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 Tax-Exempt Bonds (as defined below) 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 Fifty-First Series 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 Fifty-Second Series 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 Offered 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. Bond Counsel is also of the opinion that, under existing statutes and court decisions, interest on the Fifty-Third Series Bonds is included in gross income for Federal income tax purposes pursuant to the Code. In addition, in the opinion of Bond Counsel under existing statutes, interest on the Offered 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 Offered Bonds (as defined below) 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."

$135,535,000
STATE OF NEW YORK MORTGAGE AGENCY
MORTGAGE REVENUE BONDS

$75,180,000 Fifty-First Series (Non-AMT)
$40,220,000 Fifty-Second Series (AMT)
$20,135,000 Fifty-Third Series (Federally Taxable)

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

Each maturity of the Fifty-First Series Bonds (the "Fifty-First Series Bonds"), the Fifty-Second Series Bonds (the "Fifty-Second Series Bonds" and, together with the Fifty-First Series Bonds, the "Tax-Exempt Bonds") and the Fifty-Third Series Bonds (the "Fifty-Third Series Bonds" and, together with the Tax-Exempt 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, 2016 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. U.S. Bank National Association, New York, New York, is the Trustee under the 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 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 pledged therefor.

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. D. Seaton and Associates, P.A., P.C., New York, New York, is serving as Disclosure Counsel to the Agency. Certain legal matters will be passed upon for the Underwriters by their counsel, Harris Beach PLLC. 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 October 22, 2015.

J.P. Morgan

BofA Merrill Lynch **Citigroup** **Morgan Stanley**

Academy Securities **Drexel Hamilton** **Loop Capital Markets LLC**

Ramirez & Co., Inc. **Siebert Brandford Shank & Co., L.L.C.**

Dated: October 15, 2015

MATURITY SCHEDULE

$75,180,000 Fifty-First Series (Non-AMT)

$17,325,000 Fifty-First Series Serial Bonds

Price 100%

Maturity Date	Principal Amount	Interest Rate	CUSIP†
October 1, 2023	$2,145,000	2.250%	64988RGE6
April 1, 2024	2,150,000	2.450	64988RGF3
October 1, 2024	2,155,000	2.450	64988RGG1
April 1, 2025	2,155,000	2.600	64988RGH9
October 1, 2025	2,160,000	2.650	64988RGJ5
April 1, 2026	2,160,000	2.750	64988RGK2
October 1, 2026	2,170,000	2.800	64988RGL0
April 1, 2027	1,105,000	2.950	64988RGR7
October 1, 2027	1,125,000	3.000	64988RGS5

$7,165,000 3.400% Fifty-First Series Term Bonds due October 1, 2030 @ 100% CUSIP†: 64988RGM8

$13,770,000 3.700% Fifty-First Series Term Bonds due October 1, 2035 @ 100% CUSIP†: 64988RGN6

$16,640,000 3.750% Fifty-First Series Term Bonds due October 1, 2040 @ 98.089% CUSIP†: 64988RGP1

$20,280,000 4.000% Fifty-First Series Term Bonds due October 1, 2045 @ 100% CUSIP†: 64988RGQ9

$40,220,000 Fifty-Second Series (AMT)

$9,150,000 Fifty-Second Series Serial Bonds

Price 100%

Maturity Date	Principal Amount	Interest Rate	CUSIP†
October 1, 2018	$2,125,000	1.300%	64988RGT3
April 1, 2019	2,130,000	1.500	64988RGU0
October 1, 2019	2,130,000	1.650	64988RGV8
April 1, 2020	2,130,000	1.800	64988RGW6
October 1, 2020	635,000	1.950	64988RGX4

$31,070,000 3.500% Fifty-Second Series PAC Term Bonds due October 1, 2030 @ 105.781% CUSIP†: 64988RGY2

$20,135,000 Fifty-Third Series (Federally Taxable)

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP†
April 1, 2016	$ 910,000	0.200%	100.000%	64988RGZ9
October 1, 2016	1,515,000	0.500	100.000	64988RHA3
April 1, 2017	1,690,000	1.000	99.895	64988RHB1
October 1, 2017	1,850,000	1.000	99.668	64988RHC9
April 1, 2018	2,010,000	1.500	99.918	64988RHD7
October 1, 2020	1,500,000	2.188	100.000	64988RHE5
April 1, 2021	2,135,000	2.250	98.534	64988RHF2
October 1, 2021	2,135,000	2.375	98.534	64988RHG0
April 1, 2022	2,140,000	2.625	99.014	64988RHH8
October 1, 2022	2,145,000	2.625	98.634	64988RHJ4
April 1, 2023	2,105,000	3.069	100.000	64988RHK1

† 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 McGraw-Hill Financial, 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 or by 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.

TABLE OF CONTENTS

PART 1

PART 2

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OFFICIAL STATEMENT PART 1

STATE OF NEW YORK MORTGAGE AGENCY

Mortgage Revenue Bonds, Fifty-First, Fifty-Second and Fifty-Third Series

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 the Offered 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.

TABLE OF CONTENTS

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STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 1

$135,535,000
STATE OF NEW YORK MORTGAGE AGENCY
MORTGAGE REVENUE BONDS

$75,180,000 Fifty-First Series (Non-AMT)
$40,220,000 Fifty-Second Series (AMT)
$20,135,000 Fifty-Third Series (Federally Taxable)

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 Mortgage Revenue Bond Forward Commitment Program (the "Program"), its Mortgage Revenue Bonds, and more particularly its Mortgage Revenue Bonds, Fifty-First Series (the "Fifty-First Series Bonds"), its Mortgage Revenue Bonds, Fifty-Second Series (the "Fifty-Second Series Bonds" and, together with the Fifty-First Series Bonds, the "Tax-Exempt Bonds") and its Mortgage Revenue Bonds, Fifty-Third Series (the "Fifty-Third Series Bonds" and, together with the Tax-Exempt Bonds, 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 both such terms are 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 Mortgage Revenue Bonds General Resolution, adopted on June 22, 1983, as amended and supplemented (the "General Resolution"), and the Mortgage Revenue Bonds Series Resolution, adopted on June 11, 2015 (the "Offered Bonds Series Resolution"). The General Resolution, any Series Resolution that has terms applicable to all Bonds generally, and the Offered Bonds Series 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. U.S. Bank National Association, is the Trustee under the Resolution.

Prior to the date of this Official Statement, the Agency has issued fifty Series of Mortgage Revenue Bonds pursuant to the General Resolution, designated First Series through Fiftieth Series. When referred to individually, each such Series of Mortgage Revenue Bonds is referred to by its respective ordinal number designation; collectively, these Mortgage Revenue Bonds are referred to as the "Prior Series Bonds." The Agency has financed its mortgage purchase program with proceeds of Bonds, as well as bonds issued under different bond resolutions.

The Agency finances mortgage loans under two general resolutions: the Resolution and the HMB General Resolution (as defined below). Since 2005, the majority of the Agency's single-family lending activity has been under the HMB General Resolution, but periodically the Agency has elected to utilize the Resolution to fund its programs. For information regarding outstanding bonds issued by the Agency under other general resolutions, see Part 2 "Other Agency Programs." As described below, the Agency expects to use a portion of the proceeds of the Offered Bonds to acquire new Mortgage Loans. See Part 2 Appendix D — "Certain Agency Financial Information and Operating Data."

The proceeds of the Offered Bonds are expected to be available on their date of issuance to purchase recently originated mortgage loans financed on a temporary basis with Agency funds (which will become Mortgage Loans upon acquisition), to purchase new Mortgage Loans, to finance Second Lien DPALs (as defined below), to pay certain programmatic costs, and to pay costs of issuance. A portion of the Tax-Exempt Bonds proceeds are expected to be treated for Federal tax purposes as being used within 90 days of their date of issuance to refund and replace certain of the Agency's outstanding bonds (including Prior Series Bonds). Each newly originated mortgage loan or portion of mortgage loan financed with proceeds attributable to the Offered Bonds is referred to as an "Offered Bonds Mortgage Loan."

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 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."

Under the General Resolution, the Agency may issue Bonds and apply the proceeds to, among other things, the refunding of outstanding Bonds and the purchase of mortgage loans and ownership interests in mortgage loans. All mortgage loans and ownership interests in mortgage loans purchased with moneys available under the General Resolution (the "Mortgage Loans") are required to meet eligibility criteria established by the Agency. For Mortgage Loans financed by the Prior Series Bonds prior to the effective date of the amendments referred to in the next sentence (the "Prior Requirements Mortgage Loans"), these eligibility criteria were set forth in the General Resolution. As of July 31, 2015, the outstanding aggregate principal amount of Prior Requirements Mortgage Loans comprised less than ½ of one percent of the aggregate principal amount of all outstanding Mortgage Loans. See Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loan Terms — Age of Mortgage Loan Portfolio." Pursuant to amendments to the General Resolution which became effective on September 1, 2000 (the "Amendment Effective Date"), the eligibility criteria for new Mortgage Loans to be purchased with the proceeds of or attributable to a Series of Bonds, including the Offered Bonds (referred to as "Series Program Determinations") will be established on a Series by Series basis. Eligibility criteria include whether such Mortgage Loans must be secured by first liens, second liens or both, maximum loan-to-value ratios for such Mortgage Loans, and whether mortgage insurance will be required with respect to such Mortgage Loans. Mortgage Loans financed subsequent to the Amendment Effective Date are referred to herein as "SPD Mortgage Loans." See Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans — Requirements of the General Resolution — Prior Requirements Mortgage Loans" and "— SPD Mortgage Loans." As of July 31, 2015, the outstanding aggregate principal amount of SPD Mortgage Loans comprised more than 99% of the aggregate principal amount of all outstanding Mortgage Loans. See Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loan Terms — Age of Mortgage Loan Portfolio."

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 (which include Second Lien DPALs), and (ii) 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 CCALs or defaulted Mortgage Loans or the sale of Mortgage Loans or Pledged CCALs by the Agency), and (c) all other moneys and Investment Obligations pledged under the Resolution. The Pledged CCALs and the Second Lien DPALs are interest-free loans for which the Agency expects to forgive the principal balances. See "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — Mortgages." Also see "Sources of Payment and Security for the Bonds" herein and in Part 2. Payments received in connection with Pledged CCALs are treated as Revenues, but not Principal Prepayments, under the Resolution. "Second Lien DPALs" are down-payment assistance loans ("DPALs") made by the Agency to Mortgagors that are secured by second liens.

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 pledged therefor.

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, Additional Bonds, and the Cash Flow Statements is discussed and where certain additional information regarding the Debt Reserve Fund and the Mortgage Reserve Fund is set forth.

Debt Reserve Fund and Mortgage Reserve Fund

The amounts on deposit in the Debt Reserve Fund and the Mortgage Reserve Fund, respectively, will be at least equal to, as applicable, the Debt Reserve Requirement or the Mortgage Reserve Requirement on the date of issuance of the Offered Bonds.

Mortgage Pool Insurance

All of the outstanding Mortgage Loans (other than Second Lien DPALs) currently are covered by mortgage pool insurance policies issued by the Mortgage Insurance Fund (the "MIF") of the Agency. Such outstanding mortgage pool insurance policies have respective aggregate loss limits of (a) for the Prior Requirements Mortgage Loans, ten percent of the respective pools of Prior Requirements Mortgage

Loans, and (b) for the outstanding SPD Mortgage Loans, four percent of the respective pools of SPD Mortgage Loans. For future SPD Mortgage Loans, the General Resolution requires the Agency to determine whether or not mortgage insurance or other supplemental mortgage coverage is required, and, if required, the amount of such insurance or other coverage, for such SPD Mortgage Loans prior to their financing. The Agency does not expect to provide supplemental mortgage coverage with respect to certain supplemental second lien loans it makes in connection with SPD Mortgage Loans, such as Second Lien DPALs. For information regarding the MIF, such policies, and applicable aggregate loss limits, 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 — Mortgage Pool Insurance Coverage." In certain circumstances applicable to SPD Mortgage Loans, 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 General Resolution." 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, after providing moneys for certain replacements and redemptions described above and exclusive of accrued interest, are expected to be approximately as set forth below:

Sources	
Par Amount of Offered Bonds	$135,535,000
Net Original Issue Premium	1,355,602
Available Amounts under the Resolution	1,327,298
Total	$138,217,900
Uses	
Deposit in Series Acquisition Account†	$136,890,602
Deposit in Costs of Issuance Fund	424,925
Underwriting Compensation	902,373
Total	$138,217,900

† Approximately $5,511,359 will be used to finance DPALs.

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. The registered owner of each Offered Bond will be the owner thereof as shown in the bond register maintained by or on behalf of the Agency on each Record Date. Unless otherwise set forth in an Agency Request, the "Record Date" with respect to the Offered Bonds shall be (i) with respect to payments of principal and interest on the Offered Bonds, the fifteenth calendar day prior to each payment of principal and interest, and (ii) with respect to any redemption of Offered Bonds, the fifteenth calendar day prior to the date of the first mailing of a notice of redemption.

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. 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 (*except* that the Fifty-Second Series Bonds maturing October 1, 2030 (the "PAC Bonds") redeemed pursuant to clause (i) below are to be redeemed at a Redemption Price of 105.781% of the principal amount thereof) together with accrued interest to the date of redemption, in an amount not exceeding the following:

(i) moneys on deposit in the Fifty-First, Fifty-Second and Fifty-Third Series Acquisition Account representing unexpended amounts allocable to the Offered 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 Offered Bonds of any Series, interest rate and maturity, *except* that, upon any such redemption, the PAC Bonds must be redeemed on a pro rata basis, based upon the ratio of the original principal amount of the PAC Bonds to the original principal amount of the Offered Bonds;

(ii) Principal Prepayments (defined below) of Mortgage Loans, *except* as described below in the second, 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 of any Series, interest rate and maturity, *except* as otherwise required for compliance with the Agency's tax covenants, and *except* that certain Principal Prepayments with respect to the Offered Bonds Mortgage Loans shall be applied to redeem only PAC Bonds, and that PAC Bonds can be redeemed from Principal Prepayments only as described below under "Special Mandatory Redemption of PAC Bonds"; 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 of any Series, interest rate and maturity, *except* as otherwise required for compliance with the Agency's tax covenants, and *except* that certain principal repayments of the Offered Bonds Mortgage Loans shall be applied only to redeem PAC Bonds, and that PAC Bonds can be redeemed from Revenues only as described below under "Special Mandatory Redemption of PAC Bonds.

No Agency single-family housing bonds, including Prior Series Bonds, have been redeemed from unexpended loan acquisition proceeds or proceeds to be applied to the redemption of bonds for more than twenty years.

Special Mandatory Redemption of PAC Bonds.

The PAC Bonds are subject to mandatory redemption on one or more days during each semiannual period ending on an April 1 or October 1, commencing with the period ending October 1, 2016 at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

Such mandatory redemptions shall be made from Directed Offered Bonds Principal Payments (as defined below) and may be made from other sources, in each case, only to the extent that, after giving effect to such redemption, the aggregate principal amount of PAC Bonds Outstanding on such redemption date is not less than the related PAC Bonds Outstanding Amount as set forth below (the "Applicable Outstanding Amount"), as such amount may have been adjusted due to a redemption of PAC Bonds from unexpended proceeds (as described under clause (i) under the subheading "Special Redemption" above). In addition, if no other Offered Bonds are Outstanding then to the extent required for compliance with the Agency's tax covenants, the PAC Bonds can be redeemed even if such redemption will reduce the principal amount of PAC Bonds Outstanding to an amount less than the Applicable Outstanding Amount.

As used in this Official Statement, the term "Directed Offered Bonds Principal Payments" shall apply only if and to the extent that principal repayments and Principal Prepayments on the Offered Bonds Mortgage Loans are actually received by the Agency and are not otherwise required to pay debt service on Bonds, replenish reserve funds, or pay Expenses. "Directed Offered Bonds Principal Payments" means, with respect to any semiannual period, an amount equal to (i) the sum of all principal repayments and Principal Prepayments on Offered Bonds Mortgage Loans, less (ii) the cumulative daily portion, as of such date, of the principal amount of such Offered Bonds scheduled to mature or subject to sinking fund redemption during such semiannual period.

Semiannual Period Ending	**PAC Bond Outstanding Amounts**
Date of Issuance	$ 31,070,000
April 1, 2016	31,070,000
October 1, 2016	30,555,000
April 1, 2017	29,440,000
October 1, 2017	27,750,000
April 1, 2018	25,540,000
October 1, 2018	22,895,000
April 1, 2019	20,295,000
October 1, 2019	17,860,000
April 1, 2020	15,580,000
October 1, 2020	13,460,000
April 1, 2021	11,485,000
October 1, 2021	9,655,000
April 1, 2022	7,965,000
October 1, 2022	6,415,000
April 1, 2023	4,995,000
October 1, 2023	3,700,000
April 1, 2024	2,530,000
October 1, 2024 and each April 1 and October 1 thereafter	0

If a redemption of PAC Bonds is effected from unexpended amounts allocable to the Offered Bonds as described in clause (i) under "Special Redemption" above, then each PAC Bond Outstanding Amount will be recalculated to be the amount equal to the product of (a) the original PAC Bond Outstanding Amount, and (b) the fraction whose numerator is the current unredeemed principal amount of the PAC Bonds Outstanding and whose denominator is the original principal amount of the PAC Bonds.

In the event that there are Directed Offered Bonds Principal Payments with respect to any semiannual period in excess of the amount of such payments that must be applied to redeem PAC Bonds, such excess may be applied for any authorized purpose under the Resolution, including the redemption of other Bonds, including other Offered Bonds. Upon the payment in full of the PAC Bonds, Directed Offered Bonds Principal Payments may be applied to any authorized purpose under the Resolution, including the redemption of other Bonds, including other Offered Bonds.

Assumptions Used in Calculating the PAC Bond Outstanding Amounts. The PAC Bond Outstanding Amounts (subject to adjustment as described above) have been calculated based upon assumptions (the "PAC Bond Assumptions") that include, among other assumptions, the receipt of Principal Prepayments with respect to the Offered Bonds Mortgage Loans at a rate equal to 100% of Securities Industry and Financial Markets Association ("SIFMA") (formerly the Public Securities Association) standard prepayment model for 30-year mortgage loans ("PSA"), as further described below. Since Mortgage Loan prepayments cannot be predicted, the actual principal amount of and characteristics of the Offered Bonds Mortgage Loans may differ from such assumptions.

The PAC Bond Assumptions, including those regarding the expected rate of prepayments of Offered Bonds Mortgage Loans, may differ from the assumptions contained in the Cash Flow Statement to be delivered in connection with the issuance of the Offered Bonds. See "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — Mortgages." The Agency makes no representation that actual experience will conform to the PAC Bond Assumptions. Mortgage loan age and interest rates are factors which can affect the speeds at which mortgage loans prepay.

PSA Model. 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, including the Offered Bonds 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.

Weighted Average Lives of PAC Bonds. The weighted average life of a bond refers to the average of the length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid, weighted by the amount of such installment. The weighted average lives of the PAC Bonds will be influenced by, among other factors, the rate at which principal repayments and Principal Prepayments on Offered Bonds Mortgage Loans are received.

Set forth in the following table are the projected weighted average lives (in years) of the PAC Bonds based upon various rates of prepayment of the Offered Bonds Mortgage Loans and the Reallocated Mortgage Loans expressed as percentages of PSA. The Agency has made no projections as to the weighted average lives of the PAC Bonds at rates of prepayment of the Offered Bonds Mortgage Loans and the Reallocated Mortgage Loans exceeding 500% of PSA. The table below assumes inter alia, that

(i) approximately $136,900,000 of Offered Bonds Mortgage Loans (including Second Lien DPALs) will be acquired before March 1, 2016,

(ii) all Offered Bonds Mortgage Loans will be prepaid at the percentage of PSA indicated in the table,

(iii) all scheduled principal repayments, scheduled interest payments, and Principal Prepayments on the Offered Bonds Mortgage Loans will be timely received and the Agency experiences no foreclosure losses on the Offered Bonds Mortgage Loans,

(iv) there will be no redemption of the PAC Bonds as described above under the subheading "Special Redemption," and

(v) there will be no optional redemption of the PAC Bonds as described below under the subheading "Optional Redemption."

Notwithstanding such assumptions, the Agency has the right to redeem the PAC Bonds pursuant to the provisions described under "Special Redemption," including redemption using moneys available under the Resolution (including moneys from the other Series of Bonds), and under "Optional Redemption." Some or all of the assumptions used in preparing the table below are unlikely to reflect actual experience.

Prepayment Speed (expressed as a percentage of PSA)	PAC Bonds Projected Weighted Average Life (in years)
0	13.4
25	12.9
50	9.9
75	7.1
100	5.0
150	5.0
200	5.0
300	5.0
400	5.0
500	5.0

PSA does not purport to be a prediction of the anticipated rate of prepayment of the Offered Bonds Mortgage Loans, and there is no assurance that such Principal Prepayments will conform to any of the assumed prepayment rates. The Agency makes no representation as to the percentage of the principal balance of the Offered Bonds Mortgage Loans that will be paid as of any date or as to the overall rate of prepayments.

The projected weighted average lives reflect a projected average of the periods of time for which the PAC Bonds are Outstanding. They do not reflect the period of time which any one PAC Bond will remain Outstanding. At each prepayment speed, some PAC Bonds will remain Outstanding for periods of time shorter than the projected weighted average life, while some will remain Outstanding for longer periods of time.

Optional Redemption

The Offered Bonds are subject to redemption at the option of the Agency on and after October 1, 2024, in whole or in part, at any time from any moneys (including the proceeds of the voluntary sale of Mortgage Loans that may not be applied to redeem 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 B to this Part 1. The Redemption Price for any redemption described under this subheading will be equal to the principal amount of the Offered 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").

