency no longer receives advance claims provided by the MIF. The Agency has not requested advances under Policies with Radian Guaranty Inc. (formerly CMAC) and Genworth Mortgage Insurance Corporation (formerly GEMICO) and, under its current operating procedure, will not request advances under Policies provided by the MIF. The Agency reserves the right in the future to request advances on its policies.

PMI Coverage

Based on Current PMI Coverage. With respect to Mortgage Loans, the following table sets forth the PMI provider, or whether the Mortgage Loan is insured by FHA, or is uninsured, with respect to the principal balance of such loans as of July 31, 2011. As more fully described under Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans — Requirements of the Series Resolutions," PMI coverage is not

required to be maintained with respect to a Mortgage Loan once the principal amount of such loan is less than certain preset amounts, which varied over the more than 20-year period during which Mortgage Loans have been originated. ***As a result, Mortgage Loans described in the following table that were covered by PMI at the respective times of origination may no longer be covered by such PMI.***

PMI Provider	Current Principal Amount of Mortgage Loans as of July 31, 2011 (000s)	Approximate Current Percentage of Total Mortgage Loans as of July 31, 2011
Genworth Mortgage Insurance Corporation	$ 665,118.6	28.44%
Radian Guaranty Inc.	234,790.0	10.04
MIF	107,751.5	4.61
Mortgage Guaranty Insurance Corp.	1,717.3	0.07
PMI Mortgage Insurance Co.	274.4	0.01
United Guaranty Insurance Corp.	66.4	<0.01
FHA	29.9	<0.01
Uninsured	1,328,744.5	56.82
Total	$2,338,492.8	100.00%

Delinquencies

The following table describes the status of delinquencies of Mortgage Loans and Collateral Mortgage Loans as of July 31, 2011:

Days Delinquent	Number of Mortgage Loans and Collateral Mortgage Loans	Approximate Percentage of Total Number Mortgage Loans and Collateral Mortgage Loans[†]	Aggregate Principal Balance	Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans and Collateral Mortgage Loans
60 days	245	0.83%	$21,179,378	0.91%
90-plus days	194	0.66%	19,882,279	0.85%
In foreclosure	416	1.42%	41,085,853	1.76%
Total	855	2.91%	$82,147,510	3.51%

[†] The New York State and national data published in the June 30, 2011 Mortgage Bankers Association of America National Delinquency Survey stated that 1.18%, 3.52%, and 5.50% (for a total of 10.2%) of loans in New York State and 1.30%, 3.42%, and 4.43% of loans nationally (for a total of 9.15%) were, respectively, 60 days, 90-plus days, and in foreclosure. As of June 30, 2011, 0.88%, 0.69% and 1.75% (for a total of 3.32%) of Mortgage Loans and Collateral Mortgage Loans were, respectively, 60 days, 90-plus days, and in foreclosure.

The following table describes the status of delinquencies of Mortgage Loans and Collateral Mortgage Loans for each semi-annual period beginning January 31, 2004:

Semi-Annual Period Ending	Aggregate Principal Balance 60+ Days Delinquent	Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans and Collateral Mortgage Loans
1/31/2004	$39,987,361	1.73%
7/31/2004	33,446,501	1.47%
1/31/2005	36,466,159	1.54%
7/31/2005	31,184,487	1.37%
1/31/2006	29,723,766	1.30%
7/31/2006	26,634,639	1.14%
1/31/2007	26,818,479	1.10%
7/31/2007	26,742,193	1.10%
1/31/2008	33,251,488	1.29%
7/31/2008	29,947,231	1.12%
1/31/2009	42,327,881	1.48%
7/31/2009	43,735,492	1.57%
1/31/2010	66,098,059	2.39%
7/31/2010	65,481,983	2.47%
1/31/2011	81,386,684	3.22%
7/31/2011	82,147,510	3.51%

Title to property formerly securing Mortgage Loans and Collateral Mortgage Loans may pass to the Agency through foreclosure, acceptance of a deed in lieu of foreclosure, or otherwise (see Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — New York Foreclosure Procedures and Federal Bankruptcy Law" to this Part 2). As of July 31, 2011, the Agency held title to approximately 21 such properties, and the approximate aggregate unpaid principal with respect to such properties as of such date was $2,013,428. Such properties and any amounts received upon disposition of such properties constitute Pledged Property under the General Resolution.