The Agency has covenanted that, if and to the extent PAC Bonds are redeemed other than from the application of Sinking Fund Requirements, the principal amount of each such redemption shall be credited on a pro rata basis (as nearly as practicable) against all remaining Sinking Fund Requirements for the PAC Bonds, beginning on the first April 1 or October 1 after such redemption.

General Redemption Provisions Applicable to Offered Bonds

Moneys Made Available to Finance Mortgage Loans and Second Lien 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 Additional Bonds (see Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans — Principal Amounts and Interest Rates of Mortgage Loans and Amounts Available to Finance Mortgage Loans"), the Agency also finances mortgage loans with amounts made available through the issuance of its Homeowner Mortgage Revenue Bonds. See Part 2 "Other Agency Programs — Homeowner 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. The Agency has applied, and may continue to apply, principal prepayments and repayments of mortgage loans financed by Bonds and Homeowner Mortgage Revenue Bonds, and amounts in the General Fund held under the General Resolution or the Agency's Homeowner Mortgage Revenue Bonds General Resolution, adopted on September 10, 1987, as amended and restated (the "HRB 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 Second Lien DPALs). In addition, the Agency established two other programs under which single-family mortgage loans are financed. See Part 2 "Other Agency Programs – FHA Plus and Fannie Mae Conventional Plus Programs." The Agency makes available down payment and closing cost assistance to borrowers under such programs. A borrower selects the Agency programs in which such borrower wishes to participate.

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 a portion of the Tax-Exempt 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 the Offered Bonds Mortgage Loans and Second Lien DPALs financed with the proceeds attributable to the Tax-Exempt Bonds, and increases in subsequent semiannual periods. Such amounts are, collectively, the "Tax-Exempt Bonds Restricted Principal." If the Ten-Year Rule is not repealed or amended, the expected percentage for each expected applicable period is approximately as reflected in the following table:

Period (dates inclusive)	**Cumulative Percentage**
Date of issuance of the Tax-Exempt Bonds to and including January 31, 2017	24.5%
February 1, 2017 to and including June 6, 2017	27.4%
June 7, 2017 to and including October 29, 2018	35.9%
October 30, 2018 to and including May 5, 2020	36.9%
May 6, 2020 to and including November 17, 2020	37.6%
November 18, 2020 to and including March 30, 2021	38.3%
March 31, 2021 to and including November 15, 2021	43.7%
November 16, 2021 to and including July 17, 2023	59.9%
July 18, 2023 to and including October 21, 2025	72.7%
October 22, 2025 to and including final maturity of Tax-Exempt Bonds	100.0%

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 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 the Second Lien DPALs financed with amounts attributable to the Offered Bonds, to redeem Tax-Exempt Bonds in excess of the amounts required by the Code. If the Agency must effectuate a redemption of Tax-Exempt Bonds as described under this subheading "Certain Federal Tax Law Matters," the Agency will first apply any amounts required to redeem Tax-Exempt Bonds to the redemption of the PAC Bonds in accordance with the mandatory redemption requirements set forth under the subheading "Special Mandatory Redemption of PAC Bonds" above.

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. As of July 31, 2015, one mortgagor has requested and received such reimbursement from the Agency.

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 that is not applied to a scheduled installment of principal of and interest on a 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) 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. Proceeds of the voluntary sale of 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 Offered Bonds or that must be applied by the Agency to the redemption of the Tax-Exempt Bonds pursuant to certain tax covenants do not include the proceeds of the voluntary sale of Mortgage Loans, *unless* such 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, described in clauses (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 received in connection with the liquidation of such Mortgage Loans are considered Liquidation Proceeds, are included within the definition of Principal Prepayments, and may be applied by the Agency to the special redemptions as described in clause (ii) under "The Offered Bonds — Redemption — Special Redemption" and to optional redemptions as described under the section "Optional Redemption" above, and to mandatory redemptions as described under "The Offered Bonds — Redemption — Special Mandatory Redemption of PAC Bonds" above. Each Series Resolution with respect to each Series of Prior Series Bonds Outstanding as of July 31, 2015 and the Offered Bonds Series Resolution 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 CCALs are treated as Revenues, but are not Principal Prepayments, under the Resolution.

Revenues

The General Resolution defines "Revenues" to mean all moneys received by or on behalf of the Agency or Trustee representing (1) principal and interest payments on the Mortgage Loans including all Principal Prepayments representing the same and all prepayment premiums or penalties received in respect to the Mortgage Loans, (2) proceeds of the sale of Mortgage Loans by or on behalf of the Agency, and (3) interest earnings received on the investment of amounts in any Account or Fund. In addition, amounts in excess of the Debt Reserve Requirement and the Mortgage Reserve Requirement and transferred from the Debt Reserve Fund and the Mortgage Reserve Fund, respectively, to the Revenue Fund in accordance with the Resolution are treated as Revenues under the Resolution. Proceeds of the voluntary sale of Mortgage Loans that are not in default are considered Revenues, but such Revenues can not be applied by the Agency to the redemption of the Offered Bonds *except* as described herein under "Optional Redemption."

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. 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. The Agency is required to apply certain of such Principal Prepayments to the redemption of certain Bonds, including as described in clause (ii) under "Redemption — Special Redemption" and under "Redemption — Special Mandatory Redemptions of PAC 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 has occasionally exercised its right to finance Mortgage Loans with available Revenues (including Principal Prepayments that are not required to redeem Bonds), most recently in 2014. The Revenues utilized in connection with such 2014 Mortgage Loan financings did not include Principal Prepayments. See Part 2 "Sources of Payment and Security for the Bonds — 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 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 against all remaining Sinking Fund Requirements for the Term Bonds of such Series (or Subseries, if applicable), 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) and maturity then Outstanding, *provided, however,* with respect to PAC Bonds, such redemptions shall be credited on a pro rata basis (as nearly as practicable) against all remaining Sinking Fund Requirements for the PAC Bonds. See the second paragraph under the subheading "Redemption — Sinking Fund Redemption" above.

General Provisions as to Purchase or Redemption of Bonds

Pursuant to the Resolution, the Trustee at the written direction of the Agency may at any time purchase Bonds:

(i) from amounts on deposit in the Revenue Fund representing payments of principal on Mortgage Loans, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal amount of such Bonds plus accrued interest;

(ii) from moneys on deposit in the Principal Account of the Debt Service Fund in satisfaction of Sinking Fund Requirements, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the Redemption Price (plus accrued interest to the date of redemption) that would be payable on the next redemption date; and

(iii) from moneys on deposit in the Special Redemption Account and the Optional Redemption Account, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the Redemption Price (plus accrued interest to the date of redemption) that would be payable on the next redemption date.

No such purchase may be made from the Principal Account or Redemption Fund, *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.

The Trustee will select the Bonds or portions of Bonds to be redeemed in accordance with the General Resolution and the applicable Series Resolution. Bonds to be purchased or redeemed other than by Sinking Fund Requirements will be purchased or redeemed by the Trustee, *except* as otherwise described below, on a reasonably proportionate basis from among all of the then existing maturities of the Bonds, such basis to be determined and effectuated as nearly as practicable by the Trustee by multiplying the total amount of moneys available to redeem Bonds by the ratio which the principal amount of all Bonds Outstanding of each maturity bears to the principal amount of all Bonds then Outstanding, *provided* that the Bonds may be redeemed only in integral multiples of $5,000 principal amount at maturity, and *provided further* that (i) selection of Bonds for purchase or redemption must be based upon written direction by the Agency to the Trustee accompanied by a Cash Flow Statement, and (ii) in all events, purchase or redemption of Bonds of a Series from amounts on deposit in the Special Redemption Account representing Principal Prepayments attributable to Mortgage Loans acquired with the proceeds of any Series of Bonds will be based upon a method of selection directed in writing by the Agency to the Trustee and accompanied by a Cash Flow Statement.

Selection of Bonds for Redemption

Except as otherwise provided in a Series Resolution, if less than all of the Bonds of one Series (and Subseries, if applicable) and 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 subcaption "Redemption" above. The Offered Bonds Series Resolution provides that so long as all of the Offered Bonds are immobilized in the custody of DTC, the Trustee will select the Offered Bonds to be redeemed not later than 40 days prior to the date fixed for redemption (or such lesser number of days as shall be acceptable to the Trustee).

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. The Offered Bonds Series Resolution provides that so long as all of the Offered Bonds 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 in Appendix C — "Book Entry Only" to this Part 1).

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 establishing the principal amounts of the Offered Bonds and the maturities and Sinking Fund Requirements with respect to the Offered Bonds and 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 Agency expects payments under the Mortgage Loans and moneys and securities held under the Resolution and the income thereon to be sufficient to pay, when due, the principal (including Sinking Fund Requirements) of and interest on 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 Resolution to issuing such Additional Bonds is the filing of a Cash Flow Statement. Since all Bonds issued under the General Resolution will rank equally and ratably with the Offered Bonds with respect to the security afforded by the Resolution, availability of money for repayment of the Offered Bonds could be affected by the issuance, application, and investment of proceeds of Additional Bonds. 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.

The Agency has structured bond maturities and Sinking Fund Requirements for its Bond series based on, among other things, assumptions regarding the receipt of Revenues, including, in some instances, the receipt of some Principal Prepayments at various PSA speeds. 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 speeds used in preparing the Offered Bonds Cash Flow Statement. For information concerning the PSA prepayment model, see "The Offered Bonds — Redemption — Special Mandatory Redemption of PAC Bonds — PSA Model" above.

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.

Mortgages

In preparing the Offered Bonds Cash Flow Statement, the Agency will assume (a) no scheduled principal payments will be received on Mortgage Loans identified by the Agency at the time the Offered

Bonds Cash Flow Statement is prepared as being in the foreclosure process, (b) that losses on defaulted Mortgage Loans will not exceed insurance coverage and recoveries upon disposition, including foreclosures, and (c) no principal payments will be received from the Pledged CCALs or the Second Lien DPALs. See Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans," "— Pledged CCALs," "— Second Lien Loans" and Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans — Delinquencies."

The Offered Bonds Cash Flow Statement will include the following assumptions with respect to the Offered Bonds Mortgage Loans (other than Offered Bonds DPALs): (i) the Agency will use lendable proceeds to purchase approximately $131.4 million aggregate principal amount of Offered Bonds Mortgage Loans by March 1, 2016 with a weighted average interest rate of approximately 3.4% per annum and a weighted average term to maturity of 360 months, (ii) all of the aggregate principal amount of Offered Bonds Mortgage Loans will have 30-year terms, (iii) a portion of the proceeds described in (i) above may be set aside to be combined with other lendable amounts to produce mortgage loans with blended yields, (iv) substantially all of the aggregate principal amount of the Offered Bonds Mortgage Loans, other than those described in (iii) above, will have interest rates that range from 2.0% to 4.625%, and (v) the Mortgage Loan interest rate for any Offered Bonds Mortgage Loan with respect to which the Agency has made a DPAL will be higher than the otherwise applicable interest rate.

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 — Homeowner Mortgage Revenue Bond Resolution Forward Commitment Program" and Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans" for information regarding such additional currently available amounts.

Certain Investments

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

Expenses

In preparing the Offered Bonds Cash Flow Statement, the Agency will assume that the servicers of the 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 .22% 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

"Summary of Certain Provisions of the General Resolution — Certain Definitions — Expense Requirement" and "Sources of Payment and Security for the Bonds — Cash Flow Statements" in Part 2.

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.

Federal Tax Exemption Opinion 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 Fifty-First Series 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 Fifty-Second Series 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 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.

Bond Counsel expresses no opinion regarding any other Federal 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.

State Tax Exemption Opinion of Bond Counsel. In the opinion of 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 state tax consequences with respect to the Tax-Exempt Bonds. Bond Counsel renders its opinion under existing statutes 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.

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 an Offered 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.

Bond Premium. In general, if an owner acquires an Tax-Exempt Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on that Tax-Exempt Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Tax-Exempt Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Original Issue Discount. "Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of an Tax-Exempt Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that Series and maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Tax-Exempt Bonds of that Series and maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each Series and maturity of Tax-Exempt Bonds is expected to be the applicable initial public offering price set forth on the inside cover to the Official Statement. Bond Counsel is of the opinion that, for any Tax-Exempt Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Tax-Exempt Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

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 an 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.

Miscellaneous. 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, the Fiscal Year 2016 Budget proposed by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond, regardless of issue date.

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

Fifty-Third Series 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 Fifty-Third Series Bonds by original purchasers of the Fifty-Third Series 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 Fifty-Third Series 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 Fifty-Third Series 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 Fifty-Third Series 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 Fifty-Third Series 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 Fifty-Third Series Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Federal and State Tax Exemption Opinion of Bond Counsel. In the opinion of Bond Counsel to the Agency, under existing statutes and court decisions, interest on the Fifty-Third Series Bonds is included in gross income for United States Federal income tax purposes pursuant to the Code.

In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Fifty-Third Series 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 Fifty-Third Series 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 Fifty-Third Series 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.

Original Issue Discount. In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a holder of a Fifty-Third Series Bond having a maturity of more than one year from its date of issue must include in Federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Fifty-Third Series Bond) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Fifty-Third Series Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such Fifty-Third Series Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "*de minimis* amount" is an amount equal to 0.25 percent of the Fifty-Third Series Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a Fifty-Third Series Bond using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Fifty-Third Series Bonds. Each holder of a Fifty-Third Series Bond with a maturity not longer than one year (a "Short-Term Fifty-Third Series Bond") is subject to rules of Sections 1281 through 1283 of the Code, if such holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Fifty-Third Series Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and "acquisition discount" with respect to, the Short-Term Fifty-Third Series Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. "Acquisition discount" means the excess of the stated redemption price of a Short-Term Fifty-Third Series Bond at maturity over the holder's tax basis therefor.

A holder of a Short-Term Fifty-Third Series Bond not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the holder's regular method of tax accounting, unless such holder irrevocably elects to accrue acquisition discount currently.

Disposition and Defeasance. Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Fifty-Third Series Bond, a U.S. Holder generally will recognize taxable gain or loss for United States Federal income tax purposes 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 U.S. Holder's adjusted United States Federal income tax basis in the Fifty-Third Series Bond.

The Agency may cause the defeasance of the Fifty-Third Series Bonds, resulting in the Fifty-Third Series Bonds no longer being deemed Outstanding under the General Resolution. See Part 2 — "Summary of Certain Provisions of the General Resolution — Defeasance." For United States Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such U.S. Holder of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Fifty-Third Series 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 U.S. Holders of the Fifty-Third Series Bonds with respect to payments of principal, payments of interest, and the accrual of original issue discount, if any, on a Fifty-Third Series Bond and the proceeds of the sale of a Fifty-Third Series Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Fifty-Third Series Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder, and which constitutes over-withholding, would be allowed as a refund or a credit against such U.S. Holder'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 Fifty-Third Series 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.

Miscellaneous. 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 Fifty-Third Series Bonds under state law or otherwise prevent beneficial owners of the Fifty-Third Series 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 Fifty-Third Series Bonds. Prospective purchasers of the Fifty-Third Series 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 D. D. Seaton and Associates, P.A., P.C., New York, New York, is serving as Disclosure Counsel to the Agency. Certain legal matters will be passed upon for the Underwriters of the Offered Bonds by their counsel, Harris Beach PLLC.

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 discount or premium). The Agency will pay a fee of $902,373.16 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 respective obligations 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.

Information Provided by the Underwriters

This paragraph and the next two successive paragraphs have been provided by the Underwriters: Certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by the Agency as Underwriters) for the distribution of the Offered Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Agency for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

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.

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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: October 15, 2015

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 any Mortgage Loans otherwise attributable to the Tax-Exempt Bonds for Federal income tax purposes (collectively, the "Tax-Exempt Bonds 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 issuance thereof. Certain documents have been adopted by the Agency that establish procedures to be followed in connection with the Tax-Exempt Bonds 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 Tax-Exempt Bonds from proceeds attributable to the Tax-Exempt 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 Bonds Mortgage Loans.

APPENDIX B

SINKING FUND REQUIREMENTS

Date	Fifty-First Series Bonds maturing October 1, 2030	Fifty-First Series Bonds maturing October 1, 2035	Fifty-First Series Bonds maturing October 1, 2040	Fifty-First Series Bonds maturing October 1, 2045	Fifty-Second Series PAC Bonds maturing October 1, 2030
October 1, 2027					$4,205,000
April 1, 2028	$1,145,000				4,285,000
October 1, 2028	1,165,000				4,360,000
April 1, 2029	1,180,000				4,440,000
October 1, 2029	1,205,000				4,510,000
April 1, 2030	1,225,000				4,595,000
October 1, 2030	1,245,000†				4,675,000†
April 1, 2031		$1,265,000			
October 1, 2031		1,290,000			
April 1, 2032		1,315,000			
October 1, 2032		1,340,000			
April 1, 2033		1,360,000			
October 1, 2033		1,390,000			
April 1, 2034		1,415,000			
October 1, 2034		1,435,000			
April 1, 2035		1,470,000			
October 1, 2035		1,490,000†			
April 1, 2036			$1,525,000		
October 1, 2036			1,550,000		
April 1, 2037			1,580,000		
October 1, 2037			1,615,000		
April 1, 2038			1,645,000		
October 1, 2038			1,675,000		
April 1, 2039			1,715,000		
October 1, 2039			1,740,000		
April 1, 2040			1,780,000		
October 1, 2040			1,815,000†		
April 1, 2041				$1,850,000	
October 1, 2041				1,885,000	
April 1, 2042				1,925,000	
October 1, 2042				1,965,000	
April 1, 2043				2,005,000	
October 1, 2043				2,045,000	
April 1, 2044				2,085,000	
October 1, 2044				2,130,000	
April 1, 2045				2,170,000	
October 1, 2045				2,220,000†	

† Final Maturity

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APPENDIX C

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 in this Appendix C to Part 1. 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.

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APPENDIX D

FORM OF PROPOSED APPROVING AND FEDERAL AND STATE TAX EXEMPTION 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 Mortgage Revenue Bonds, Fifty-First Series in the aggregate principal amount of $75,180,000 (the "Fifty-First Series Bonds"), Mortgage Revenue Bonds, Fifty-Second Series in the aggregate principal amount of $40,220,000 (the "Fifty-Second Series Bonds"), and Mortgage Revenue Bonds, Fifty-Third Series in the aggregate principal amount of $20,135,000 (the "Fifty-Third Series Bonds" and, together with the Fifty-First Series Bonds and the Fifty-Second Series Bonds, the "Bonds").

The Bonds are issued under and pursuant to (i) the Act, (ii) the Mortgage Revenue Bonds General Resolution, adopted on June 22, 1983, as amended and supplemented (the "General Resolution"), (iii) the Mortgage Revenue Bonds Series Resolution, adopted on June 11, 2015 (the "Series Resolution"), (iv) the Mortgage Revenue Bonds Fifty-First Series Series Certificate (the "Fifty-First Series Series Certificate"), dated as of October 15, 2015 and delivered as of October 22, 2015, (v) the Mortgage Revenue Bonds Fifty-Second Series Series Certificate (the "Fifty-Second Series Series Certificate"), dated as of October 15, 2015 and delivered as of October 22, 2015, and (vi) the Mortgage Revenue Bonds Fifty-Third Series Series Certificate, (the "Fifty-Third Series Series Certificate"), dated as of October 15, 2015 and delivered as of October 22, 2015 (together with the General Resolution, the Series Resolution, the Fifty-First Series Series Certificate and the Fifty-Second Series Series Certificate, 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 Fifty-First Series Bonds and the Fifty-Second Series 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 Fifty-First Series 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 Fifty-Second Series Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

6. For any Tax-Exempt Bonds having original issue discount (the "Discount Tax-Exempt Bonds"), original issue discount that has accrued and is properly allocable to the owners of the Discount Tax-Exempt Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Tax-Exempt Bonds.

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

8. 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 Fifty-First Series Bond, Fifty-Second Series Bond and Fifty-Third Series Bond and, in our opinion, the forms of said Bonds and their execution are regular and proper.

Very truly yours,

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STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 2

Relating to
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. It contains only a part of the information to be provided by the Agency in connection with the issuance of or adjustment of the interest rate on Series of its Bonds. The terms of the Series of Bonds being issued or for which the interest rate is being adjusted, 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 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.

TABLE OF CONTENTS

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STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 2

Relating to
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, 2015, the Agency had issued approximately $16,352,410,000† aggregate principal amount of tax-exempt and taxable bonds, of which approximately $2,661,065,000 were outstanding as of July 31, 2015, which includes $616,900,000 Outstanding Bonds, not including premium, under the General Resolution. On August 20, 2015, the Agency redeemed $25,630,000 aggregate principal amount of Bonds, including $10,145,000 October 1, 2015 scheduled maturities and Sinking Fund Requirements. In addition to paying the remaining October 1, 2015 scheduled Bond maturities and Sinking Fund Requirements, the Agency expects, in connection with the issuance of the Offered Bonds, to redeem approximately $25,570,000 aggregate principal amount of Bonds within 90 days of the date of issuance of the Offered Bonds.

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 of the State of New York with the advice and consent of the State Senate. As of the date hereof, there are three vacancies on the Agency's board of directors, one to be appointed by the Speaker of the State Assembly and two to be appointed by the Governor.

The current directors of the Agency are as follows:

WILLIAM C. THOMPSON, Chairman: Appointed by the Governor in March 2015 — Senior Managing Director, Chief Administrative Officer, Siebert Brandford Shank & Co., L.L.C.

ANTHONY BERGAMO, Director: Appointed in January 2012 and serving at the pleasure of the Temporary President of the State Senate — Vice Chairman, MB Real Estate and Chief Executive Officer of Niagara Falls Redevelopment, LLC.

BETHAIDA GONZALEZ, Director; Appointed by the Governor in June 2015 — Dean of University College at Syracuse University.

MARY BETH LABATE, Director, *ex officio:* Appointed Director of the Budget in January 2015.