Loan-to-Value Ratios ("LTVs")

The table below sets forth the principal amount of Mortgage Loans at different LTVs. As used in the table below, LTV is the current unpaid principal amount of each Mortgage Loan divided by the lesser of the original purchase price or original appraised value of the home financed by such Mortgage Loan. Approximately 53.3% of the Mortgage Loans originated since January 2004 have LTVs ratios at the time of origination above 90%. In addition, the Agency has used Bond proceeds and available moneys to make closing cost assistance loans ("CCALs") for closing cost assistance or down payment assistance loans ("DPALs") for down payment assistance. Since August 2006, when the Agency implemented a higher rate (currently 37.5 basis points higher, though such rate had been 50 basis points higher until March 2011) for mortgagors opting for CCALs or DPALs, approximately 58.7% of new borrowers have utilized CCALs or DPALs. As of the date of this Official Statement, the Agency is no longer offering CCALs. Almost 30% of the Mortgage Loans had LTVs at the time of origination of 80% or less.

LTV Range	Unpaid Principal Amount of Mortgage Loans as of July 31, 2011 (000s)	Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans as of July 31, 2011
50% and under	$ 165,191.9	7.06%
50.01% to 60%	221,954.2	9.49
60.01% to 70%	363,423.8	15.54
70.01% to 80%	577,163.3	24.68
80.01% to 90%	701,149.9	29.98
90.01% to 97%	306,440.1	13.10
Over 97%	3,169.5	0.14
Total:	$2,338,492.8	100.000%

Since the above LTV Range is based on the financial property's original appraised value, the LTV as a percentage of the current appraised value may be different from those reflected in the above table.

Mortgage Loan Principal Prepayments Received from November 1, 2009 through July 31, 2011

During the twenty-one months ending July 31, 2011, the Agency received the approximate aggregate principal amounts of Principal Prepayments of Mortgage Loans as follows:

	(000s)
November 2009	$ 14,612
December 2009	15,539
January 2010	9,809
February 2010	7,689
March 2010	13,284
April 2010	12,944
May 2010	13,856
June 2010	16,919
July 2010	14,163
August 2010	12,265
September 2010	15,930
October 2010	17,172
November 2010	21,682
December 2010	18,222
January 2011	16,018
February 2011	16,441
March 2011	13,156
April 2011	13,951
May 2011	12,352
June 2011	14,922
July 2011	13,236
	$304,162

Investments

The Resolution permits the investment of Pledged Property in only Investment Obligations.

Certain earnings on investments of Pledged Property may be subject to rebate to the United States in order to prevent interest on the related Bonds from being included in gross income for federal income tax purposes and, therefore, will not be available to pay principal (including the Redemption Price) of and interest on the Bonds.

Acquisition Fund and Bond Proceeds Fund

At present, there is approximately $18.4 million on deposit in the Acquisition Fund or the Bond Proceeds Fund.

General Fund

The Agency has invested moneys on deposit in the General Fund in Mortgage Loans, which are permitted Investment Obligations for such Fund. See in this Part 2 "Summary of Certain Provisions of the General Resolution — Certain Definitions — 'Investment Obligations.'" The amount in such Fund that is permitted to be invested in Mortgage Loans and the maximum time any Mortgage Loan may be an investment in such Fund are limited. As of October 13, 2011, approximately $60.8 of General Fund moneys were invested in Mortgage Loans and approximately $715,000 were invested in DPALs. When moneys in the General Fund are invested in Mortgage Loans, the characteristics of such Mortgage Loans are substantially the same as the Agency's other Mortgage Loans. The Agency expects to periodically use proceeds of Bonds, and of bonds issued under the MRB Resolution, to reimburse the General Fund for amounts used to purchase Mortgage Loans, when amounts in the General Fund are used for such purpose.