JAMES S. RUBIN, Director, *ex officio:* Appointed Commissioner of the New York State Division of Housing and Community Renewal in June 2015 — James Rubin was appointed the Agency's Executive Director and Chief Executive Officer on July 7, 2015.

† Since some of these bonds refunded other bonds of the Agency, as of July 31, 2015, only a principal amount of and premium with respect to such bonds (i) not exceeding $8,564,580,953.00 was subject to the Agency's $10,220,000,000 tax-exempt bond issuance limit under the Act and (ii) not exceeding $551,660,730 was subject to the Agency's $800,000,000 taxable bond issuance limit under the Act.

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

The following lists certain officers of the Agency:

JAMES S. RUBIN, Executive Director and Chief Executive Officer. Mr. Rubin was appointed Executive Director and Chief Executive Officer on July 7, 2015.

RUTHANNE VISNAUSKAS, Senior Vice President and Executive Deputy Commissioner of Housing Development. Ms. Visnauskas was appointed Senior Vice President and Executive Deputy Commissioner of Housing Development on July 7, 2015.

ELIZABETH MALLOW, Senior Vice President and Executive Deputy Commissioner and Chief Operating Officer. Ms. Mallow joined the Agency in September 2015.

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

SHEILA ROBINSON, Senior Vice President and Chief Financial Officer. Ms. Robinson joined the Agency in July 2012.

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

ADAM H. SCHUMAN, Senior Vice President and Counsel. Mr. Schuman was appointed Senior Vice President and Counsel on July 7, 2015.

SHERRI ECKLES, Senior Vice President of Single-Family Programs. Ms. Eckles joined the Agency in 2014.

DESMOND GOODING, Vice President and Treasurer. Mr. Gooding joined the New York State Housing Finance Agency, one of the State public authorities integrated with the Agency as described below, in 1991.

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 from the four directors he is authorized to appoint, of which, as of the date of this Official Statement, he has appointed two. 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 Inc. 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, 2015, the full-time staff of the Agency consisted of 123 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, under the supervision of the Senior Vice President and Executive Deputy Commissioner of Housing Development. 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 33 persons.

The Accounting department and the Treasury department, along with other professional support functions for the Agency's three main program areas, are within the 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 and servicing of Agency debt.

The Senior Vice President and 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.

The MIF is under the supervision of the Senior Vice President for the Mortgage Insurance Fund Division who reports directly to the Senior Vice President and Executive Deputy Commissioner of Housing Development. 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 10 persons.

Independent Auditors

The financial statements of the Agency as of and for the years ended October 31, 2013 and 2014, included in Appendix A of this Official Statement, have been audited by Ernst & Young LLP ("Ernst & Young"), independent auditors, as stated in their report appearing therein. Ernst & Young has not audited the financial information and operating data of the Agency dated subsequent to October 31, 2014 contained herein and in Part 1 of this Official Statement.

Financial Statements

Pursuant to current State law, the Agency is required, within ninety (90) days after the end of each of its Fiscal Years, to submit to the State its financial statements for such Fiscal Year. The Agency filed its financial statements for the Fiscal Year 2014 on January 29, 2015. 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, 2014, the Agency's financial statements reflected an Unfunded Actuarial Accrued Liability ("UAAL") of approximately $42.7 million as a liability of its General Operating Fund, an increase from the UAAL of $39 million for the year ended October 31, 2013. 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."

State Fiscal Year 2015-2016 Enacted Budget Provisions

The State Fiscal Year 2015-2016 Enacted Budget (the "Current Enacted Budget") (each State fiscal year is for the twelve-month period from April 1 of a calendar year to and including March 31 in the next succeeding calendar year), requires certain transfers of moneys from (a) the MIF's Project Pool Insurance Account provided that, at the time of each transfer, the reserves remaining in the Project Pool Insurance Account are sufficient to attain and maintain the credit rating required to accomplish the purposes of the Project Pool Insurance Account (as determined by the Agency), in a proposed amount of up to $75 million (the "Project Pool Funds"), and (b) the MIF's Special Account in an amount up to the available excess balance in the Special Account, as calculated in accordance with the Act for the State Fiscal Year 2014-2015, and/or, as required, the MIF's Project Pool Insurance Account, assuming satisfaction of the conditions precedent to transfers from the Project Pool Insurance Account referenced in (a) above, in an additional proposed amount of up to $50 million (the "Excess Balance Funds"). There can be no assurances as to what effect, if any, any such transfer may have on the then-current rating of the MIF's Project Pool Insurance Account by any rating agency.

Assuming satisfaction of the above referenced conditions precedent, eight transfers of Excess Balance Funds and/or Project Pool Funds in an aggregate proposed amount up to $125 million will be made as follows: six to the Housing Trust Fund Corporation in the aggregate amount of up to $66.66 million (the first three of which, in the aggregate amount of $33.66 million, were made from the Special Account on May 5, 2015) no later than March 31, 2016, one in a proposed amount of up to $42 million to the Housing Finance Agency, which was made on August 19, 2015, and one in a proposed amount of up to $16.34 million to the Homeless Housing and Assistance Corporation (of which an initial transfer of $9 million was made from the Special Account on June 25, 2015) no later than March 31, 2016. The New York State Housing Finance Agency is one of the public authorities integrated with the Agency and the Housing Trust Fund Corporation is a subsidiary thereof.

Provisions similar to the transfer provisions were enacted as part of prior State Enacted Budgets resulting in transfers from the Project Pool Insurance Account in State Fiscal Year 2014-2015 to the Housing Trust Fund Corporation and the Housing Finance Agency in the aggregate amount of $75.418 million, in transfers from the Project Pool Insurance Account in State Fiscal Year 2013 – 2014 to the State General Fund, the Housing Finance Agency and the Housing Trust Fund Corporation in the aggregate amount of $135,952,200 and in transfers from the Project Pool Insurance Account in State Fiscal Years 2012-2013 and 2008-2009 to the State General Fund in the amount of $100 million. State budget legislation in future years may provide for transfers from the Project Pool Insurance Account or other accounts in the MIF. The Agency makes no representation regarding whether any such transfers, or the amounts thereof, will be enacted.

Neither the Project Pool Insurance Account nor the Special Account provide primary or pool insurance for any Mortgage Loans.

Under the provisions of the Act with respect to the MIF, no amounts can be withdrawn from any account in the MIF, including the Single Family Pool Insurance Account, that would cause the amount on deposit in such account to fall below its statutorily required reserves. For additional information, see Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — MIF." The Agency is authorized to withdraw moneys from the General Resolution only as described in the third paragraph under "Sources of Payment and Security for the Bonds — Pledge of the Resolution."

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, 1996, 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").

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Pledge of the Resolution

The Bonds 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.

See the definition of Pledged Property under "Summary of Certain Provisions of the General Resolution — Certain Definitions."

Amounts 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 if, as of the date of such withdrawal and after giving effect to such withdrawal, (i) the amounts on deposit in all Funds and Accounts (other than the Costs of Issuance Fund, the Expense Fund, and the Interest Account) plus the aggregate principal balances of all Mortgage Loans shall at least equal 101% of the aggregate principal amount of Bonds Outstanding and (ii) the Agency has filed with the Trustee a Cash Flow Statement reflecting such withdrawal, projecting available money sufficient to pay debt service when due in the then current and each succeeding Fiscal Year, and demonstrating the funding of the Debt Reserve Fund, the Mortgage Reserve Fund, and the Expense Fund to the Debt Reserve Requirement, the Mortgage Reserve Requirement, and the Expense Requirement, respectively.

Mortgage Loans

See "The Program" for information regarding the Agency's current Program for originating Mortgage Loans. Also see certain information regarding the Mortgage Loans as set forth in Appendix D — "Certain Agency Financial Information and Operating Data —Mortgage Loans."

General

Pursuant to a Supplemental Resolution which became effective on the Amendment Effective Date, the General Resolution has been amended in several respects, including allowing the requirements for Mortgage Loans to be established on a Series by Series basis. As described below under "Requirements of the General Resolution — Prior Requirements Mortgage Loans," the Agency has established the requirements for all Mortgage Loans on a Series by Series basis with respect to certain Prior Series Bonds, and expects to continue to do so for the Offered Bonds and future Bond Series. SPD Mortgage Loans are Mortgage Loans to which such Series by Series requirements have been applied. The Agency has a program in which participating ownership interests in mortgage loans have been purchased with available moneys under the General Resolution and additional ownership interests in the same mortgage loans were purchased with available moneys under the Agency's Homeowner Mortgage Revenue Bond Resolution.

Requirements of the Act

Each of the General Resolution and the Homeowner Mortgage Revenue Bonds General Resolution, adopted on September 10, 1987, as restated and as amended and supplemented (the "HMB 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 Financial Services 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 Financial Services to issue such policies in the State.

Requirements of the General Resolution

Prior Requirements Mortgage Loans. As of July 31, 2015, the outstanding aggregate principal amount of Prior Requirements Mortgage Loans comprised less than ½ of one percent of the aggregate principal amount of all outstanding Mortgage Loans. See Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loan Terms — Age of Mortgage Loan Portfolio."

The provisions of the General Resolution applicable to Prior Requirements Mortgage Loans require that (a) the promissory note for each Prior Requirements Mortgage Loan be endorsed to the Agency, and the Prior Requirements Mortgage Loan be assigned to the Agency and constitute a valid first mortgage lien (or, with respect to a cooperative unit, the loan 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); (b) each Prior Requirements Mortgage Loan relates to a one-to-four-unit residential structure that is or will be occupied as a permanent residence of the Mortgagor; (c) each Prior Requirements Mortgage Loan has a loan-to-value ratio of 95% or less, unless such Prior Requirements Mortgage Loan is the subject of insurance or guaranty by the Federal Housing Administration or the Veterans Administration; (d) each Prior Requirements Mortgage Loan with a loan-to-value ratio greater than 80% (i) be insured at the time of origination down to 72% of the value of the property by the MIF or by a private PMI provider licensed to do business in the State and qualified to insure single-family mortgages purchased by the Federal Home Loan Mortgage Corporation ("Freddie Mac") or (ii) be the subject of insurance or guaranty by the Federal Housing Administration or the Veterans Administration; and (e) each Prior Requirements Mortgage Loan be covered under a mortgage pool insurance policy. See "The Program" for a description of the Program and its status. See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures—Mortgage Pool Insurance Policies" and "—PMI Programs" for a description of the mortgage pool insurance policies and PMI programs covering the Mortgage Loans. As of July 31, 2015, over half of the aggregate principal amount of outstanding Mortgage Loans are not subject to a PMI Policy. See Appendix D — "Certain Agency Financial Information and Operating Data — PMI Coverage."

SPD Mortgage Loans. As of July 31, 2015, the outstanding aggregate principal amount of SPD Mortgage Loans comprised more than 99% of the aggregate principal amount of all outstanding Mortgage Loans. See Part 2 Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loan Terms — Age of Mortgage Loan Portfolio."

After the Amendment Effective Date, the general requirements for the characteristics of Mortgage Loans in the General Resolution will be superseded with respect to Mortgage Loans financed by a Series of Bonds if Series Program Determinations are determined (or provisions for determining the Series Program Determinations at certain specified times in the future are set forth) with respect to such Series of Bonds. If such Series Program Determinations are not established, the Mortgage Loans financed by the applicable Series of Bonds will be Prior Requirements Mortgage Loans. The Series Program Determinations generally include the following: (i) whether each SPD Mortgage Loan will be secured by a first lien mortgage, a second lien mortgage, or a combination thereof; (ii) whether each SPD 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 SPD Mortgage Loan; (iv) whether each residence to which each SPD 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 SPD 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 Supplemental Mortgage Coverage; (viii) provisions relating to Principal Prepayments, including application thereof for redemption or financing new Mortgage Loans; (ix) restrictions, if any, on the applications of the proceeds of the voluntary sale of Mortgage Loans; and (x) 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.

The Series Resolution with respect to the Twenty-Fourth Series Bonds, the Twenty-Fifth Series Bonds, the Twenty-Seventh Series Bonds, and all subsequent Series of Bonds, and certain other Prior Series Bonds (the "SPD Mortgage Loan Series") sets forth the following Series Program Determinations for SPD Mortgage Loans purchased or to be purchased with the moneys attributable to the SPD Mortgage Loan Series: (a) each residence to which each SPD Mortgage Loan relates must be a principal residence; (b) the promissory note for each SPD Mortgage Loan must be endorsed to the Agency, each SPD Mortgage Loan must be assigned to the Agency, and the SPD Mortgage Loan must constitute a valid first or second 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 SPD Mortgage Loan must relate to a one-to-four-unit residential structure or condominium or cooperative unit; (d) each SPD Mortgage Loan must be for a term not exceeding 30 or 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) (however, payments may not be required in connection with certain Mortgage Loans that provide downpayment or closing costs assistance); (e) that SPD Mortgage Loans may 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 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; and (f) in the case of an SPD Mortgage Loan initially required to be covered by PMI, the remainder of (i) the principal balance of such SPD 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 SPD Mortgage Loan is less than or equal to 80% of the original value of the mortgaged property or when the SPD Mortgage Loan reaches the midpoint of its amortization schedule, whichever occurs first. Such Series Resolutions provide that such SPD Mortgage Loans may be guaranteed by the United States Department of Veterans Affairs, formerly the Veterans Administration (the "VA"). No Supplemental Mortgage Coverage is required with respect to second lien Mortgage Loans made in connection with first lien Mortgage Loans. Series Program Determinations may be amended by the Agency at any time if, in addition to certain other requirements, such amendment, in and of itself, will not adversely affect the then-existing rating assigned to the Bonds by Moody's. Series Program Determinations for SPD Mortgage Loans to be purchased with proceeds attributable to any Additional Bonds will be determined at the time that such Additional Bonds are issued, and may include authority to finance home improvement loans. However, the Agency has never purchased, and does not currently intend to purchase, any home improvement loans.

The Series Program Determinations for the SPD Mortgage Loan Series 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 Mortgage Loans. Also see Part 1 "Sources of Payment and Security for the Bonds — Mortgage Insurance." As of July 31, 2015, over half of the aggregate principal amount of outstanding Mortgage Loans are not subject to a PMI Policy. See Appendix D — "Certain Agency Financial Information and Operating Data — PMI Coverage."

The Series Resolutions for the SPD Mortgage Loan Series provide that the Agency may provide for alternative Supplemental Mortgage Coverage if such alternative coverage will not adversely affect the then-existing rating assigned to the applicable Series of Bonds by Moody's. Supplemental Mortgage Coverage is permitted to be in the form, among others, of (a) cash or Investment Obligations or (b) cash equivalents 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 Mortgage Loans originally financed with proceeds of the First through Eighth Series Bonds, and *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 related 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, see Appendix D — "Certain Agency Financial Information and Operating Data—Mortgage Loans—Delinquencies." See Appendix D — "Certain Agency Financial Information and Operating Data—Mortgage Loans—Mortgage Pool Insurance Coverage" for certain information regarding claims made under mortgage pool insurance policies covering all Mortgage Loans pledged as security for the Bonds. See also "The Program—Mortgage Loan Servicing" and the table of principal servicers set forth in Appendix C to this Part 2.

Pledged CCALs

Pledged CCALs are Pledged Property under the Resolution and any receipts received in connection with the Pledged CCALs are Revenues, but not Principal Prepayments, under the Resolution. The Pledged CCALs are interest-free loans and principal payments on each 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 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 the "Debt Reserve Requirement" for the Debt Reserve Fund is 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 4% of the sum of (i) the outstanding principal balance of Mortgage Loans and (ii) the amount on deposit in the Acquisition Fund. For information regarding the investment of amounts on deposit in the Debt Reserve Fund and the Mortgage Reserve Fund, see Appendix D — "Certain Agency Financial Information and Operating Data—Debt Reserve Fund and Mortgage Reserve Fund."

If the Agency shall fail to make available 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 for such purpose are insufficient to make such payment, to apply moneys 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 payment date, the Trustee is required to withdraw moneys (to the extent moneys are available) from the Revenue Fund for deposit to the credit of such 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 be replenished by the State.

Mortgage Reserve Fund

The General Resolution provides that as of any particular date of calculation the "Mortgage Reserve Requirement" for the Mortgage Reserve Fund is 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 1% of the sum of the outstanding principal balance of Mortgage Loans plus the amount on deposit in the Acquisition Fund. For information regarding the investment of amounts on deposit in the Debt Reserve Fund and the Mortgage Reserve Fund, see Appendix D — "Certain Agency Financial Information and Operating Data—Debt Reserve Fund and Mortgage Reserve Fund."

If the Agency shall fail to make available 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 for such purpose (other than the Debt Reserve Fund) are insufficient to make such payment, to apply moneys from the Mortgage 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 "—Mortgage Reserve Fund."

If necessary to restore the amount on deposit in the Mortgage Reserve Fund to the Mortgage Reserve Requirement, as of each interest payment date, the Trustee is required to withdraw moneys (to the extent moneys are available) from the Revenue Fund for deposit to the credit of such Fund. There is no requirement that withdrawals from the Mortgage Reserve Fund be restored by the Agency from its assets not pledged under the General Resolution or be replenished by the State.

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." The General Resolution also provides that the Agency, so long as any Bonds shall be Outstanding, shall not issue any other obligations secured by any pledge of or other lien or charge on the Pledged Property, nor shall the Agency create or cause to be created any such lien or charge on the Pledged Property. *However,* under the General Resolution the Agency shall not be prevented from issuing any obligations that 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 the Agency shall have on file with the Trustee a current Cash Flow Statement (i) whenever any Series of Bonds is issued, (ii) annually as of the close of each Fiscal Year within 90 days after the close of such Fiscal Year, (iii) upon purchase or redemption of Bonds pursuant to a method determined by the Agency other than on a reasonably proportionate basis among all maturities, and (iv) prior to transferring Revenues in the General Fund to the Agency pursuant to the General Resolution.

A Cash Flow Statement shall consist of a certificate of an Authorized Representative of the Agency giving effect to the action proposed to be taken (if any) and demonstrating in the current and each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that amounts 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 the Funds and Accounts maintained under the General Resolution in each such Fiscal Year for the payment of the principal and Redemption Price of, and interest on, the Bonds and for the funding of the Debt Reserve Fund, Mortgage Reserve Fund, and Expense Fund to their respective Requirements. The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based, and, after issuing any Cash Flow Statement, the Agency shall administer the Program and perform its obligations under the General Resolution in accordance with the assumptions set forth in such Cash Flow Statement in all material respects until such time as a new or amended Cash Flow Statement shall be issued. 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. The Agency shall be precluded from taking the actions described or referenced in clauses (i), (iii), and (iv) 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.

STATUS OF OUTSTANDING MORTGAGE REVENUE BONDS†

MORTGAGE REVENUE BONDS
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(000s)

	For the Nine Months Ending July 31, 2015[(2)] (Unaudited)	For the Year Ended October 31, 2014[(1)]
Revenues		
Interest earned on mortgages	$ 24,518	$ 35,794
Investment income	1,616	1,780
Net change in fair value of investments	(833)	(1,105)
Total operating revenues	$ 25,301	$ 36,469
Expenses		
Interest and amortization of expenses	$ 15,338	$ 26,081
General expenses	122	176
Pool insurance	55	91
Other	(75)	1,223
Total expenses	$ 15,440	$ 27,571
Excess of revenues over expenses before extraordinary items and interfund transfers	$ 9,861	$ 8,898
Net position, beginning of period	171,086	162,188
Net position, end of period	$ 180,947	$ 171,086

MORTGAGE REVENUE BONDS
CONDENSED STATEMENT OF NET POSITION[(3)]
(000s)

	For the Nine Months Ending July 31, 2015[(2)] (Unaudited)	October 31, 2014[(1)]
Assets		
Current Assets:		
Cash and investments	$85,975	$51,237
Mortgage loans receivable	68,128	70,593
Accrued interest receivable	4,584	4,422
Other assets	2,013	1,777
Total current assets	$160,700	$128,029
Noncurrent Assets:		
Investments	$21,067	$28,022
Mortgage loans receivable	626,912	673,084
Total non-current assets	647,979	701,106
Total assets	$808,679	$829,135
Liabilities		
Current Liabilities		
Bonds payable	$14,715	$23,465
Accrued interest payables	6,557	1,883
Unearned income, accounts payable and other liabilities	1,575	1,916
Total current liabilities	$22,847	$27,264
Noncurrent Liabilities		
Bonds payable	$604,885	$630,785
Total non-current liabilities	$604,885	$630,785
Total liabilities	$627,732	$658,049
Total net position	$180,947	$171,086

† 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, 2014 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.

(3) On October 6, 2015, in its most recent report regarding Rating Action with respect to Bonds, Moody's stated that the Agency's October 31, 2014 audited financial statements demonstrated with respect to Bonds and the Program a program asset to debt ratio (PADR) of 1.26 with Moody's adjustments.

SCHEDULE OF OUTSTANDING MORTGAGE REVENUE BONDS BY MATURITY
As of July 31, 2015

Due	Serial Bonds	Term Bonds[1]	Total Bonds
2015	$ 12,195,000	$ 0	$ 12,195,000
2016	20,335,000	0	20,335,000
2017	25,495,000	0	25,495,000
2018	15,505,000	0	15,505,000
2019	14,105,000	1,885,000	15,990,000
2020	12,625,000	5,780,000	18,405,000
2021	14,595,000	5,045,000	19,640,000
2022	8,540,000	12,000,000	20,540,000
2023	3,045,000	13,205,000	16,250,000
2024	0	16,180,000	16,180,000
2025	0	13,310,000	13,310,000
2026	0	10,220,000	10,220,000
2027	0	16,045,000	16,045,000
2028	0	14,200,000	14,200,000
2029	0	14,910,000	14,910,000
2030	0	16,800,000	16,800,000
2031	0	25,470,000	25,470,000
2032	0	26,460,000	26,460,000
2033	0	27,440,000	27,440,000
2034	0	28,445,000	28,445,000
2035	0	28,805,000	28,805,000
2036	0	29,100,000	29,100,000
2037	0	30,170,000	30,170,000
2038	0	30,110,000	30,110,000
2039	0	29,635,000	29,635,000
2040	0	32,170,000	32,170,000
2041	0	55,205,000	55,205,000
2042	0	2,715,000	2,715,000
2043	0	5,155,000	5,155,000
Unamortized bond premium			2,700,000
TOTAL	$126,440,000	$490,460,000	$619,600,000[2]

(1) Reflects Sinking Fund Requirements as principal due on Term Bonds and crediting of Sinking Fund Requirements in connection with Bond redemptions. See Part I "The Offered Bonds — General Redemption Provisions Applicable to Offered Bonds — Adjustments to and Credits Against Sinking Fund Requirements."

(2) On August 20, 2015, the Agency redeemed $25,630,000 aggregate principal amount of Bonds, including $10,145,000 October 1, 2015 scheduled maturities and Sinking Fund Requirements. In addition to paying the remaining October 1, 2015 scheduled Bond maturities and Sinking Fund Requirements, the Agency expects, in connection with the issuance of the Offered Bonds, to redeem approximately $25,570,000 aggregate principal amount of Bonds within 90 days of the date of issuance of the Offered Bonds.

SCHEDULE OF OUTSTANDING MORTGAGE REVENUE BONDS BY SERIES
As of July 31, 2015

Series[2]	Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
35th	$ 62,760,000	$ 5,755,000	4.5%-4.65%	2030
39th	57,385,000	46,255,000	3.25%-5%	2028
40th	22,615,000	10,040,000	2.375%-3.125%	2017
38th B	30,000,000	27,520,000	3.07%	2041
41st	14,820,000	13,650,000	1.7%-4%	2028
42nd	5,180,000	2,385,000	1.7%-2.5%	2018
43rd	14,330,000	2,825,000	1.7%-2.3%	2017
44th	38,555,000	29,650,000	3.4%-4.35%	2024
38th C	66,000,000	57,240,000	3.01%	2041
45th	44,000,000	32,500,000	1.95%-4.5%	2029
38th D	138,110,000	123,630,000	3.55%	2041
38th E	35,000,000	31,340,000	3.55%	2035
46th	97,855,000	47,135,000	2.2%-5%	2029
48th	110,905,000	105,640,000	2.625%-3.75%	2041
49th	54,755,000	54,755,000	2.45%-4%	2043
50th	33,165,000	26,580,000	0.7%-3.15%	2027
Unamortized bond premium		2,700,000		
TOTAL	$825,435,000	$619,600,000[1]		

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(1) On August 20, 2015, the Agency redeemed $25,630,000 aggregate principal amount of Bonds, including $10,145,000 October 1, 2015 scheduled maturities and Sinking Fund Requirements. In addition to paying the remaining October 1, 2015 scheduled Bond maturities and Sinking Fund Requirements, the Agency expects, in connection with the issuance of the Offered Bonds, to redeem approximately $25,570,000 aggregate principal amount of Bonds within 90 days of the date of issuance of the Offered Bonds.

(2) For the respective dates of issuance or fixed rate conversion, as applicable, of each Series of Bonds (other than the Thirty-Eighth, Subseries E, Forty-Third and Forty Fourth Series Bonds) see the column "Bond Delivery Date" to the chart under the heading Mortgage Loans — Principal Amounts and Interest Rate of Mortgage Loans and Amounts Available to Finance Mortgage Loans" in Appendix D to this Part 2. Since the Thirty-Eighth, Subseries E, Forty-Third and Forty Fourth Series Bonds did not finance new Mortgage Loans, no information with respect to such Bonds (including the applicable fixed rate conversion date or date of issuance) is included in the aforementioned chart. The interest rates on the Thirty-Eighth, Subseries E Bonds were converted to fixed interest rates on March 31, 2011. The Forty-Third and Forty Forth Series Bonds were issued on September 30, 2010.

SCHEDULE OF MORTGAGE REVENUE BONDS OUTSTANDING BY COUPON
As of July 31, 2015

Bond Coupon	Bond Principal	Cumulative Bond Principal
5.000%	$ 25,520,000	$ 25,5200,000
4.650	470,000	25,990,000
4.500	8,980,000	34,970,000
4.400	1,640,000	36,610,000
4.350	7,515,000	44,125,000
4.250	25,950,000	70,075,000
4.150	3,470,000	73,545,000
4.100	14,270,000	87,815,000
4.000	31,545,000	119,360,000
3.950	6,705,000	126,065,000
3.900	8,370,000	134,435,000
3.800	18,620,000	153,055,000
3.750	11,325,000	164,380,000
3.700	49,485,000	213,865,000
3.650	2,195,000	216,060,000
3.625	8,650,000	224,710,000
3.550	171,625,000	396,335,000
3.450	31,975,000	428,310,000
3.400	3,310,000	431,620,000
3.300	1,195,000	432,815,000
3.250	13,475,000	446,290,000
3.200	2,410,000	448,700,000
3.150	7,330,000	456,030,000
3.125	2,520,000	458,550,000
3.100	8,305,000	466,855,000
3.070	27,520,000	494,375,000
3.010	57,240,000	551,615,000
3.000	1,950,000	553,565,000
2.950	80,000	553,645,000
2.900	1,115,000	554,760,000
2.875	1,900,000	556,660,000
2.850	2,790,000	559,450,000
2.750	1,855,000	561,305,000
2.625	13,870,000	575,175,000
2.600	1,060,000	576,235,000
2.500	520,000	576,755,000
2.450	4,175,000	580,930,000
2.375	1,815,000	582,745,000
2.350	290,000	583,035,000
2.300	3,350,000	586,385,000
2.250	1,165,000	587,550,000
2.200	2,615,000	590,165,000
2.050	465,000	590,630,000
2.000	1,335,000	591,965,000
1.950	965,000	592,930,000
1.700	2,845,000	595,775,000
1.150	7,950,000	603,725,000
1.050	1,840,000	605,565,000
1.000	1,560,000	607,125,000

Bond Coupon	Bond Principal	Cumulative Bond Principal
0.850%	$5,820,000	$612,945,000
0.700	3,955,000	616,900,000
Unamortized bond premium	2,700,000	
Grand Total	$619,600,000[(1)]	

(1) On August 20, 2015, the Agency redeemed $25,630,000 aggregate principal amount of Bonds, including $10,145,000 October 1, 2015 scheduled maturities and Sinking Fund Requirements. In addition to paying the remaining October 1, 2015 scheduled Bond maturities and Sinking Fund Requirements, the Agency expects, in connection with the issuance of the Offered Bonds, to redeem approximately $25,570,000 aggregate principal amount of Bonds within 90 days of the date of issuance of the Offered Bonds.

THE PROGRAM

The Agency finances mortgage loans with Bond proceeds, proceeds of its Homeowner Mortgage Revenue Bonds and other moneys available under the General Resolution or the HMB Resolution (collectively, "Mortgage Financing Moneys"), principally through two programs - the low interest rate program (the "Low Interest Rate Mortgage Program") and the Achieving the Dream Program, each as described under, as applicable, this heading and the subheading "Other Mortgage Loan Program" below. 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 RemodelNY 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.

The Agency finances mortgage loans under two general resolutions: the Resolution and the HMB General Resolution (as defined below). Since 2005, the majority of the Agency's single-family lending activity has been under the HMB General Resolution, but periodically the Agency has elected to utilize the Resolution to fund its programs. In addition, the Agency also provides mortgage loans through its FHA Plus and Fannie Mae Conventional Plus Programs. See "Other Agency Programs — FHA Plus and Fannie Mae Conventional Plus Programs." The Agency does not provide financings for such mortgage loans and does not own the 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 or entity providing such insurance. The Agency allows each Mortgage Lender to underwrite pursuant to the Seller's Guide manual (and subsequent lender announcements) methodology or to utilize the automated underwriting system of either, at the Mortgage Lender's option, Fannie Mae or the Freddie Mac.

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.

SONYMA has implemented its SONYMA Express® automated underwriting and compliance system (the "System") with two of its highest producing participating lenders. New loan reservations taken by these lenders will follow the same process described above except that the lenders will no longer submit loans through the Fannie Mae or Freddie Mac automated underwriting systems. Loan reservations taken by these lenders prior to implementation as well as by all other lenders will continue to use the process described above. The System is designed to evaluate the credit, financial resources and payment ability of a potential mortgagor using SONYMA's existing underwriting guidelines. It will also evaluate the tax return data of the mortgagor, property data and other information to determine compliance with the Code.

Term. Each Mortgage Loan will have a term of thirty years. Borrowers who submitted a Mortgage Loan reservation between April 2007 and August 30, 2012 had the option of selecting a Mortgage Loan with a term of either 30 or 40 years. Prior to April 2007, the Agency offered Mortgage Loans with a term of 20, 25 or 30 years. Each Mortgage Loan is fully amortizing. The Agency reserves the right to offer, at any time, Mortgage Loans with terms other than those reflected under this subheading. See Appendix D— "Certain Agency Financial Information and Operating Data — Mortgage Loan Terms" for the approximate current unpaid principal balance of Mortgage Loans based upon their term to maturity at the time of origination.

Income to Debt Ratios. In the Low Interest Rate Mortgage Program, the maximum ratio of a Borrower's monthly housing debt payments to gross monthly income and 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 — Loan-to-Value Ratios" 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."

Mortgagor Education. The Agency requires Mortgagors seeking Mortgage Loans with high LTVs to complete face-to-face homebuyer counseling from a HUD-approved not-for-profit counseling service. Further, any Mortgagor opting for a DPAL or whose Mortgage Loan is financed under the Achieving the Dream Program, the RemodelNY 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. Previously, each Mortgage Loan applicant was required to pay a 1% deposit 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 deposit was to be refunded by the Mortgage Lender to the Mortgagor at the Mortgage Loan closing. Effective for all Mortgage Loans registered on or after August 14, 2015, the lock in deposit requirement was eliminated and is no longer collected by the Mortgage Lender. 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"). Though the Agency no longer offers CCALs, it has offered (since January 1, 2010) Down Payment Assistance Loans ("DPALs") secured by a second lien (referred to herein as Second Lien 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. The Pledged CCALs (CCALs provided by the Agency prior to January 1, 2010) and the Second Lien DPALs are interest-free loans and the Agency will recover a declining portion of the principal amount of any Pledged CCAL or any such Second Lien DPAL only if the borrower sells the related property or refinances at a gain during the first ten years of the loan term. Absent such sale or refinancing, the principal balance of a Pledged CCALs and Second Lien DPALs is forgiven after ten years. DPALs are available for Mortgage Loans originated under any Agency loan program.

Second Lien DPALs are Mortgage Loans under the Resolution. See "The Program — Second Lien Loans" in this Part 2. However, Pledged CCALs, though part of the Pledged Property under the Resolution, are not Mortgage Loans. The Agency has not assumed the receipt of principal payments on Second Lien DPALs or Pledged CCALs when preparing Cash Flow Statements required under the Resolution, notwithstanding that any principal recoveries will be treated under the Resolution as (i) Principal Prepayments if recovered under any Second Lien DPALs, or (ii) Revenues if recovered under Pledged CCALs. 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 been, or a DPAL has been 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. For a discussion of State foreclosure procedures, including certain Agency practices and recent changes thereto that are intended to expedite mortgage loan foreclosures and related loan modifications, see Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — New York Foreclosure Procedures and Federal Bankruptcy Law" to this Part 2.

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.

There have been significant increases in the elapsed time between an Agency mortgage loan (including Mortgage Loans financed under the Resolution) becoming 90+ days delinquent and the commencement of a foreclosure proceeding, as well as the time elapsed between the commencement and completion of a foreclosure proceeding. With respect to such mortgage loans foreclosed between January 1, 2015 and July 31, 2015, an average of 1,216 days elapsed between the date of default and the date foreclosure proceedings were completed. In contrast, with respect to Agency mortgage loans (including Mortgage Loans financed under the Resolution) foreclosed in 2009, 2010, 2011, 2012, 2013 and 2014 an average of, respectively, 502 days, 644 days and 803 days, 931 days, 1,071 and 1,171 days elapsed between such dates. For a discussion of State foreclosure procedures, including certain Agency practices and recent changes thereto that are intended to expedite mortgage loan foreclosures and related loan modifications, see Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — New York Foreclosure Procedures and Federal Bankruptcy Law" to this Part 2. See Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans — Delinquencies" to this Part 2 for information regarding delinquencies and foreclosures of Mortgage Loans.

M&T Bank is the Servicer for approximately 64.6% of the principal amount of all Mortgage Loans. See Appendix C — "Servicers of Mortgage Loans" to this Part 2 for information about the current Servicers of Mortgage Loans.

Various Federal, State, banking and investor entities, including the Attorney General of the State, have initiated or settled enforcement actions or lawsuits against certain mortgage loan servicers alleging, among other things, irregularities in mortgage servicing and foreclosure activities. HSBC Bank, USA, N.A. ("HSBCBANK"), J.P. Morgan Chase & Co. ("Chase") and Citigroup, Inc. have been among the targets of such actions and lawsuits and each (or its respective affiliates), as of July 31, 2015, serviced, respectively, 9.5%, 8.6% and 4.1% aggregate principal amount of the Mortgage Loans. These actions and lawsuits include a lawsuit filed in June 2013 by the State Attorney General against HSBCBANK and its affiliate HSBC Mortgage Corporation (USA) (collectively, "HSBC") alleging that HSBC is delaying the court-supervised settlement conference to which mortgagors whose homes are in foreclosure are entitled under State law. In October 2013 the State Attorney General settled enforcement actions against Bank of America Corp. and its affiliates ("BOA"), a former Servicer, for violating several servicing standards governing timelines for processing mortgagor applications for loan modifications. These servicing standards were mandated as part of the National Mortgage Settlement (the "Settlement") between the Federal Department of Justice, the State, 48 other states, and the five largest mortgage loan servicers. Further on August 20, 2014, it was reported that BOA reached a $16.65 billion settlement with the U.S. Department of Justice, certain federal agencies and six states relating to certain activities, including BOA's securitization, origination and sale of mortgage-backed securities and origination and servicing of FHA insured loans. The Agency is unable to predict what, if any, future effect any enforcement actions, lawsuits, and settlements will have on the operations of participating Servicers and whether other Servicers will be made the subject of such or similar enforcement actions, lawsuits or settlements or if the Servicers described above will be made the subject of additional enforcement actions, lawsuits and settlements.

The Agency terminated BOA as a Servicer, effective October 1, 2013, following its failure to cure violations of the Agency's servicing requirements and procedures. Such violations were identified by the Agency's internal audit staff during a periodic audit of BOA's Agency mortgage loan servicing portfolio. Prior to its termination, BOA serviced approximately 3.4% of mortgage loans. Mortgage loans previously serviced by BOA (including the Mortgage Loans that are assets pledged under the Resolution) were transferred to the

Agency's master Servicer, M&T Bank, as successor Servicer to BOA. Chase, a current Servicer of approximately 8.6% of Mortgage Loans, gave notice of its intention to resign as Servicer effective May 1, 2014. The Agency transferred 48% of the Chase mortgage loans (including the Mortgage Loans that are assets pledged under the Resolution) to M&T Bank, as successor Servicer to Chase. As of the date of this Official Statement, due to contractual reasons, approximately 52% of the mortgage loans Chase services have not been transferred to M&T Bank. At this time, the Agency is unable to determine if or when the remaining loans will be transferred to M&T Bank. Chase continues to service all of the Mortgage Loans that have not been transferred to M&T Bank. For information concerning the approximate aggregate principal amount of Mortgage Loans serviced by each Servicer as of July 31, 2015, see Appendix C — "Servicers of Mortgage Loans" to this Part 2.

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 or the Offered 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 Achieving the Dream Program, pursuant to which it is purchasing, and may continue to 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. Currently the majority of Mortgage Loans purchased by the Agency are purchased under the Achieving the Dream Program.

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 RemodelNY Program which provides mortgage financing for the purchase and renovation of one-or-two-family homes. Mortgage Lenders will be paid a Mortgage Lender fee equal to 2.5% of the principal balance for originating RemodelNY 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. In an effort to encourage broader participation among approved lenders, the Agency announced that it would, post-closing, administer and disburse the repair escrow on behalf of the Mortgagor effective April 14, 2015.

The Agency has established the Homes for Veterans Program, pursuant to which it may purchase a Mortgage Loan (i) bearing, as of June 1, 2012, the same interest rate as those purchased under the Achieving the Dream Program, although such Mortgage Loans 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 finance Mortgage Loans secured by a second lien only when such second lien loans are purchased or originated by the Agency and made at the same time as a first lien loan purchased by either the Agency or a government sponsored enterprise. Second Lien DPALs are DPALs financed by the Agency with the proceeds of Bonds on or after January 1, 2010 and are Mortgage Loans 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. Pledged CCALs, however, are not Mortgage Loans. See "The Program — Down Payment Assistance and Closing Cost Assistance Loans" above. Also see Part 1 "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — Mortgages."

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

Since 2008, the Federal government has undertaken a number of measures designed to address the current economic conditions 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

Homeowner Mortgage Revenue Bond Resolution Forward Commitment Program

Beginning in 1987, the Agency has issued its Homeowner Mortgage Revenue Bonds, which include both taxable and tax-exempt bonds, under its HMB Resolution, for the purpose of purchasing mortgage loans from originating lenders across the State on the condition that such mortgage loans were made after the issuance of the series of bonds used to purchase such mortgage loans and in contemplation of a sale to the Agency and that such mortgage loans satisfied the loan eligibility criteria applicable to the Mortgage Loans purchased by the Agency under the Low Interest Rate Mortgage Program. The Agency also finances mortgage loans for the programs described under "The Program — Other Mortgage Loan Programs" under the HMB Resolution. In connection with its Low Interest Rate Mortgage Program, Achieving the Dream Program, Construction Incentive Program, and RemodelNY Program under the HMB Resolution, the Agency may allocate a portion of the amounts available to purchase mortgage loans to acquire mortgage loans (i) bearing interest at rates that are substantially lower than those with respect to other mortgage loans purchased, (ii) made to mortgagors whose incomes are substantially lower than those of other mortgagors and who have not been able to qualify as mortgagors at the mortgage loan interest rate generally available from the Agency, or (iii) with respect to which the Agency may provide downpayment and closing cost assistance in the form of grants or subordinated loans.

As of July 31, 2015, the Agency had issued approximately $10,601,261,000 aggregate principal amount of bonds under the HMB Resolution, of which approximately $2,033,090,000 were outstanding, not including premium, as of such date. Proceeds attributable to such bonds were used to acquire mortgage loans with an approximate outstanding aggregate principal balance of $1.9 billion as of July 31, 2015.

Low Downpayment—Conventional Rate Mortgage Program

The Agency has issued bonds under its Homeownership Mortgage Revenue Bonds, Low Downpayment—Conventional Rate Mortgage Program (the "Low Downpayment Program"), though no such bonds are currently outstanding. The interest on bonds issued under the Low Downpayment Program was included in gross income for Federal income tax purposes, and such bonds were sold through private placement and were secured separately from the Bonds. Proceeds of such bonds were used to purchase conventional-rate mortgage loans with an outstanding aggregate principal amount of $3.6 million, as of July 31, 2015. The Low Downpayment Program was designed to assist certain homebuyers who may not qualify for a mortgage loan under the Low Interest Rate Mortgage Program. Potential mortgagors under the Low Downpayment Program were permitted to finance up to a maximum of 100% of the purchase price of their home with a mortgage loan financed through the Low Downpayment Program.

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 — Mortgage Pool Insurance Policies — MIF." 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 as described in the table in Appendix D — "Certain Agency Financial Information and Operating Data — 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 HMB 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.

FHA Plus and Fannie Mae Conventional Plus Programs

The Agency's FHA Plus Program and Fannie Mae Conventional Plus Program both enable the Agency to further its statutory mission without issuing bonds. Under the FHA Plus and Conventional Plus Programs, borrowers receive, depending on the program selected, a FHA-insured mortgage loan or a Fannie Mae MyCommunityMortgage® to acquire or refinance a home. The Agency provides down payment assistance to requesting borrowers. While the mortgage loans originated under either program are not financed with Agency moneys, the down payment assistance loans are financed with unrestricted Agency funds.

Once originated, the mortgage loans and accompanying down payment assistance loans (if any) are sold to M&T Bank, the master servicer for both programs. Loans (other than those providing down payment assistance) are then pooled by M&T Bank into Ginnie Mae mortgage-backed securities (if originated under the FHA Plus Program) or Fannie Mae mortgage-backed securities (if originated under the Conventional Plus Program). The Agency retains ownership of down payment assistance loans, but not the mortgage loans, originated under either program. Participation in either program is not limited to first-time homebuyers and neither imposes any purchase price limits on eligible residences. The FHA Plus Program, in addition, does not require eligible borrowers to satisfy any household income limits (the income limits under the Conventional Plus Program are the higher of those imposed under the Low Interest Rate Program or allowed by Fannie Mae).

None of the mortgage loans and down payment assistance loans originated under the FHA Plus Program or the Fannie Mae Conventional Plus Program are financed with moneys pledged under the Resolution or under the HMB Resolution. Consequently, such loans (and any payments of principal and interest thereon) do not serve as security for any Agency bonds (including Bonds issued under the Resolution).

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 as 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 $11,075,000 were outstanding as of July 31, 2015.

The Agency does not expect to finance new education loans under the NYHELPs Program unless additional funding is provided. The NYHELPs Program is being evaluated to determine how it can best serve New York State students and families.