Debt Reserve Fund and Loan Loss Fund

As of July 31, 2011, the respective Amortized Values of the approximate aggregate amounts of investments on deposit in the Debt Reserve Fund and the Loan Loss Fund (both of which Funds are held under the General Resolution), valued in accordance with the General Resolution, were $96,758,000 and $33,170,000.

Amounts in the Debt Reserve Fund and the Loan Loss Fund as of July 31, 2011 were invested in U.S. Treasury Bonds, Bills and Notes, and Fannie Mae Obligations, and with JPMorgan Chase Bank, N.A., Westdeutsche Landesbank Girozentrale and Societe Generale in the amounts of approximately $89,542,000, $3,087,000, $450,000, $6,864,000, and $29,985,000, respectively; at coupon rates of 0.625% to 8.875%; with maturity dates of August 31, 2011 to October 1, 2035, and had an aggregate book value as of such date of approximately $129,928,000. All of such investments bear fixed rates of interest, and none of such investments are in reverse repurchase agreements, interest-only securities, principal-only securities, inverse floating-rate securities, or inverse variable floating-rate securities.

Special Redemption from Unexpended Proceeds

As stated in Part 1 under "The Offered Bonds — Redemption —Special Redemption," no Agency single-family housing bonds, including Prior Series Bonds, have been redeemed from unexpended lendable proceeds for more than twenty years.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED MASTER DISCLOSURE AGREEMENT

Certain provisions of the Amended and Restated Master Disclosure Agreement between the Agency and the Trustee not previously discussed in this Official Statement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Amended and Restated Master Disclosure Agreement.

The Amended and Restated Master Disclosure Agreement dated as of September 15, 2011, is to be executed and delivered by the Agency and the Trustee for the benefit of the Holders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

Certain Definitions

Defined terms used in the Amended and Restated Master Disclosure Agreement and not otherwise defined therein have the meanings set forth in the General Resolution.

"**Beneficial Owner**" means a Beneficial Owner of Subject Bonds, as determined pursuant to the Rule.

"**Bonds**" means, at any time, all of the Agency's then Outstanding Homeowner Mortgage Revenue Bonds, collectively.

"**50/51 Official Statement**" means the offering document of the Agency with respect to its Homeowner Mortgage Revenue Bonds, Series 50 and Series 51, dated August 17, 1995.

"**Fiscal Year**" means that period established by the Agency with respect to which its, as applicable, Audited Financial Statements or Unaudited Financial Statements are prepared. As of the date of the Amended and Restated Master Disclosure Agreement, the Agency's Fiscal Year begins on November 1 and ends on October 31 of the next calendar year.

"**Holders**" means the registered owners of the Subject Bonds.

"**Listed Event**" means any of the events listed below under the heading "Reporting of Certain Events."

"**MSRB**" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by the Amended and Restated Master Disclosure Agreement.

"**Notice**" means written notice, sent for overnight delivery via the United States Postal Service or a private delivery service which provides evidence of delivery.

"**Notice Address**" means with respect to the Agency:

State of New York Mortgage Agency
641 Lexington Avenue
New York, New York 10022
Attention: Executive Director and President
and Chief Executive Officer

"**Participating Underwriter**" means any of the original underwriters of any Subject Bonds required to comply with the Rule in connection with the offering of such Subject Bonds.

"**Rule**" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12), as in effect on the date of the Amended and Restated Master Disclosure Agreement including any official interpretations thereof.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Counsel**" means legal counsel expert in Federal securities laws.

"**Subject Bonds**" means those Bonds with respect to which the terms of the Amended and Restated Master Disclosure Agreement are expressly incorporated into any one of the Agency documents authorizing the issuance of such Bonds.

Provision of Annual Financial Information

The Agency will, not later than 180 days after the end of each of the Agency's Fiscal Years, commencing with the report for the 1995-1996 Fiscal Year, provide to the MSRB the Annual Financial Information. The audited financial statements of the Agency may be submitted separately from the balance of the Annual Financial Information, and later than the date required for the filing of the Annual Financial Information if not available by that date.

The Amended and Restated Master Disclosure Agreement requires the Agency to provide, in a timely manner, notice of any failure by it to provide Annual Financial Information to the MSRB on or before the date described in the first paragraph under this heading, to the MSRB.