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:

"Accreted Value" means, with respect to any Discount Bond, the initial reoffering price or initial principal amount at which such Discount Bond is offered for sale to the public or sold to the initial purchaser thereof at the time of sale thereof by the Agency, without reduction to reflect underwriter's discount or placement agent's fees, compounded from the date of delivery of such Discount Bond semiannually on each interest payment date prior to the date of calculation (and including such date of calculation if such date of calculation shall be an interest payment date) at the original issue yield to maturity, less, with respect to Discount Bonds with interest payable on a current basis, interest paid and payable during such period, plus, if such date of calculation shall not be an interest payment date, a portion of the difference between the Accreted Value as of the immediately preceding interest payment date and the Accreted Value as of the immediately succeeding interest payment date calculated based upon an assumption that Accreted Value accrues during any semiannual period in equal daily amounts, *provided, however,* that the calculation of Accreted Value for purposes of actions, requests, notifications, consents or direction of Bondowners under the Resolution shall be based upon the Accreted Value calculated as of the interest payment date immediately preceding such date of calculation (unless such date of calculation shall be an interest payment date, in which case calculated as of the date of calculation).

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

"Amortized Value" means, for securities purchased at 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.

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

"Costs of Issuance" means all items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of the Bonds, as certified by an Authorized Representative, including but not limited to expenses of printing, reproducing documents, filing and recording fees, initial fees and charges of the Trustee, Pool Insurer and any entity providing special hazard insurance, legal and other professional services and consultation, credit rating, the execution, transportation and safekeeping of the Bonds and any other cost, charge or fee in connection with the foregoing.

"Counsel's Opinion" means an opinion 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 four per centum (4%) of the sum of (i) the outstanding principal balance of Mortgage Loans and (ii) the amount on deposit in the Acquisition Fund. To the extent and at the time the proceeds of or attributable to a Series of Bonds are used to pay the principal of Bonds of any other Series of Bonds (the "Paid Bonds") (whether at maturity or upon redemption) (the "Payment"), the amounts referred to in (i) and (ii) allocable to the Paid Bonds shall instead be allocable to the Series of Bonds from which such payment is derived. "Allocable" shall be determined separately for each Series of Bonds of which Paid Bonds are a part, as follows: the product of (i) the outstanding principal balance, as of the date of Payment, or as of the most recent date for which information is available, of the Mortgage Loans financed by the Series of Bonds of which the applicable Paid Bonds are a part and (ii) the fraction, the numerator of which is the principal amount of the Paid Bonds and the denominator of which is the principal amount of the entire Series of Bonds of which the Paid Bonds are a part Outstanding prior to the Payment.

"Discount Bonds" means (i) any Bond or Bonds offered for sale to the public or sold to the initial purchaser thereof at the time of sale thereof by the Agency at an initial reoffering price or initial principal amount of less than 97% of the principal amount at maturity thereof, without reduction to reflect underwriter's discount or placement agent's fees, and (ii) any other Bond or Bonds designated as Discount Bonds by the Series Resolution authorizing the issuance of each such Series of Bonds.

"Expense Requirement" means for any Fiscal Year 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 for any such Fiscal Year to the amount required to provide for payment of the Trustee's annual fees and the annual fees of all Pool Insurers during such Fiscal Year, but not to exceed in the aggregate for any such Fiscal Year five-tenths of one per centum (.50%) of the maximum outstanding principal balance of Mortgage Loans calculated as of the April 1 or October 1 within such Fiscal Year.

"Fiscal Year" means the year beginning on the first day of April and ending on the last day of March 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.

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

"Investment Obligations" means, to the extent authorized by the Act for investment of moneys of the Agency, (i) Government Obligations or obligations of any state of the United States of America or any political subdivision of such state, payment of which is secured by an irrevocable pledge of such Government Obligations; (ii) bonds, debentures or other obligations issued by Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Tennessee Valley Authority, the United States Postal Service, Federal National Mortgage Association, Federal Farm System Obligations, Freddie Mac, International Bank for Reconstruction and Development or Inter-American Development Bank; (iii) any other obligations of an agency controlled or supervised by and 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 or the Federal Savings and Loan Insurance Corporation, by any of the obligations described in (i), (ii) or (iii) above having a market value (exclusive of accrued interest) not less than the uninsured amount of such deposit or (b) secured to the extent, if any, required by the Agency and made with an institution whose debt securities are rated at least AA (or equivalent rating of short-term obligations if the investment is for a period not exceeding one year) by Standard & Poor's Corporation or equivalent rating by any nationally recognized rating agency; (vi) repurchase agreements backed by or related to obligations described in (i), (ii) or (iii) above with any institution whose debt securities are rated at least AA (or equivalent rating of short-term obligations if the investment is for a period not exceeding one year) by Standard & Poor's Corporation or equivalent rating by a nationally recognized rating agency; (vii) investment agreements, secured or unsecured as required by the Agency, with any institution whose debt securities are rated at least AA (or equivalent rating of short-term obligations if the investment is for a period not exceeding one year) by Standard & Poor's Corporation or equivalent rating by a nationally recognized rating agency; or (viii) any investments authorized in a Series Resolution authorizing Bonds rated by the rating agency or rating agencies then rating the currently Outstanding Bonds at the request of the Agency. The Agency expects to provide for Mortgage Loans to be eligible Investment Obligations in certain circumstances pursuant to the authorization described in clause (viii) of the definition of "Investment Obligations."

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 the rating agency or rating agencies then rating the Outstanding Bonds at the request of the Agency.

For purposes of this definition, "institution" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

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

"Mortgage Loan" means (i) any loan financed with amounts deposited in the Funds and Accounts (other than such 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 agreement or instrument evidencing an ownership interest in all or any portion of any such loan.

"Mortgage Pool Insurance Policy" means the insurance policy covering the Mortgage Loans, as required by the General Resolution, insuring losses on each Mortgage Loan in excess of the amount of coverage provided by primary mortgage insurance or guarantee on such Mortgage Loan with an aggregate amount of coverage at least equal to 10% of the aggregate original principal balances of all Mortgage Loans (less any claims made and paid for).

"Mortgage 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 one per centum (1%) of the sum of (i) the outstanding principal balance of Mortgage Loans and (ii) the amount on deposit to the credit of the

Acquisition Fund. To the extent and at the time the proceeds of or attributable to a Series of Bonds are used to pay the principal of Bonds of any other Series of Bonds (the "Paid Bonds") (whether at maturity or upon redemption) (the "Payment"), the amounts referred to in (i) and (ii) allocable to the Paid Bonds shall instead be allocable to the Series of Bonds from which such payment is derived. "Allocable" shall be determined separately for each Series of Bonds of which Paid Bonds are a part, as follows: the product of (i) the outstanding principal balance, as of the date of Payment, or as of the most recent date for which information is available, of the Mortgage Loans financed by the Series of Bonds of which the applicable Paid Bonds are a part, and (ii) the fraction, the numerator of which is the principal amount of the Paid Bonds, and the denominator of which is the principal amount of the entire Series of Bonds of which the Paid Bonds are a part Outstanding prior to the Payment.

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

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

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

(c) 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.

"Pledged Property" means the proceeds of the sale of the Bonds, Revenues and all other monies in all Funds and Accounts established under the General Resolution, including the investments, if any, thereof, and the earnings, if any, thereon until applied in accordance with the terms of the General Resolution; and all right, title and interest of the Agency in and to the Mortgage Loans; but excluding (i) any amounts paid or payable under the Mortgage Loans as to which the obligor is required to be given a credit under the provisions of the Code or that are subject to rebate to the United States as determined from time to time by the Agency pursuant to applicable Federal tax law and (ii) Mortgage Loan accrued interest not purchased by the Agency.

"Pool Insurer" means the issuer of the Mortgage Pool Insurance Policy related to the Mortgage Loans, *provided* that any such issuer shall be an insurance company or companies (i) qualified to do business in the State and to provide the Mortgage Pool Insurance Policy, (ii) whose claims-paying ability as determined by any nationally recognized rating agency is sufficient to support a rating on mortgage revenue bonds in one of the top two rating categories, and (iii) which is acceptable to the Trustee.

"Principal" means (a) as such term references the principal amount of a Discount Bond or Discount Bonds, and with respect to (i) actions, requests, notifications, consents or directions of Bondowners under Articles of the General Resolution relating to defaults and remedies, the Trustee, execution of instruments, proof of ownership, determination of concurrence of Bondowners and supplemental resolutions, (ii) required payment upon default or anticipated default pursuant to acceleration of maturity or otherwise, and (iii) the calculation of the percentage of Outstanding principal amounts of Bonds described in the provision related to the withdrawal of amounts from the General Fund free and clear of the lien of the General Resolution, the Accreted Value thereof, and (b) as such term references the principal amount of any other Bond or Bonds, and with respect to any other matters affecting a Discount Bond or Discount Bonds, the principal amount at maturity of such Bond or Bonds.

"Principal Prepayment" means any payment by a Mortgagor or other recovery of principal on a Mortgage Loan which is not applied to a scheduled installment of principal and interest on a Mortgage Loan (including any deficiency in the payment of any scheduled installments of principal and interest when due and payable or interest paid in connection with a voluntary prepayment of a 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.

"Revenues" means all moneys received by or on behalf of the Agency or Trustee representing (i) principal and interest payments on the Mortgage Loans including all Principal Prepayments representing the same and all prepayment premiums or penalties received in respect to the Mortgage Loans, (ii) proceeds of the sale of Mortgage Loans by or on behalf of the Agency, and (iii) interest earnings received on the investment of amounts in any Account or Fund. In addition, amounts transferred from the Debt Reserve Fund and the Mortgage Reserve Fund to the Revenue Fund in accordance with the General Resolution are treated as Revenues under the General Resolution.

"Serial Bonds" means the Bonds which are stated to mature in consecutive annual or semiannual installments.

"Series Program Determinations" means, if set forth in a Series Resolution, determinations by the Agency relating to Mortgage Loans acquired and certain other matters in connection with the applicable Series of Bonds under the Program to be set forth (or provision to be determined at certain specified times in the future) in such 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 purchases 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) restrictions, if any, on the applications of the proceeds of the voluntary sale of Mortgage Loans; and (x) any other provision deemed advisable by the Agency not in conflict with the General Resolution.

"Sinking Fund Requirement" means, with respect to the Term Bonds of any Series and maturity and for each Fiscal Year or semiannual period within any Fiscal Year ending on an interest payment date, the respective principal amount fixed or computed for such Fiscal Year or period as provided in the General Resolution for the retirement of such Term Bonds by purchase or redemption (or by payment at maturity in the case of the final Sinking Fund Requirement for maturity).

The Sinking Fund Requirements for the Term Bonds of each Series for each Fiscal Year shall be initially the respective principal amounts (which shall be a multiple of $5,000) of such Bonds to be redeemed, or otherwise retired, on April 1 of the following Fiscal Year (with respect to Sinking Fund Requirements based on a Fiscal Year period) or the next succeeding interest payment date respectively (with respect to Sinking Fund Requirements based on semiannual periods), as fixed in the Series Resolution for such Series; *provided, however,* that if any additional Term Bonds of such Series shall be issued under the refunding provisions of the General Resolution, the respective Sinking Fund Requirements for the Term Bonds of such Series shall be increased in proportion as nearly as may be practicable to the increase in total principal amount of the Term Bonds of such Series. The aggregate amount of such Sinking Fund Requirements for the Term Bonds of the same Series and maturity shall be equal to the aggregate principal amount of the Term Bonds of such Series and maturity. The Sinking Fund Requirements for the Term Bonds of the same maturity of each Series shall begin in the Fiscal Year determined by the Agency and shall end with the Fiscal Year immediately preceding the maturity of such Term Bonds (such Sinking Fund Requirement being payable at maturity and not redeemed).

If at the close of any Fiscal Year or any semiannual period, as appropriate, the total principal amount of Term Bonds of any Series and maturity retired by purchase or redemption (or called for redemption under the provisions of the General Resolution) prior to the close of such Fiscal Year or such semiannual period, as applicable, shall be greater than the total amount of the Sinking Fund Requirements for such Bonds to and including such Fiscal Year or period, respectively, then the Sinking Fund Requirements for such Bonds for all subsequent Fiscal Years or periods, respectively, shall be reduced by the amount of such excess. The amount of the reduction of the Sinking Fund Requirements for each such subsequent Fiscal Year or period, as applicable, shall be in the same proportion, as nearly as practicable (the amount of such reduction in each Fiscal Year being in a multiple of $5,000), as the total amount of the reduction bears to the total amount of the Sinking Fund Requirements for all such subsequent Fiscal Years or periods, respectively. If at the close of any such Fiscal Year or period, as applicable, the total principal amount of the Term Bonds of any Series and maturity retired by purchase or redemption (or called for redemption under the provisions of the General Resolution) prior to the close of such Fiscal Year or period, respectively, shall be less than the total amount of the Sinking Fund Requirements for such Bonds of such Series to and including such Fiscal Year or period, respectively, then the Sinking Fund Requirement for such Bonds in the next ensuing Fiscal Year or period, respectively, shall be increased by the amount of such deficiency.

It shall be the duty of the Trustee, on or before the first day of April in each Fiscal Year (with respect to Sinking Fund Requirements based on a Fiscal Year period), or on or before each interest payment date in each Fiscal Year (with respect to Sinking Fund Requirements based on semiannual periods), to recompute, if necessary, the Sinking Fund Requirements for such Fiscal Year or semiannual period, respectively, beginning on such date and all subsequent Fiscal Years or periods, respectively, for the Term Bonds of each Series and maturity then Outstanding. The Sinking Fund Requirements for such Fiscal Year or period, as applicable, as so recomputed shall continue to be applicable during the balance of such period and no adjustment shall be made therein by reason of Term Bonds purchased or redeemed or called for redemption during such Fiscal Year.

"Supplemental Mortgage Coverage" 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, other than Serial Bonds, stated to be payable by their terms on one or more dates.

"Value of the Property" means the lower of (i) the appraised value of the property securing a Mortgage Loan at the time the Mortgage Loan is closed, such appraised value being the fair market value as determined by an appraiser acceptable to the Agency or (ii) the purchase price paid for the property securing a Mortgage Loan.

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, 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 purchase and acceptance of any and all of the Bonds issued under the General Resolution by those who shall hold the same from time to time, the General Resolution shall be deemed to be and shall constitute a contract between the Agency and the holders of the Bonds, and 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 holders of any and all of the Bonds, all of which, without regard to the time or times of the 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.

Issuance of Bonds

Each Series Resolution authorizing the issuance of a Series of Bonds shall specify and determine:

(a) The authorized principal amount of such Series of Bonds;

(b) The purposes for which such Series of Bonds are being issued which shall be one or more of the following purposes: (i) the purchase of Mortgage Loans, (ii) the making of such deposits in amounts, if any, required by the General Resolution or the Series Resolution to be paid into various Funds, or (iii) the refunding of Bonds;

(c) The maturity date or dates (which shall be either April 1 or October 1 or such other dates set forth in the applicable Series Resolution), the amounts of each maturity, and the interest payment dates of the Bonds of such Series;

(d) The interest rate or rates of the Bonds of such Series or method of determining the same;

(e) The denomination or denominations of, and the manner of dating, numbering and lettering the Bonds of each Series;

(f) In the case of Term Bonds, if any, provision for Sinking Fund Requirements;

(g) The Redemption Price or Redemption Prices, if any, the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including without limitation the method of selection for redemption as among maturities;

(h) The amounts to be deposited from the proceeds of such Series of Bonds in the Funds and Accounts created and established by the Resolution and the Series Resolution;

(i) That notwithstanding any other provision of the Series Resolution, upon issuance, sale and delivery of such Series of Bonds, so much of such proceeds of the Bonds of such Series credited to the Acquisition Fund shall be transferred to the Debt Reserve Fund so that the amount in such fund shall be at least equal to the Debt Reserve Requirement calculated immediately after the delivery of such Series of Bonds;

(j) That notwithstanding any other provision of the Series Resolution, upon sale and delivery of such Series of Bonds, so much of such proceeds of the Bonds of such Series credited to the Acquisition Fund shall be transferred to the Mortgage Reserve Fund so that the amount in such fund shall be at least equal to the Mortgage Reserve Requirement calculated immediately after the delivery of such Series of Bonds;

(k) The manner in which Bonds of such Series are to be sold and provisions for the sale thereof;

(l) The Series Program Determinations; and

(m) Any other provisions deemed advisable by the Agency not in conflict with the provisions of the General Resolution.

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 each Series of Bonds;

(b) a Counsel's Opinion stating in the opinion of such counsel that (i) the issuance of such Series of Bonds has been duly and validly authorized by the Agency, (ii) the General Resolution, as affected by the applicable Series Resolution, has been duly adopted and is in full force and effect, (iii) all conditions precedent to the delivery of said Bonds contained in the General Resolution have been fulfilled, and (iv) said Bonds and the General Resolution are valid and binding obligations of the Agency;

(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 apply the proceeds of said Bonds, together with any other available funds, as follows:

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

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

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

(v) an amount equal to all or any portion of the Expense Requirement to the extent set forth in the applicable Series Resolution shall be 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

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

Refunding Bonds

If at any time the Agency shall determine that the moneys in the Debt Service Fund available for such purpose will not be sufficient for paying at their maturity the Serial Bonds of any Series which will mature within one year thereafter, refunding Bonds of the Agency may be issued under and secured by the General Resolution for the purpose of providing funds for refunding such Bonds and, if deemed necessary by the Agency, for paying the interest to accrue thereon to their maturity and any expenses in connection with such refunding. Before any such refunding Bonds shall be issued, the Agency shall adopt a Series Resolution authorizing the issuance of such Bonds, fixing the amount and the details thereof, and describing the Bonds to be refunded. Such refunding Bonds shall be deemed to constitute a part of the Term Bonds, if any, of such Series and shall mature at the same time and shall be subject to redemption at the same times and prices as such Term Bonds or, in case all the Outstanding Bonds of such Series shall be Serial Bonds, such refunding Bonds shall mature in a year not earlier than one year after the last maturing installment of the Bonds of such Series, shall be deemed to be Term Bonds of such Series and shall be made redeemable at such times and prices (subject to the provisions of the General Resolution), all as may be provided by the Series Resolution authorizing the issuance of such Bonds.

Refunding Bonds of the Agency may also be issued under and secured by the General Resolution for the purpose of providing funds, with any other available funds, for (i) redeeming prior to their maturity or maturities, or retiring at their maturity or maturities, all of the Outstanding Bonds of any Series, including the payment of any redemption premium thereon, (ii) making any deposit to the Debt Reserve Fund required by this paragraph, and (iii) if deemed necessary by the Agency, for paying the interest to accrue thereon to the date fixed for their redemption and any expenses in connection with such refunding. Before any such refunding Bonds shall be issued, the Agency shall adopt a separate Series Resolution authorizing the issuance of each such Series of Bonds, fixing the amount and the details thereof and describing the Bonds to be redeemed. Except as to any differences in the maturities thereof 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 General 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 issuance of such Series of refunding Bonds has been duly and validly authorized by the Agency, (ii) the General Resolution, as affected by the applicable Series Resolution, has been duly adopted and is in full force and effect, (iii) all conditions precedent to the delivery of such Bonds contained in the General Resolution have been fulfilled, and (iv) said Bonds and the General Resolution are valid and binding obligations of the Agency;

(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 and the Debt Reserve 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 financing costs in connection with such refunding and to make any required deposit to the Debt Reserve Fund; and

(e) 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.

Simultaneously with the delivery of such refunding Bonds, the Trustee shall withdraw from (i) the Debt Service Fund an amount equal to the sum of the amounts deposited to the credit of such Fund under the General Resolution on account of the interest which is payable on the Bonds to be refunded on the next interest payment date of such Bonds and on account of the next maturing installment of principal of or the current Sinking Fund Requirement for the Bonds to be refunded and (ii) the Debt Reserve Fund an amount equal to the lesser of (a) the decrease, if any, in the Debt Reserve Requirement resulting from the issuance of such refunding Bonds or (b) the amount by which the amount held for the credit of the Debt Reserve Fund will exceed the Debt Reserve Requirement immediately after the issuance of such refunding Bonds. The amount so withdrawn, the proceeds (excluding accrued interest but including any premium) of such refunding Bonds and any other moneys which have been made available to the Trustee for such purpose, shall be held by the Trustee in trust for the sole and exclusive purpose of paying the principal of, redemption premium and interest on the Bonds to be refunded; *provided, however,* that such portion of the proceeds of such refunding Bonds as is specified in a certificate of an Authorized Representative shall be paid to the Agency to be used for the payment of expenses incident to the financing; and *provided further,* that an amount of such proceeds equal to the increase, if any, in the Debt Reserve Requirement resulting from the issuance of such refunding Bonds shall be deposited to the credit of the Debt Reserve Fund. Any part of the proceeds of such refunding Bonds which are not needed for the purpose of paying the principal of and the redemption premium, if any, on the Bonds to be refunded or any expenses in connection with such refunding or making the deposit to the credit of the Debt Reserve Fund mentioned hereinabove shall be deposited with the Trustee to the credit of the Revenue Fund. The amount received as accrued interest on such refunding Bonds shall be deposited with the Trustee to the credit of the Interest Account.

General Provisions as to Purchase or Redemption of Bonds

Pursuant to the General Resolution, the Trustee at the written direction of the Agency may at any time purchase Bonds:

(i) from amounts on deposit in the Revenue Fund representing payments of principal of Mortgage Loans, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal amount of such Bonds plus accrued interest;

(ii) from moneys on deposit in the Principal Account of the Debt Service Fund in satisfaction of Sinking Fund Requirements, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the Redemption Price (plus accrued interest to the date of redemption) which would be payable on the next redemption date; and

(iii) from moneys on deposit in the Special Redemption Account and the Optional Redemption Account, upon direction of the Agency, at the most advantageous Price obtainable with reasonable diligence, such price not to exceed the Redemption Price (plus accrued interest to the date of redemption) which would be payable on the next redemption date.