Content of Annual Financial Information

The Agency's Annual Financial Information shall contain or include by reference the following:

(a) the audited financial statements of the Agency for the Fiscal Year ended on the previous October 31, prepared in accordance with generally accepted accounting principles established by the Financial Accounting Standards Board, if available, or unaudited financial statements for such Fiscal Year; and

(b) financial information or operating data of the types included in Appendix D to Part 2 of the 50/51 Official Statement entitled "Certain Agency Financial Information and Operating Data" (such information or data is substantially similar to that included in Appendix D of this Official Statement)

If not provided as part of the Annual Financial Information by the date required (as described above under "Provision of Annual Financial Information"), the Agency shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities (i) available to the public on the MSRB Internet Web Site (currently www.emma.msrb.org) or (ii) filed with the SEC. (If such a document is an official statement within the meaning of the Rule, it must also be available from the MSRB.) Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Reporting of Certain Events

(a) With respect to Subject Bonds (i) issued on, or after, the date of issuance of the Series 163 Bonds and the Series 164 Bonds, or (ii) otherwise designed by the Agency, the Agency will give notice to the

MSRB of the occurrence of any of the following events, not in excess of ten (10) business days after the occurrence of such event, with respect to such Subject Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) modification to rights of Holders, if material;

(4) Subject Bond calls, if material, and tender offers;

(5) unscheduled draws on credit enhancements reflecting financial difficulties;

(6) substitution of credit or liquidity providers, or their failure to perform;

(7) defeasances;

(8) rating changes;

(9) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determination with respect to the tax status of the Subject Bonds, or other material events affecting the tax status of any Subject Bonds;

(10) unscheduled draws on the debt service reserves reflecting financial difficulties;

(11) release, substitution or sale of property securing repayment of the Subject Bonds, if material;

(12) a change in the fiscal year of the Agency or a change in the accounting principles used to prepare the Annual Financial Information;

(13) bankruptcy, insolvency, receivership or similar event of the Agency[†];

(14) the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or

(15) appointment of a successor or additional trustee or the change of name of a trustee, if material.

[†] Note to clause 13: For the purposes of the event identified in clause 13 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

(b) With respect to Subject Bonds other than those that meet the criteria set forth in (a) above, the Agency will give notice to the MSRB of the occurrence of any of the following events with respect to such Subject Bonds, if material:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;

(3) modification to rights of Holders;

(4) Subject Bond calls;

(5) unscheduled draws on credit enhancements reflecting financial difficulties;

(6) substitution of credit or liquidity providers, or their failure to perform;

(7) defeasances;

(8) rating changes;

(9) adverse tax opinions or events adversely affecting the tax-exempt status (if applicable) of any Subject Bonds;

(10) unscheduled draws on the debt service reserves reflecting financial difficulties; or

(11) release, substitution or sale of property securing repayment of the Subject Bonds.

The Amended and Restated Master Disclosure Agreement requires the Trustee to promptly give Notice to the Agency at its Notice Address whenever, in the course of performing its duties as Trustee under the General Resolution, the Trustee identifies a Listed Event; *provided, however,* that the failure of the Trustee so to advise the Agency shall not constitute a breach by the Trustee of any of its duties and responsibilities under the Amended and Restated Master Disclosure Agreement or the General Resolution.

Transmission of Information, Notices and Documents

(1) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(2) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (currently, portable document format (pdf) which must be word searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

Additional Information

Nothing in the Amended and Restated Master Disclosure Agreement will be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in the Amended and Restated Master Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by the Amended and Restated Master Disclosure Agreement. If the Agency chooses to include any information in any Annual Financial Information or notice of occurrence of a Listed Event in addition to that which is specifically required by the Amended and Restated Master Disclosure Agreement, the

Agency will have no obligation under the Amended and Restated Master Disclosure Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of a Listed Event.

Amendment of Amended and Restated Master Disclosure Agreement

The Amended and Restated Master Disclosure Agreement may be amended by written agreement of the Agency and the Trustee, and any provision of the Amended and Restated Master Disclosure Agreement be waived, without the consent of the Holders or Beneficial Owners, except as described in clause 4(ii) below, under the following conditions: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature, or status of the Agency or the type of business conducted thereby, (2) the Amended and Restated Master Disclosure Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of each primary offering of Subject Bonds affected by such amendment or waiver, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Agency shall have delivered to the Trustee an opinion of Securities Counsel, addressed to the Agency and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) a party unaffiliated with the Agency (such as the Trustee or bond counsel), acceptable to the Trustee and the Agency, has determined that the amendment or waiver does not materially impair the interests of the Beneficial Owners, or (ii) the Holders consent to the amendment to or waiver of the Amended and Restated Master Disclosure Agreement pursuant to the same procedures as are required for amendments to the General Resolution with consent of Holders, and (5) the Agency shall have delivered copies of such amendment or waiver to the MSRB.

In addition to the foregoing, the Agency and the Trustee may amend the Amended and Restated Master Disclosure Agreement, and any provision of the Amended and Restated Master Disclosure Agreement may be waived, if the Trustee shall have received an opinion of Securities Counsel, addressed to the Agency and the Trustee, to the effect that the adoption and the terms of such amendment or waiver would not, in and of themselves, cause the undertakings in the Amended and Restated Master Disclosure Agreement to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

Benefit; Third-Party Beneficiaries; Enforcement

The provisions of the Amended and Restated Master Disclosure Agreement will inure solely to the benefit of the Holders from time to time; *except* that Beneficial Owners will be third-party beneficiaries of the Amended and Restated Master Disclosure Agreement.

Except as described in this paragraph, the provisions of the Amended and Restated Master Disclosure Agreement will create no rights in any other person or entity. The obligation of the Agency to comply with the provisions of the Amended and Restated Master Disclosure Agreement are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any Beneficial Owner of Outstanding Subject Bonds, or by the Trustee on behalf of the Holders of Outstanding Subject Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Subject Bonds; *provided, however,* that the Trustee shall not be required to take any enforcement action *except* at the direction of the Holders of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity.

The Beneficial Owners', the Holders', and the Trustee's right to enforce the provisions of the Amended and Restated Master Disclosure Agreement are limited to a right, by action in mandamus or for specific performance, to compel performance of the Agency's obligations under the Amended and Restated Master Disclosure Agreement. Any failure by the Agency or the Trustee to perform in accordance with the Amended and Restated Master Disclosure Agreement will not constitute a default or an Event of Default under

the General Resolution, and the rights and remedies provided by the General Resolution upon the occurrence of a default or an Event of Default will not apply to any such failure.

Termination of Reporting Obligation

The Agency's and the Trustee's obligations under the Amended and Restated Master Disclosure Agreement with respect to the Subject Bonds terminate upon the legal defeasance under the General Resolution, prior redemption, or payment in full of all of the Subject Bonds. The Agency shall give notice of any such termination to the MSRB.

The Amended and Restated Master Disclosure Agreement, or any provision thereof, will be null and void to the extent set forth in the opinion of Securities Counsel described in clause (1) in the event that the Agency (1) delivers to the Trustee an opinion of Securities Counsel, addressed to the Agency and the Trustee, to the effect that those portions of the Rule which require the provisions of the Amended and Restated Master Disclosure Agreement, or any of such provisions, do not or no longer apply to the Subject Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as will be specified in such opinion, and (2) delivers notice to such effect to the MSRB.

Duties, Immunities, and Liabilities of Trustee

The Trustee will have only such duties under the Amended and Restated Master Disclosure Agreement as are specifically set forth therein, and the Agency will indemnify and save, but solely from the Pledged Property, the Trustee, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties under the Amended and Restated Master Disclosure Agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's negligence or misconduct in the performance of its duties under the Amended and Restated Master Disclosure Agreement.

Governing Law

The Amended and Restated Master Disclosure Agreement will be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of the Amended and Restated Master Disclosure Agreement will be instituted in a court of competent jurisdiction in the State, *provided that,* to the extent the Amended and Restated Master Disclosure Agreement addresses matters of federal securities laws, including the Rule, the Amended and Restated Master Disclosure Agreement will be construed in accordance with such Federal securities laws and official interpretations thereof.

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