No such purchase shall be made from the Principal Account or Redemption Fund, *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.

The Trustee shall select the Bonds or portions of Bonds to be redeemed in accordance with the General Resolution and the applicable Series Resolution. Bonds to be purchased or redeemed other than by Sinking Fund Requirements and *except* as otherwise specified in the resolution authorizing the first Series of Bonds shall be purchased or redeemed by the Trustee upon written direction of the Agency, *except* as otherwise described below, on a reasonably proportionate basis from among all of the then existing maturities of the Bonds, such basis to be determined and effectuated as nearly as practicable by the Trustee by multiplying the total amount of moneys available to redeem Bonds by the ratio which the principal amount of all Bonds Outstanding of each maturity bears to the principal amount of all Bonds then Outstanding, *provided,* that the Bonds shall be redeemed only in integral multiples of $5,000 principal amount at maturity or such other denomination authorized in the Series Resolution pursuant to which such Bonds are issued thereof and, *provided further,* that (i) such moneys shall upon written direction by the Agency to the Trustee be applied to such purchase or redemption of Bonds selected from among the Series and maturities on any other basis specified by the Agency when accompanied by a Cash Flow Statement, (ii) upon the first purchase or redemption of Bonds in accordance with clause (i) of this paragraph, selection of Bonds for each subsequent purchase or redemption must be based upon written direction by the Agency to the Trustee accompanied by a Cash Flow Statement and (iii) in all events, purchase or redemption of Bonds of a Series from amounts on deposit in the Special Redemption Account representing Principal Prepayments attributable to Mortgage Loans acquired with the proceeds of any other Series of Bonds shall be based upon a method of selection directed in writing by the Agency to the Trustee and accompanied by a Cash Flow Statement.

Funds and Accounts

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

Acquisition Fund	Debt Reserve Fund
Series Acquisition Accounts	Redemption Fund
Costs of Issuance Fund	Special Redemption Account
Series Costs of Issuance Accounts	Optional Redemption Account
Revenue Fund	Mortgage Reserve Fund
Debt Service Fund	Expense Fund
Interest Account	General Fund
Principal Account	

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. In Series Resolutions, the Agency may establish other funds and accounts and may provide for the deposit of amounts in Funds and Accounts or funds and accounts, which amounts shall be subject to the lien of the General Resolution for the purposes and period of time set forth in the applicable Series Resolution.

Acquisition Fund—Series Acquisition Accounts

Upon the issuance of a Series of Bonds, the Trustee shall establish a Series Acquisition Account within the Acquisition Fund applicable solely to such Series of Bonds. Moneys in any Series Acquisition Account shall be applied by the Trustee to the purchase of Mortgage Loans upon Agency Request. 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 an Agency Request for the purpose of redeeming or purchasing Bonds of the related Series.

Costs of Issuance Fund—Series Costs of Issuance Accounts

Upon the issuance of a Series of Bonds, the Trustee shall establish a Series Account within the Costs of Issuance Fund applicable solely to such Series of Bonds. Moneys in a Series Costs of Issuance Account shall be disbursed to pay the Costs of Issuance related to such Series of Bonds upon receipt by the Trustee of a requisition. Any balance remaining in any Account twelve months after the date of delivery of the related Series of Bonds shall be transferred to the credit of the Revenue Fund.

Revenue Fund; Application of Revenues

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

At any time, at the direction of the Agency, the Trustee shall transfer Revenues representing all or any portion of Principal Prepayments received, plus an amount specified by the Agency as necessary to pay accrued interest on Bonds to be purchased or redeemed from such amounts, to the Special Redemption Account.

At any time from any Revenues on deposit in the Revenue Fund representing payments of principal of Mortgage Loans, the Trustee, upon direction of the Agency, shall endeavor to purchase the Bonds or portions of Bonds then Outstanding, whether or not such Bonds or portions of Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal amount of such Bonds or portions of Bonds, plus accrued interest.

Upon Agency Request, the Trustee shall apply amounts deposited in the Revenue Fund, representing Bond proceeds designated for accrued interest and capitalized interest on the Bonds, 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 General Resolution.

The Trustee shall transfer to the credit of any Series Acquisition Account the amount expended to pay accrued interest on the purchase of Mortgage Loans from amounts on deposit in such Account.

As of each interest payment date the Trustee shall transfer all Revenues in the Revenue Fund to the credit of the following Funds and Accounts in the following order:

(i) To the credit of the Interest Account, an amount sufficient to cause the amount on deposit in said Account to equal any interest previously due and unpaid on the Bonds and the interest which will become due and payable on such interest payment date;

(ii) To the credit of the Principal Account, an amount sufficient to make the amount then on deposit in said Account equal to (a) any principal of the Bonds previously due and unpaid and the principal of Bonds which is payable on such interest payment date plus, if maturing principal of any bonds is payable only once during each Fiscal Year, then one-half (½) of the principal of such Bonds which is payable on the next succeeding principal payment date plus (b) an amount sufficient to cause the amounts so deposited with respect to Sinking Fund Requirements in the immediately preceding Fiscal Year or semiannual period, as applicable, to equal the Redemption Prices applicable to the Sinking Fund Requirements, if any, for such Fiscal Year or, if other than on April 1, one-half (½) of the Redemption Prices applicable to such Sinking Fund Requirements;

(iii) To the credit of the Expense Fund, an amount sufficient to cause the total of the amounts deposited in the Expense Fund during the current Fiscal Year to equal the Expense Requirement;

(iv) 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;

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

(vi) To the credit of the General Fund, the balance.

Debt Service Fund—Interest Account

The Trustee shall one business day prior to each interest payment date withdraw from the Interest Account and remit to each owner of Bonds the amounts required for paying the interest on such Bonds as such interest becomes due and payable.

Debt Service Fund—Principal Account

The Trustee shall on each principal payment date (*provided* that if such date is a bank holiday, then on the first business day thereafter) set aside in the Principal Account the amounts required for paying the principal of all Serial Bonds as such principal becomes due and payable. In addition, moneys on deposit in the Principal Account in satisfaction of Sinking Fund Requirements shall be applied during each Fiscal Year or semiannual period, as applicable, to the purchase or redemption of Term Bonds of each Series then Outstanding.

The Trustee, upon the direction of the Agency, shall endeavor to purchase Term Bonds at the most advantageous price obtainable with reasonable diligence, such price not to exceed the Redemption Price (plus accrued interest to the date of redemption) which would be payable on the next 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 Interest Account and the balance of the purchase price from the Principal Account, but no such purchase shall be made by the Trustee after the giving of notice by the Trustee that such Term Bonds are subject to redemption, *except* from moneys other than the moneys set aside in the Principal Account for the redemption of Term Bonds. The aggregate purchase prices of such Term Bonds so purchased in any such period, other than accrued interest, shall not exceed the Redemption Prices applicable to the Sinking Fund Requirements for such Term Bonds; *provided, however,* that if in a Fiscal Year or semiannual period there is an excess in the Principal Account over the Redemption Prices applicable to the Sinking Fund Requirements for all Term Bonds then Outstanding for a Fiscal Year or semiannual period and any principal of Serial Bonds due on the next succeeding payment date, then the Trustee shall endeavor to purchase any Term Bonds then Outstanding with such excess moneys as provided below.

If the amount available in the Principal Account in a Fiscal Year or semiannual period, as applicable, shall not be equal to the Redemption Prices applicable to the Sinking Fund Requirements for the Term Bond of each such Series for such respective period less the Redemption Prices applicable to the principal amount of any such Term Bonds so retired by purchase, then the Trustee shall apply the amount available in the Principal Account to redemption of such Bonds in proportion to the Redemption Prices applicable to the Sinking Fund Requirements for such respective period for the Term Bonds of such Series then Outstanding. If at any date there shall be moneys in the Principal Account and no Term Bonds shall be then Outstanding, the moneys therein in excess of the Outstanding principal amount of Serial Bonds maturing on the next succeeding principal payment date on the Bonds shall be withdrawn therefrom by the Trustee and deposited to the credit of the Revenue Fund.

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 as follows:

(a) The Trustee, upon the direction of the Agency, shall endeavor to purchase Bonds then Outstanding, whether or not such Bonds or portions of such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the Redemption Price (plus accrued interest to the date of redemption) which would be payable on the next redemption date. The Trustee shall pay the interest accrued on such Bonds to the date of settlement therefor from the Interest Account (*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 (*except* with respect to accrued interest in connection with redemption due to Principal Prepayments, which shall be payable from the Special Redemption Account) 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; *provided, however,* that not less than $25,000 principal amount of Bonds shall be called for redemption at any one time.

Expense Fund

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

(a) the payment of the fees and expenses of the Trustee, the Pool Insurer and any issuer of a special hazard mortgage pool insurance policy;

(b) for transfer to the Interest or Principal Accounts, in that order, to the extent that amounts on deposit in said Accounts are insufficient to pay the interest or principal or the Redemption Price payable on the Bonds;

(c) the payment of any expenses in connection with the purchase or redemption of Bonds; and

(d) upon requisition by Agency Request, the payment or reimbursement of any expenses of the Agency incurred in connection with the Program or for any other lawful purpose of the Agency, *provided* that the aggregate amount which may be applied for such purposes during any Fiscal Year may not exceed the Expense Requirement.

Debt Reserve Fund

Moneys held for the credit of the Debt Reserve Fund shall be transferred by the Trustee to the Interest or Principal Account, in that order, to the extent that amounts on deposit in such Accounts, the General Fund, the Expense Fund, the Mortgage Reserve Fund, the Acquisition Fund and the Costs of Issuance Fund are insufficient to pay the interest or principal or Redemption Price payable on the Bonds.

Moneys held for the credit of the Debt Reserve Fund as of any interest payment date in excess of the Debt Reserve Requirement upon Agency Request shall be transferred to the Revenue Fund and thereafter treated as Revenues.

Mortgage Reserve Fund

Moneys held for the credit of the Mortgage Reserve Fund shall be transferred by the Trustee to the Interest or Principal Account, in that order, to the extent that amounts on deposit in said Accounts, the General Fund and the Expense Fund are insufficient to pay the interest or principal or Redemption Price payable on the Bonds.

Moneys held for the credit of the Mortgage Reserve Fund as of any interest payment date in excess of the Mortgage Reserve Requirement upon Agency Request shall be transferred to the Revenue Fund and thereafter treated as Revenues.

General Fund

Moneys held for the credit of the General Fund shall be transferred at any time upon Agency Request as follows: (a) to the credit of the Optional Redemption Account for the redemption or purchase of Bonds; (b) to the credit of the Funds and Accounts described in clauses (i) to (v) under the subcaption "Revenue Fund; Application of Revenues"; (c) from Revenues other than proceeds from the sale by the Agency of Mortgage Loans, to the Special Redemption Account for redemption or purchase of Bonds; (d) with respect to proceeds from the sale by the Agency of Mortgage Loans, to the Optional Redemption Account for the redemption or purchase of Bonds; (e) to any specified Series Acquisition Account in the Acquisition Fund; or (f) to the Agency, for any other purpose authorized or required under the Act free and clear of the pledge and lien of the Resolution, *provided, however,* that no such payment shall be made unless a Cash Flow Statement shall have been filed with the Trustee and only so long as following such transfer the aggregate of the amounts on deposit in all Funds and Accounts under the General Resolution, other than the Costs of Issuance Fund, Expense Fund and Interest Account, plus the aggregate principal balance of all Mortgage Loans, shall at least equal 101% of the aggregate principal amount of the Bonds Outstanding.

Deficiencies in Debt Service Fund

In the event that amounts in the Debt Service Fund shall be insufficient on any interest payment date or principal payment date to pay the principal of and interest on the Bonds due and unpaid on such date, 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:

(a) Debt Service Fund (Principal Account or Interest Account),
(b) General Fund,
(c) Expense Fund,
(d) Mortgage Reserve Fund,
(e) Acquisition Fund,
(f) Costs of Issuance Fund, and
(g) Debt Reserve Fund.

Moneys Sufficient to Redeem Bonds

Whenever moneys and securities held for the credit of the Revenue Fund, the Debt Service Fund, Debt Reserve Fund, Mortgage Reserve Fund and General Fund are sufficient to pay, purchase or redeem the Bonds 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.

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. All money deposited with the Trustee shall, until invested as described below, to the extent not Federally insured or guaranteed, be continuously secured either (a) by Government Obligations or other marketable securities approved by the Trustee, having a market value at all times (exclusive of accrued interest) not less than the amount of such deposit, or (b) if (a) is not then permitted by law, in such manner as may be required or permitted by law.

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 the Agency 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 the interest due on the Bonds 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.

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 on the investment in any Fund or Account shall be credited to the Revenue Fund and thereafter treated as Revenues and any profit or loss resulting therefrom shall be credited to or charged against such Fund or Account.

The Trustee shall sell at the best price obtainable or present for redemption any obligation so purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from any such Fund or Account. Neither the Trustee nor the Agency shall be liable or responsible for any loss resulting from any such investment. For the purposes of determining the amount held to the credit of any Fund or Account, obligations in which money in such Fund or Account shall have been invested shall be valued at Amortized Value plus the amount of interest on such obligations purchased with moneys in such Fund or Account.

Moneys held for the credit of the Expense Fund, Debt Reserve Fund and Mortgage Reserve Fund as of any interest payment date in excess of the Requirement for said Fund, upon Agency Request, shall be transferred to the Revenue Fund and thereafter treated as Revenues.

Cash Flow Statements

The Agency shall have on file with the Trustee a current Cash Flow Statement (i) whenever any Series of Bonds is issued, (ii) annually as of the close of each Fiscal Year within 90 days after the close of such Fiscal Year, (iii) upon purchase or redemption of Bonds when required by the General Resolution, and (iv) prior to applying amounts in the General Fund pursuant to the General Resolution.

A Cash Flow Statement shall demonstrate, in accordance with assumptions set forth therein, which assumptions the Agency shall be required to follow in administering the Program until a new or amended Cash Flow Statement is issued, the ability of the Agency to pay principal and interest requirements on the Bonds and to fund the Debt Reserve Fund, Mortgage Reserve Fund and Expense Fund to their respective Requirements in each successive Fiscal Year.

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. The Agency shall be precluded from taking the actions described or referenced in clauses (i), (iii), and (iv) in the first paragraph under this heading if the Cash Flow Statement shall show that the taking of such action shall cause a deficiency to occur or shall increase any existing deficiency.

Tax Covenants

The following covenants apply to Bonds, the interest on which is not included in gross income for Federal income tax purposes. These covenants do not apply to Bonds, such as the Fifteenth, Eighteenth, Twentieth, Twenty-First, and Twenty-Third Series Bonds, the interest on which is *included* in gross income for Federal income tax purposes. The Agency shall at all times perform all acts and things permitted by law and necessary and desirable in order to assure that interest paid on the Bonds shall not be included in the gross income of the owners thereof for Federal income tax purposes. The Agency covenants and agrees that it will not make or permit any use of the proceeds of the Bonds which, if such use had been reasonably expected on the day of the issuance of the Bonds, would have caused the 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.

The Agency further covenants and agrees with regard to compliance with the Code, as follows:

(a) The Agency will take all reasonable steps to meet all the requirements of the Code, and in the case of requirements which relate to the eligibility of the Mortgage Loans for tax-exempt financing specified in the Code, will take all reasonable steps to meet and require the Mortgage Lenders to take all reasonable steps to meet such requirements, before the Mortgage Loans are executed, and will establish reasonable procedures to ensure compliance with such requirements.

(b) The Agency or its agent will conduct, or require the Mortgage Lenders to conduct, a reasonable investigation to determine whether the requirements which relate to the eligibility of the Mortgage Loans for tax-exempt financing have been satisfied and will correct, or require the Mortgage Lenders to correct, any failure to meet such requirements within a reasonable time after the failure is discovered by the Agency or its agent or the applicable Mortgage Lender.

(c) The Agency will assure that Mortgagors are provided the credit on Mortgage Loan payments required by 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 Mortgage Loan repayments received by the Trustee under the General Resolution, and such books shall be available for inspection by the Agency and any Bondowner 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 period from each November 1 to and including October 31 of the next succeeding year (each such period described in the immediately preceding clauses (a) and (b), a "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 or firm of certified public accountants and (ii) a report of its activities during the previous reporting period.

Program Covenants

The Agency warrants and covenants (i) that no Mortgage Loan shall be purchased by the Agency under the Program unless the Mortgage Loan complies in all respects with the Act in effect on the date of purchase and the Agency shall have received the representations and warranties of the Mortgage Lender required by the Act, and (ii) if applicable, to comply with any additional program covenants and Series Program Determinations contained in the applicable Series Resolution or, if no such covenants or Series Program Determinations are contained in a Series Resolution with respect to a Mortgage Loan, to comply with the subsections below.

The original notes evidencing Mortgage Loans purchased by the Agency shall be endorsed to and held by the Agency, and the mortgages securing such Mortgage Loans shall be assigned to the Agency.

Each Mortgage Loan purchased by the Agency under the General Resolution shall relate to a residential structure containing one to four dwelling units, one of which shall be occupied as a permanent residence of the Mortgagor.

The original principal amount of each Mortgage Loan, unless such Mortgage Loan is the subject of insurance or guaranty by the Federal Housing Administration or the Veterans Administration, shall not exceed 95% of the Value of the Property. Each Mortgage Loan which has a loan-to-value of the Property ratio in excess of 80% shall (i) be insured by the Mortgage Insurance Fund or by a private mortgage insurer licensed to do business in the State and qualified to insure single-family mortgages purchased by Freddie Mac or successor Federal agency to the extent, if any, required so that the uninsured portion of such Mortgage Loan shall not exceed 72% of the Value of the Property, or (ii) be subject to insurance or guaranty by the Federal Housing Administration or the Veterans Administration or any other agency or instrumentality of the United States of America having similar powers to insure or guarantee Mortgage Loans.

The Agency shall not purchase any Mortgage Loan if on the date of purchase the obligor of the Mortgage Loan is more than 15 days past due in the payment of any amount due under the terms of such Mortgage Loan.

No Mortgage Loan shall be purchased by the Agency unless such Mortgage Loan shall be approved for coverage under the Mortgage Pool Insurance Policy. The Agency covenants and agrees that it will cause to be maintained with a qualified Pool Insurer, so long as any Bonds are Outstanding, a Mortgage Pool Insurance Policy or Policies applicable to all Mortgage Loans.

The Agency may sell any Mortgage Loan held under the General Resolution to realize the benefits of mortgage insurance or guaranty, to replace or dispose of defective Mortgage Loans, or to realize proceeds from the sale thereof for any purpose permitted under the General 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 or interest due on the Bonds shall not be made when the same become due and payable; or

(b) 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

(c) 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

(d) failure by the Agency to pay, when due 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

(e) 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.

Acceleration of Maturity

Upon the happening and continuance of any Event of Default, then and in every such case 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 the Bonds then Outstanding, shall, by notice in writing to the Agency, declare the principal of all the Bonds 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 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 before the entry of final judgment or decree in any action instituted on account of such default if money shall have accumulated in the Debt Service Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Bonds then Outstanding and all other amounts then payable by the Agency under the General Resolution, 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 amounts then or after any default becoming due from the Agency for principal, premium, if any, interest or otherwise and unpaid, to the extent permitted by the applicable law, interest on overdue payments of principal and of interest 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, 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 issuance of the Bonds, 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 Bonds not making such request.

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 of all the Bonds shall not have become or shall not have been declared due and payable, all such money shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest (other than interest on overdue principal) then due and payable in the 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, without any discrimination or preference *except* as to any difference in the respective rates of interest specified in the Bonds;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than 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 Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the 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, 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 without any discrimination or preference *except* as to any difference in the respective rates of interest specified in the Bonds; and

THIRD: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of 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 to the payment of the principal and premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other 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.

(c) If the principal of all the Bonds 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 principal of all the Bonds 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 General 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 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 Resolution, or to enter any appearance or in any way defend in any suit in which it may be made 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 published 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 any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any applicable provision of the General Resolution 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 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 publish notice thereof. The Federal National Mortgage Association and the Freddie Mac (each a "GSE" and, together, the "GSEs"), when they are owners of the Thirty-Eighth Series Bonds, must consent in writing to the appointment of the successor Trustee. Any successor Trustee must be a bank or trust company having its principal office in the State with combined capital and surplus of not less than $50,000,000.

Notwithstanding the foregoing, no successor Trustee shall be appointed without the prior written consent of the GSEs.

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 supplemental resolutions as shall not be inconsistent with the terms and 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 book-entry delivery; or

(g) to modify any of the provisions of the General Resolution in any respect whatsoever; provided, however, that (1) such modification shall be effective only after all Bonds then Outstanding shall cease to be Outstanding, and (2) 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 pursuant to the last proviso of the definition thereof; or

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

The holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the General Resolution to the contrary *notwithstanding,* 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: (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 the Revenues, or any part thereof, other than the lien and pledge created by the General Resolution, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution.

Notice of any supplemental resolution to be effective without consent of Bondowners will be mailed to all Bondowners. Notice of any proposed supplemental resolution to be effective with consent of Bondowners will be mailed to all Bondowners.

Notwithstanding the foregoing, the Agency may not amend, supplement, or modify the General Resolution in any material respects without the prior written consent of the GSEs. The determination of the GSEs as to materiality shall be controlling.

Defeasance

If, when the Bonds 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 Bonds then Outstanding shall be paid or the Trustee shall hold either money and/or Government Obligations sufficient to pay the principal of, Redemption Price, and interest on all Outstanding Bonds or which when due will provide sufficient moneys to pay the principal of, Redemption Price, and accrued interest on the Bonds, and provisions shall also be made for paying all other sums 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 by law 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.

GSEs as Third-Party Beneficiaries

To the fullest extent permitted by the General Resolution, each GSE is intended to be and shall be a third-party beneficiary of the General Resolution and shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee or cause the Trustee to enforce, provisions of the Series Resolution authorizing the issuance of the Agency's Thirty-Eighth Series Bonds.

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 is now or may hereafter be authorized.

APPENDIX A

FINANCIAL STATEMENTS OF THE AGENCY AND INDEPENDENT AUDITORS’ REPORT

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FINANCIAL STATEMENTS OF THE AGENCY AND INDEPENDENT AUDITORS' REPORT

NEW YORK STATE OF OPPORTUNITY | Homes and Community Renewal

2014

Fiscal Year Annual Report

State of New York Mortgage Agency

State of New York Mortgage Agency

Financial Statements

Fiscal Year Ended October 31, 2014 and 2013

Contents

RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the State of New York Mortgage Agency (the "Agency"), for the fiscal years ended October 31, 2014 and 2013, 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 and has 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of 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' unmodified report expresses that the financial statements are presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Darryl C. Towns
President/Chief Executive Officer

Sheila Robinson
Senior Vice President/Chief Financial Officer

January 29, 2015

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Report of Independent Auditors

The Board of Management and Directors
State of New York Mortgage Agency
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the State of New York Mortgage Agency (the Agency), a component unit of the State of New York, as of and for the years ended October 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of October 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis and schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Supplementary Section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the Supplementary Section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated January 29, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Ernst + Young LLP

January 29, 2015

STATE OF NEW YORK MORTGAGE AGENCY
(A Component Unit of the State of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended October 31, 2014 and October 31, 2013

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, 2014 ("fiscal 2014") and 2013 ("fiscal 2013") with selected comparative information for the fiscal year ended October 31, 2012 ("fiscal 2012"). Please read this analysis in conjunction with the financial statements.

The annual financial statements consist of five parts: (1) management's discussion and analysis (this section); (2) the financial statements; (3) the notes to the financial statements; (4) the required supplementary information and (5) the supplementary 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 ("GAAP").

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, 2014 compared with the fiscal year ended October 31, 2013 and fiscal year ended October 31, 2012. It provides a discussion of financial highlights and an assessment of how the Agency's financial position has changed from past years. 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 and other information described below.

The Financial Statements

- The "Statement of Net Position" provides information about the liquidity and solvency of the Agency by indicating the assets, deferred outflows, liabilities and net position.
- The "Statement of Revenues, Expenses and Changes in Net Position" accounts for all of 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 position is similar to net profit or loss for a business.
- The "Statement of Cash Flows" is presented on the direct method of reporting. It 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 increases or decreases in cash for each year.

The Notes to the Financial Statements

- The notes provide information that is essential to understanding the financial statements, such as the Agency's accounting methods and policies as well as providing information about the content of the financial statements.
- Details include 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.

Required Supplementary Information ("RSI")

- The RSI presents the information regarding the Agency's progress in funding its obligation to provide postemployment benefits other than pensions to its employees.

Supplementary Information

- Presentations of the Agency's financial information are listed by program.

Background

The Agency is a corporate governmental Agency, constituting a public benefit corporation and a component unit of the State of New York (the "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. The Agency 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 (the "MIF") 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.

The Student loan program is dedicated to offering education loans to eligible students attending colleges and universities in the State. The program has been on hiatus since fiscal 2012. There have not been any Student Loan purchases since May 1, 2012.

Financial Markets

The Agency operated in 2014 in a market continuing to recover from the great recession with some notable signs of stability. The equity markets, consumer spending and employment all exhibited increases this year. At the same time treasury yields declined during the year, especially at the long end with 10 year and 30 year bonds declining by 83 and 117 bps respectively, which was the largest decline in ten years.

The municipal bond market was much improved from the prior year. Supply in the first half of the year was down significantly but issuance by year end totaled $334 billion, up from the prior year, and approximately 87% of the ten year average. Housing bonds continue to play a diminished role in the market- accounting for only 3.43% of total issuances. As with the treasury market referenced above, municipal yields trended downward during the year, particularly at the long end with 30 year MMD ending at 2.86%, for a 134 basis point drop. Credit concerns, so prevalent in 2013, abated with Detroit, MI and Stockton, CA obtaining approval of their plans to exit bankruptcy, increased funding of pension obligations, and state and local budgets improving. Also in contrast to 2013, investor demand increased with mutual fund assets up a net $21 billion.

The single family housing market showed signs of improvement in 2014 with sales, construction and housing prices all increasing, albeit with sales and housing starts still not recovered to pre-crash levels and housing price increases tapering off from 2013 levels. Delinquency rates, underwater mortgages and foreclosure all have seen steady declines, though judicial foreclosure states like New York continue to experience a backlog.

Even though 30 year mortgage rates decreased by approximately 70 basis points by year end, mortgage originations in 2014 were the lowest in 14 years and new purchase borrowing experienced a 13% decline in 2014, according to the Mortgage Bankers Association. Furthermore, first time buyers (SONYMA's target audience) continue to be a smaller than usual portion of the market. Typically accounting for 40% of the market, they currently account for only 33%. This decrease in first time homebuyer participation is widely attributed to a range of factors including higher student loan debt, stricter lending standards and flat wage growth, among others.

As was the case in previous fiscal years, one of the largest factors affecting the single family housing market has been the federal government's Quantitative Easing ("QE") programs, under which the federal government had been purchasing $45 billion of Treasury securities and $40 billion of mortgage bonds monthly since September 2012. The Fed brought a measured end to its purchases in 2014 but has indicated its intention to hold its mortgage bond portfolio, providing continued support to conventional mortgage rates.

These QE purchases served to keep conventional mortgage rates low and therefore SONYMA and other housing finance agencies have not enjoyed their typical tax-exempt rate advantage vs. conventional rates. SONYMA's mortgage originations have lagged from our ten year norms in this competitive rate environment. However we have taken advantage of the low interest environment and sought opportunities to lower our borrowing costs on outstanding bonds through economic refunding transactions. These refunding opportunities generated subsidy which SONYMA used to lower its single family lending rates. After actively pursuing these opportunities in the recent low rate environment, fewer refunding candidates remain. In 2014, the Agency issued $420 million of bonds, with economic refunding bonds representing over three quarters of issuance.

Despite the programmatic and market challenges described above, the Agency continued to benefit from investor interest and its group of Community Reinvestment Act ("CRA") motivated buyers who actively participate in the Agency's bond sales. This interest has complemented retail investor demand and has helped the Agency continue to achieve strong positive reception for its bond offerings.

Single Family Operations Highlights

General

As in prior years and as discussed previously, continued uncertainty in the housing market coupled with Federal Reserve's policy of keeping interest rates low impacts SONYMA's ability to maintain its traditional interest rate advantage. As a result of this difficult environment, SONYMA's loan production decreased significantly from fiscal year 2013. During fiscal year 2014, SONYMA assisted 991 low and moderate-income households (compared to 1,599 households in fiscal 2013 and 746 fiscal 2012) by purchasing $161.5 million in mortgages (compared to $288.2 million in fiscal 2013 and $124.8 million in fiscal 2012). In fiscal year 2014, the Agency purchased 38% less in mortgages than during the last fiscal year, and 33% more than in fiscal year 2012. SONYMA's performance more closely tracked the results of fiscal year 2012. SONYMA's increased production in fiscal year 2013 was due primarily to an increase in conventional mortgage rates during the summer months of that fiscal year, which led to a temporary but significant spike in mortgage reservations. Most of the bond financed loans were purchased under SONYMA's two primary programs - the Low Interest Rate and Achieving the Dream Programs.

During fiscal 2014, the Low Interest Rate Program provided financing to 325 households (compared to 658 households in fiscal 2013 and 258 in fiscal 2012), and the Achieving the Dream Program, which assists lower-income homebuyers (70% of area median income or less, raised to 80% in September, 2014), provided financing for 536 households (compared to 755 households in fiscal 2013 and 373 in fiscal 2012). The continuing success of the Achieving the Dream Program, which currently outperforms the Low Interest Rate Program in terms of production, indicates the success of the Agency, even in a period of market challenges, in assisting borrowers who would otherwise find it difficult to attain homeownership. Of the loans purchased under all of the Agency's programs, 527 borrowers (53%) received down payment assistance totaling $3.9 million in fiscal year 2014, compared to 700 borrowers, totaling $4.8 million in fiscal 2013 and 316 borrowers, totaling $1.9 million in fiscal 2012.

SONYMA continues to provide financing to underserved populations and communities. In fiscal year 2014, the percent of loans made to low-income households increased 22% and the percent of loans made to minorities increased 3%. In addition, loans made to households living in Federally-designated target areas represented nearly 17% of total loan purchases in fiscal year 2014.

During fiscal 2014, SONYMA continued to better serve its borrowers and industry partners by:

- Focusing its efforts on Low-Income and Minority Homebuyers: During fiscal year 2014, the Agency directed its energies towards providing mortgage loans to those individuals and families for whom SONYMA mortgages make the difference in achieving sustainable homeownership. This was accomplished by continuing to target mortgage financing activities on the Achieving the Dream Program, which assists lower-income homebuyers. In fiscal year 2014, 54.1% of the Agency's mortgages were originated under this program, up from 47.8% in 2013. Overall, 61% of the mortgages purchased were made to low-income homebuyers (80% of area median income or less), up from 50% in 2013, and almost 19.5% of the 991 loans SONYMA purchased statewide were made to low-income, minority households, up from 15% in 2013.

- Continuing to promote and expand the reach of the Conventional Plus Program in fiscal 2014: Conventional Plus was launched in November 2012 and complements SONYMA's existing tax-exempt bond financed programs and the FHA Plus Program described below. The product takes advantage of certain pricing and underwriting benefits afforded to SONYMA by Fannie Mae. The features of Conventional Plus are as follows:

  - No loan level price adjustments;
  - Lower mortgage insurance coverage requirements than standard loans;
  - The availability of mortgage insurance provided by Genworth Mortgage Insurance (or SONYMA's MIF, in the event that Genworth is unwilling to insure the loan); and
  - Down payment and/or closing cost assistance up to 3% of the home purchase price (SONYMA allows its Down Payment Assistance Loan to be used to pay a one-time upfront mortgage insurance premium, thus eliminating the monthly mortgage insurance premium and significantly lowering the monthly payment).

The product is available for home purchases and for limited cash-out refinances.

Under Conventional Plus, 64 mortgages of $12 million in total principal and $138,000 in Down Payment Assistance were originated in fiscal year 2014. In addition, as of October 31, 2014, the Agency had 21 mortgages of $3.5 million in total principal and $56,000 in Down Payment Assistance in its pipeline.

- Continuing to promote and expand the footprint of the FHA Plus Program SONYMA launched in December 2013. Complementing SONYMA's existing tax-exempt bond financed programs and the Conventional Plus Program, FHA Plus takes advantage of a special exemption from HUD that enables state housing finance agencies to offer down payment assistance on FHA-insured mortgages, where the down payment assistance may be used towards the borrower's minimum cash investment. The benefits of FHA Plus are:

  - Eligible borrowers do not have to be first-time homebuyers;
  - No income or purchase price limits; and
  - Availability of SONYMA down payment assistance:
    - for purchase transactions, up to 3% of the home purchase price.
    - for refinance transactions, up to 3% of the lower of the unpaid principal balance or the appraised value. (The assistance may be used as a credit against closing costs and prepaids.)

  Under this program, 110 mortgages of $22.5 million in total principal and $667,000 in Down Payment Assistance were originated in fiscal year 2014. In addition, as of October 31, 2014, the Agency had 28 mortgages of $5.8 million in total principal and $182,000 in Down Payment Assistance in its pipeline.

- Launched on a pilot basis with SONYMA's two highest producing lenders, the SONYMA *Express®* automated system that has been developed to assist participating lenders by providing expedited decisions on SONYMA loan eligibility. The system is expected to: (a) streamline the Agency's loan origination process and dramatically reduce the time it takes participating lenders to originate SONYMA loans; (b) eliminate uncertainty of a borrower's eligibility early in the mortgage application process; (c) lower overall lender costs; and (d) provide lenders with the capacity to submit electronic loan files to the Agency, thus eliminating the need to submit paper files. The system is expected to be rolled out to additional lender partners in the first quarter of 2015. SONYMA *Express®* will improve the Agency's relationships with lenders, other industry partners and potential borrowers. Ultimately, the system is expected to increase loan production and improve profitability.

- Continuing to work with SONYMA's Advisory Council in gathering insights and recommendations on future direction from expert industry professionals. The Council helps SONYMA maximize its effectiveness as an important provider of affordable and sustainable mortgages to low- and moderate-income first-time homebuyers across New York State while simultaneously providing a forum for knowledge-sharing and relationship building among different members of SONYMA's distribution and supply-networks. The Agency held two meetings with the Advisory Council in fiscal 2014 as well as monthly subcommittee meetings.

- Continuing Outreach Efforts to Industry Partners: SONYMA continued to cultivate its relationships with industry partners by participating in many events with homeownership counseling organizations, realtors, lenders, not-for profits, veterans groups, community groups and others. Of particular note, SONYMA sponsored the Annual CXHE Statewide Conference for homeownership counseling groups, reinforcing the Agency's commitment to sustainable homeownership through borrower education and preparation. The outreach efforts and collaboration in planning events have deepened the Agency's relationships with its partners in the housing community and provided additional opportunities to promote SONYMA products and services.

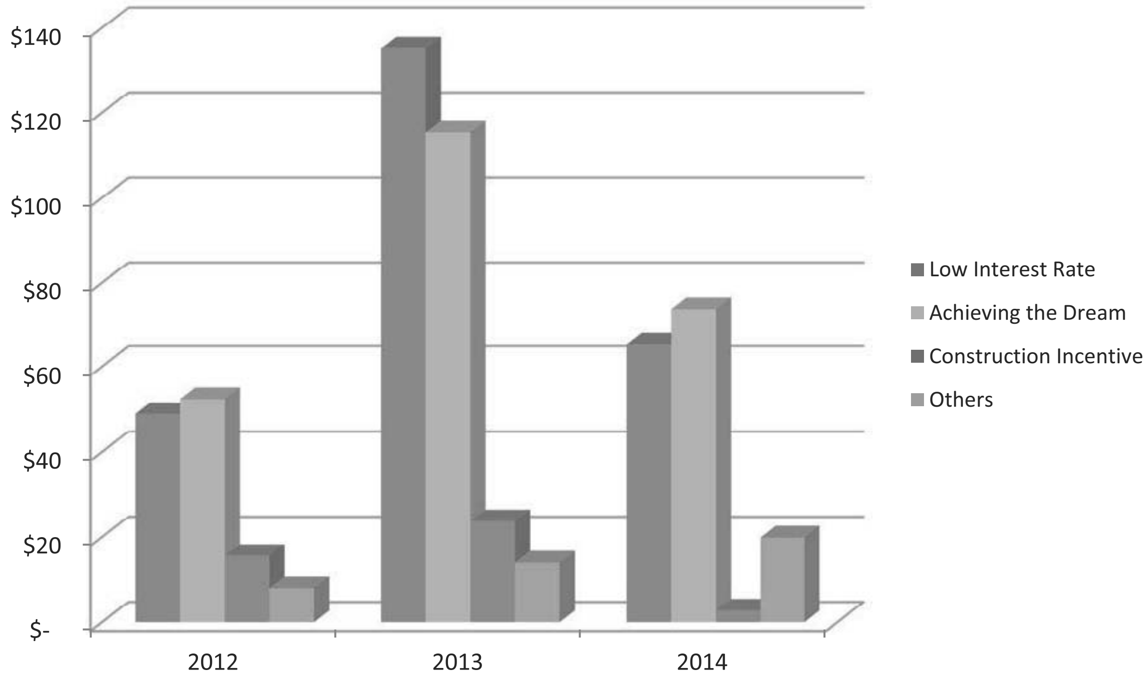
- Beginning in February 2014, SONYMA University webinars were offered on a twice per month basis. Content has been developed and presented to lender partners, realtors, and homeownership counselors with topics coming from attendee feedback and the SONYMA Advisory Council. To date, more than 1,000 attendees have participated in web-based training on SONYMA programs. The course content has also been used to create consistent presentations for onsite trainings that are given by our three Business Development Officers throughout the state.

- Development and rollout of enhanced Remodel New York Program: As the existing housing stock continues to age, many homebuyers are faced with the need to complete renovations to properties they are purchasing. This can be burdensome to first-time homebuyers adjusting to homeownership, and can keep homebuyers from being able to purchase properties in need of significant repair. In order to address this increasing need, SONYMA has enhanced our Remodel NY program in a number of ways.

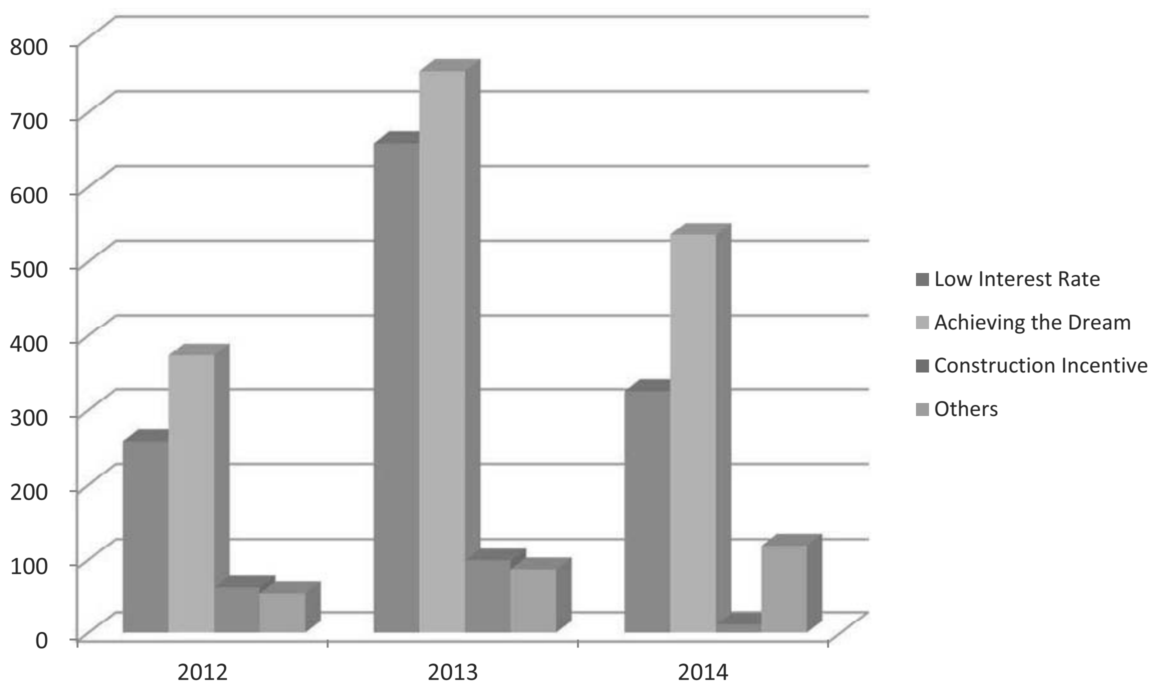
    - We transitioned the Remodel NY to an add-on program, so that borrowers who meet the income requirements for Achieving the Dream, can utilize the program and obtain the same low interest rate they would receive if they were not financing property improvements.
    - We built the infrastructure to service the renovation escrow accounts internally. This enables SONYMA lender partners, without the servicing capability, to administer renovation draws, the ability to offer the program. This is anticipated to increase homebuyer access to the program through a larger lender network.
    - Consolidation of Remodel NY and Own It Fix It, NY programs and elimination of caps on repair amounts based on total dollars and percentage of after-improved value.
    - Expansion of eligible improvements to include necessities for first-time homebuyers, such as appliances, when after-improved value permits.
    - Alignment with HUD and Fannie Mae renovation guidelines and form usage for work write-up preparation. This enables lenders already offering the FHA 203(k) and Fannie Mae HomeStyle to transition to originating SONYMA Remodel NY with minimal additional technology modifications and training resources needed.
    - Implementation of mandatory certification for Loan Originators taking Remodel NY applications. To ensure borrowers receive proper counseling from their originator, it was important to require that there be a minimum amount of training and education provided prior to an originator taking an application for a Remodel NY loan.

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

(In millions)



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



Performance of Mortgage Portfolio

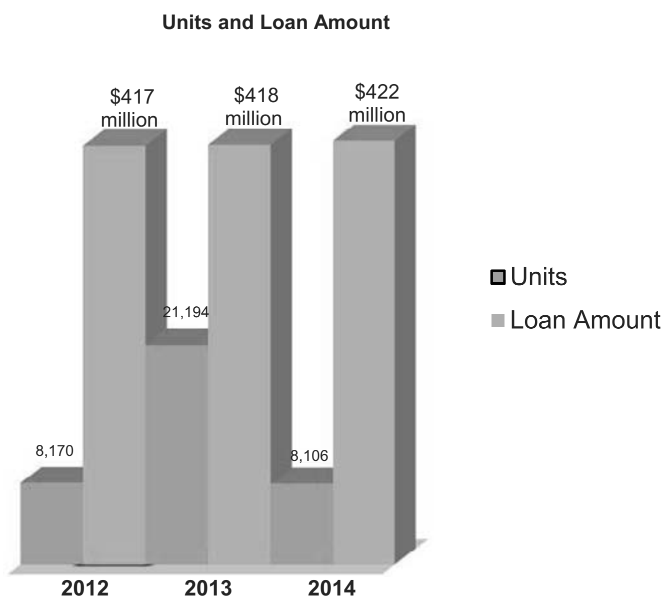
Despite the continued turbulent economy and real estate market, SONYMA's mortgage portfolio has performed consistently well. At the end of fiscal 2014, SONYMA's 60 days or more delinquencies were 4.68% (based on the number of loans). This compares very favorably to the New York State and national averages of 9.67% and 5.66%, respectively[1]. As of the end of fiscal year 2013, the percentage of 60 days or more delinquencies was 4.48%.

Since the end of fiscal year 2009, the percentage of the Agency's delinquencies has increased by over 130% (from 2.02% as of October 31, 2009 to 4.68% as of October 31, 2014. The increase is primarily due to the significant increases in the elapsed time to complete a foreclosure proceeding. With respect to mortgage loans foreclosed between January 1, 2014 and October 31, 2014, an average of 1,070 days elapsed between the date of default and the date foreclosure proceedings were completed. In contrast, with respect to Agency mortgage loans foreclosed in 2009, 2010, 2011, 2012 and 2013, an average of, respectively, 488 days, 655 days, 800, 959 days and 993 days elapsed between such dates.

Mortgage Insurance Fund Operations

The Mortgage Insurance Fund has two lines of business. It provides insurance on mortgages for affordable 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.

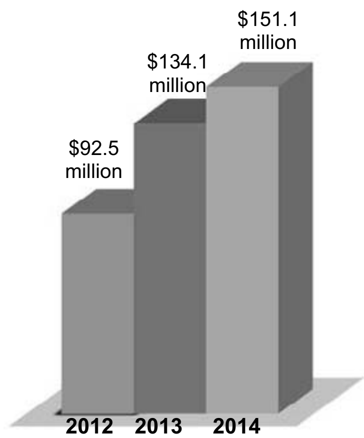


The substantial decrease in the number of units whose mortgages were insured by the MIF during fiscal 2014 compared to fiscal 2013 was due to the absence of a single $55 million transaction with Wells Fargo Bank for the rehabilitation of 15,372 units in Co-op City in the Bronx.

Substantially all of the MIF's revenues are derived from a New York State mortgage recording surtax. Details are indicated in the following chart:

[1] Latest quarterly figure, as of 9/30/14

New York State Mortgage Recording
Surtax Receipts



The increase in New York State Mortgage Recording Surtax Receipts from fiscal 2013 to fiscal 2014 is due to an increase in real estate transactions in the State, particularly in commercial real estate transactions in New York City. The MIF also received $24.0 million in insurance recoveries, application fees and insurance premiums during fiscal 2014 as compared with $20.8 million during fiscal 2013 and $16.7 million during fiscal 2012. Interest earned by the MIF during fiscal years 2014, 2013 and 2012 was $18.2 million, $14.8 million and $21.8 million, respectively.

The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the MIF are rated "AA-" and "AA+", respectively by Fitch Inc. ("Fitch"). Fitch affirmed its rating on the Single Family Pool Insurance Account with a stable outlook and the Project Pool Insurance Account, with a negative outlook on July 31, 2014.

On July 18, 2011, Moody's affirmed the "Aa1" rating on the Project Pool Insurance Account with a stable outlook. On October 8, 2011, Moody's affirmed its "Aa1" rating on the Single Family Pool Insurance Account and changed its outlook from stable to negative.

Condensed Financial Information

Net Position Summary Schedules

	October 31,			% Change	
	2014	2013	2012	2014-2013	2013-2012
		(in thousands)			
Assets					
Cash	$ 10,925	$ 8,638	$ 18,422	26%	(53%)
Investments	2,271,785	2,256,146	2,288,101	1%	(1%)
Mortgage and Student loans receivables	2,753,256	2,873,878	2,964,418	(4%)	(3%)
Interest receivables	31,726	29,735	28,392	7%	5%
Other assets	13,632	7,177	4,933	90%	45%
Total assets	5,081,324	5,175,574	5,304,266		
Deferred outflows of resources					
Accumulated decrease in fair value of hedging derivatives	26,209	38,979	58,292	(33%)	(33%)
Deferred loss on refunding	5,826	6,118	7,412	(5%)	(17%)
Total deferred outflows of resources	32,035	45,097	65,704		
Liabilities					
Bonds payable	2,707,487	2,828,022	3,037,596	(4%)	(7%)
Derivative instruments - interest rate swaps	39,275	45,679	64,992	(14%)	(30%)
Interest payable	6,307	7,374	8,374	(14%)	(12%)
Allowance for anticipated claims	27,812	22,653	33,204	23%	(32%)
Unearned income, accounts payable and other liabilities	106,398	153,087	30,113	(30%)	408%
Postemployment retirement benefits	42,690	39,000	34,656	9%	13%
Total liabilities	2,929,969	3,095,815	3,208,935		
Net position	$ 2,183,390	$ 2,124,856	$ 2,161,035		

Assets

Investments

Investments held by the Agency increased slightly from $2.26 billion at October 31, 2013 to $2.27 billion at October 31, 2014, an increase of approximately $15.6 million or 1%. The increase was primarily as a result of the bond sale on October 23, 2014 in which $27.9 million was deposited into the acquisition fund for future mortgage purchases. This compares with a slight decrease from $2.29 billion at October 31, 2012 to $2.26 billion at October 31, 2013, a decrease of approximately $32 million or 1%, which was primarily as a result of transfers from the MIF to the State and its Agencies in the amount of $32.5 million.

Mortgage and Student Loans Receivables

Mortgage and student loans receivables are the primary assets of the Agency's Single Family operation constituting 54% of the total assets at October 31, 2014 and 56% as of October 31, 2013 and October 31, 2012.

Mortgage and student loans receivables decreased from $2.87 billion at October 31, 2013 to $2.75 billion at October 31, 2014, a decrease of approximately $120.6 million or 4%. This compares to a decrease from $2.96 billion at October 31, 2012 to $2.87 billion at October 31, 2013, a decrease of approximately $90 million or 3%. The decreases in each year were due to mortgage principal receipts exceeding mortgage purchases.

Interest Receivables

Interest receivables increased from $29.7 million at October 31, 2013 to $31.7 million at October 31, 2014, an increase of approximately $2.0 million or 7%. This compares with an increase from $28.4 million at October 31, 2012 to $29.7 million at October 31, 2013, an increase of approximately $1.3 million or 5%. The increase was primarily a result of the increase in the delinquent interest receivables due on Owned Real Estate (see Other Assets below).

Other Assets

Other assets are primarily comprised of Owned Real Estate held by the Agency. Other assets increased from $7.2 million at October 31, 2013 to $13.6 million at October 31, 2014, an increase of approximately $6.4 million or 90%. This compares with an increase from $4.9 million at October 31, 2012 to $7.2 million at October 31, 2013, an increase of approximately $2.3 million or 45%. The increase in each fiscal year results from increases in the number of loans being moved from the loan portfolio to Owned Real Estate status.

Liabilities

Bonds Payable

At approximately 92% of total liabilities in fiscal 2014 (91% and 95% in fiscal 2013 and 2012, respectively), bonds payable comprise the largest component of liabilities. Funds generated by the sale of bonds are used to purchase mortgage loans or to economically refund outstanding bonds on mortgage loans. Mortgage loan payments together with interest earnings thereon, are the source of funds used for debt service payments due on bonds payable.

Bonds payable decreased from $2.83 billion at October 31, 2013, to $2.71 billion at October 31, 2014, a decline of approximately $120 million or 4%. This compares with a decrease from $3.04 billion at October 31, 2012, to $2.83 billion at October 31, 2013, a decline of approximately of $210 million or 7%. The declines in bonds outstanding are primarily a result of principal payments on bonds exceeding bond issuances and the continued issuance of economic refunding bonds.

Derivative Instruments - Interest Rate Swaps

The Agency has entered into various derivative instruments contracts ("interest rate swaps") in order to manage risk associated with interest on its bond portfolio. The Agency recognizes the fair value of all derivative instruments as either an asset or liability on its statements of net position with the offsetting gains or losses recognized in earnings or as either deferred inflows or outflows if deemed an effective hedge (see note 8). For fiscal 2014, 2013 and 2012, all of the Agency's interest rate swaps were determined to be effective hedges. Therefore, the Agency recorded the amount of the fair values of these interest rate swaps along with a corresponding deferred outflow or inflow of resources.

Due to an increase in interest rates relating to interest swaps, the fair values of the interest rate swaps increased from approximately $45.7 million in fiscal 2013 to $39.3 million in fiscal 2014, an increase of approximately $6.4 million, or 14%. During fiscal 2013, there was an increase in fair value from approximately $65 million in fiscal 2012 to $45.7 million in fiscal 2013, an increase of approximately $19.3 million, or 30%.

Interest Payable

Interest payable decreased from $7.3 million at October 31, 2013 to $6.3 million at October 31, 2014, a decrease of approximately $1 million, or 14%. This compares with a decrease from $8.4 million at October 31, 2012 to $7.3 million at October 31, 2013, a decrease of approximately $1.1 million, or 12%. The decline in interest payable is primarily due to the continued issuance of refunding bonds at lower interest rates and lower bonds outstanding.

Allowance for Anticipated Claims

Allowance for anticipated claims increased from $22.7 million at October 31, 2013 to $27.8 million at October 31, 2014, an increase of approximately $5.1 million or 23%, as compared to a decline from $33.2 million at October 31, 2012 to $22.7 million at October 31, 2013, a decrease of approximately $10.5 million or 32%. 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 2014, 2013 and 2012 the MIF made claim payments in the amounts of $5.2 million, $11.2 million and $11.5 million respectively.

Unearned Income, Accounts Payable and Other Liabilities

Unearned income, accounts payable and other liabilities decreased from $153.1 million at October 31, 2013 to $106.4 million at October 31, 2014, a decrease of approximately $46.7 million or 30%. This decrease is primarily a result of a reduction in commitments made by the MIF to transfer funds to the State and its Agencies from $103.5 million in fiscal 2013 to $32 million in fiscal 2014. This compares to an increase from $30.1 million at October 31, 2012 to $153.1 million at October 31, 2013, an increase of approximately $123 million or 408%. The increase was primarily a result of the commitment by the MIF to transfer an additional $103.5 million to the State and its Agencies in fiscal 2014 combined with a surplus of surtax receipts in the amount of $22.4 million.

Postemployment Retirement Benefits

The Agency provides certain group health care benefits to eligible retirees (and for eligible dependents and survivors of such retirees). The postemployment retirement benefits balance represents the accumulated unfunded actuarial liability required to pay the cost to eligible retirees. The accumulated amount of postemployment retirement benefits increased from $39 million in fiscal 2013 to $42.7 million in fiscal 2014, an increase of approximately $3.7 million, or 9%. This compares with an increase from $34.7 million in fiscal 2012 to $39.0 million in fiscal 2013, an increase of approximately $4.3 million, or 13%. The increase in fiscal 2014 of 9% is primarily due to lower NYSHIP premiums and decreases in projected NYSHIP premiums, offset slightly by a change in the discount rate from 3.5% to 3.25%.

Summary of Revenues, Expenses and Changes in Net Position

	Fiscal Year Ended October 31,			% Change	
	2014	2013	2012	2014-2013	2013-2012
	(in thousands)				
Operating Revenues					
Interest on loans	$ 140,756	$ 147,635	$ 162,551	(5%)	(9%)
Recoveries	13,049	11,185	10,546	17%	6%
Investment Income:					
Investment earnings	25,070	21,813	30,548	15%	(29%)
Decrease from hedge termination	(6,367)	—	—	N/A	N/A
Net change in fair market value of investments	3,559	(28,774)	(7,380)	(112%)	290%
Other operating revenues	15,821	14,822	13,722	7%	8%
Total operating revenues	191,888	166,681	209,987		
Operating Expenses					
Interest expense and amortization of discount on debt	93,233	106,758	124,918	(13%)	(15%)
Provision for estimated claims	14,835	6,181	8,628	140%	(28%)
Pool insurance	671	508	1,031	32%	(51%)
Expenditures related to federal grants	766	909	828	(16%)	10%
Other operating expenses	40,399	42,729	38,386	(5%)	11%
Total operating expenses	149,904	157,085	173,791		
Net operating revenue	41,984	9,596	36,196	338%	(73%)
Non-operating revenues (expenses)					
Mortgage insurance reserves retained	91,202	89,268	87,256	2%	2%
Federal grants	766	909	828	(16%)	10%
Transfers to New York State and its Agencies	(75,418)	(135,952)	(100,000)	(45%)	36%
Total non-operating revenues (expenses)	16,550	(45,775)	(11,916)		
Increase (Decrease) in net position	58,534	(36,179)	24,280		
Total net position - beginning of fiscal year	2,124,856	2,161,035	2,136,755		
Total net position- end of fiscal year	$ 2,183,390	$ 2,124,856	$ 2,161,035		

N/A - Not applicable

Operating Revenues

Interest on Mortgages

Interest on mortgage loans from Single Family operations represent the primary source of funds available for the Agency to pay interest due on bonds payable. Interest on mortgage loans declined from $147.6 million in fiscal 2013 to $140.8 million in fiscal 2014, a decrease of approximately $6.8 million or 5%. This compares with a decline from $162.6 million in fiscal 2012 to $147.6 million in fiscal 2013, a decrease of approximately $15.0 million or 9%. The continued decline in fiscal years 2014, 2013 and 2012 was a result of historic low interest rates on loans purchased by the Agency during this period.

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 $11.2 million in fiscal year 2013 to $13.0 million in fiscal year 2014, an increase of approximately $1.8 million, or 17%, as compared with an increased from $10.5 million in fiscal year 2012 to $11.2 million in fiscal year 2013, an increase of approximately $639 thousand, or 6%.

During fiscal 2014, the Agency received $8.2 million in cash recoveries ($7.1 million in fiscal 2013 and $4 million in fiscal 2012) and had $4.8 million in non-cash adjustments ($9.2 million in fiscal 2013 and $6.5 million in fiscal 2012)

Of the $8.2 million of cash recoveries received by the Agency, the MIF recorded recoveries of approximately $3.0 million during fiscal 2014 ($3.4 million in both fiscal 2013 and 2012) 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.

Investment Earnings and Net Change in Fair Value of Investments

During fiscal 2014, the Agency realized $25.0 million in net earnings on investments from maturities, sales and investments amortization (this compares with $21.8 million and $30.5 million during fiscal years 2013 and 2012, respectively). The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year may have been recognized as an increase or decrease in the fair value of investments reported in prior years. The Agency had recorded mark to market increases of $11.4 million, $7.8 million and $36.6 million, for fiscal years 2014, 2013 and 2012, respectively. The net change in the fair value of investments increased to $3.6 million during fiscal 2014 (this compares with decreases of approximately $28.8 million and $7.4 million for fiscal years 2013 and 2012, respectively). These amounts takes into account all changes in fair value (including purchases, maturities and sales) that occurred during the year.

Decrease from Hedge Termination

During fiscal 2014, the Agency amended one swap agreement to reflect a change in counterparty and as a result received a 0.02% reduction in its fixed interest rate. In accordance with GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, the change in interest rates resulted in a termination of the hedging relationship. As a result, the Agency recorded a loss of $6.4 million on the Statement of Revenues, Expenses and Changes in Net Position as of October 31, 2014 within Investment Income.

Other Operating Revenues

Other operating revenues primary consist of commitment fees, insurance premiums and application fees earned. Other operating revenues increased from $14.8 million at October 31, 2013 to $15.8 million at October 31, 2014, an increase of approximately $1.0 million or 7%. This compares with an increase from $13.7 million at October 31, 2012 to $14.8 million at October 31, 2013, an increase of approximately $1.1 million or 8%. The increase was primarily due to the increase in the commitment fees, insurance premiums and application fees earned in fiscal 2014.

Expenses

Interest Expense

Interest expense decreased from $106.8 million in fiscal 2013 to $93.2 million in fiscal 2014, a decrease of approximately $13.6 million or 13%. This compares with a decrease from $124.9 million in fiscal 2012 to $106.8 million in fiscal 2013, a decrease of approximately $18.1 million or 15%. The decrease was due to the continued issuance of refunding bonds and the decline in the balance of outstanding bonds and the required interest payments.

Provision for Estimated Claims

The MIF sets aside provisions for potential insurance claims on the MIF insured multi-family projects and the 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 increased from approximately $6.2 million in fiscal year 2013 to $14.8 million in fiscal year 2014, an increase of approximately $8.6 million, or 140%, as compared to a decrease from $8.6 million in fiscal year 2012 to $6.2 million in fiscal year 2013, a decrease of approximately $2.4 million, or 28%

In fiscal 2014, 2013 and 2012, 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 2014 and 2013, see Note 7 to the financial statements.

Other Operating Expenses

Other operating expenses primary consist of bond issuance costs, postemployment retirement benefits expenses, general expenses and the cost recovery fee charged by State of New York. Other operating expenses decreased from $42.7 million at October 31, 2013 to $40.4 million at October 31, 2014, a decrease of approximately $2.3 million or 5%. This compares with an increase from $38.4 million at October 31, 2012 to $42.7 million at October 31, 2013, an increase of approximately $4.3 million or 11%.

Non-Operating Revenues

Mortgage Insurance Reserves Retained

Mortgage insurance reserves retained totaled $91.2 million during fiscal 2014 as compared to $89.3 million during fiscal 2013 and $87.3 million during fiscal 2012. Such reserves are funded by surcharge tax receipts. Mortgage surtax receipts for fiscal years 2014, 2013 and 2012 were received in the amounts of $151.1 million, $134.1 million and $92.5 million, respectively.

Transfers to the State and its Agencies

During fiscal 2014, the 2014-2015 enacted State Executive Budget required the MIF to transfer excess reserves in the amount of $75.4 million to the State and its Agencies. Of this amount, the MIF transferred $43.4 million during fiscal 2014. The remaining $32.0 million was transferred on November 18, 2014 to the New York State Housing Finance Agency.

During fiscals 2013 and 2012, pursuant to the State Executive Budget, the MIF was required to transfer $136 million and $100 million to the State and its Agencies respectively.

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State of New York Mortgage Agency

(A Component Unit of the State of New York)

Statements of Net Position

	October 31, 2014	October 31, 2013
	(in thousands)	
Assets		
Current assets:		
Cash-demand deposits unrestricted	$ 2,084	$ 2,131
Cash-demand deposits restricted	4,740	2,899
Cash-custodian deposits	4,101	3,608
Investments unrestricted	24,740	22,664
Investments restricted	742,091	839,560
Total cash and investments	777,756	870,862
Mortgage loans receivable	170,106	170,985
Accrued interest receivable:		
Mortgage and student loans	21,671	20,511
Investments	10,055	9,224
Other assets	13,632	7,177
Total current assets	**993,220**	**1,078,759**
Non-current assets:		
Investments restricted	1,504,954	1,393,922
Mortgage loans receivable	2,572,607	2,691,215
Student loans receivable	10,543	11,678
Total non-current assets	**4,088,104**	**4,096,815**
Total assets	**5,081,324**	**5,175,574**
Deferred outflows of resources		
Accumulated decrease in fair value of hedging derivatives	26,209	38,979
Deferred loss on refunding	5,826	6,118
Total deferred outflows of resources	**32,035**	**45,097**
Liabilities		
Current liabilities:		
Bonds payable, net	155,215	110,935
Interest payable	6,307	7,374
Allowance for anticipated claims	27,812	22,653
Unearned income, accounts payable and other liabilities	74,398	49,553
Amounts due to New York State and its Agencies	32,000	103,534
Total current liabilities	**295,732**	**294,049**
Non-current liabilities:		
Bonds payable, net	2,552,272	2,717,087
Derivative instruments - interest rate swaps	39,275	45,679
Postemployment retirement benefits payable	42,690	39,000
Total non-current liabilities	**2,634,237**	**2,801,766**
Total liabilities	**2,929,969**	**3,095,815**
Net position		
Restricted for bond obligations	590,362	578,576
Restricted for insurance requirements	1,612,867	1,564,826
Unrestricted (deficit)	(19,839)	(18,546)
Total net position	**$ 2,183,390**	**$ 2,124,856**

See notes to financial statements.

State of New York Mortgage Agency

(A Component Unit of the State of New York)

Statements of Revenues, Expenses and Changes in Net Position

	Fiscal Year Ended October 31,	
	2014	2013
	(in thousands)	
Operating revenues		
Interest earned on loans	$ 140,756	$ 147,635
Recoveries	13,049	11,185
Investment income:		
Investment earnings	25,070	21,813
Decrease from hedge termination	(6,367)	—
Net change in fair market value of investments	3,559	(28,774)
Commitment fees, insurance premiums and application fees earned	15,060	14,129
Other income	761	693
Total operating revenues	**191,888**	**166,681**
Operating expenses		
Interest and amortization of discount on debt	93,233	106,758
Bond issuance costs	4,278	5,618
Postemployment retirement benefits expense	4,302	4,898
General expenses	19,956	18,854
Overhead assessment by State of New York	4,556	4,556
Pool insurance	671	508
Provision for estimated claims	14,835	6,181
Expenses related to federal grants	766	909
Other	7,307	8,803
Total operating expenses	**149,904**	**157,085**
Operating income	**41,984**	**9,596**
Non-operating revenues (expenses)		
Mortgage insurance reserves retained	91,202	89,268
Federal grants	766	909
Transfers to New York State and its Agencies	(75,418)	(135,952)
Total non-operating revenues (expenses)	**16,550**	**(45,775)**
Increase (Decrease) in net position	**58,534**	**(36,179)**
Total net position, beginning of fiscal year	**2,124,856**	**2,161,035**
Total net position, end of fiscal year	**$ 2,183,390**	**$ 2,124,856**

See notes to financial statements.

State of New York Mortgage Agency
(A Component Unit of the State of New York)
Statements of Cash Flows

	Fiscal Year Ended October 31, 2014	2013
	(in thousands)	
Cash flows from operating activities		
Interest received on loans	$ 141,087	$ 147,891
Principal payment on loans	282,457	378,894
Purchase of loans	(161,508)	(288,208)
Commitment fees, insurance premium and application fees earned	25,142	22,148
General expenses	(26,132)	(23,528)
Expenditures related to federal and state grants	(766)	(909)
Other	(22,042)	(30,223)
Net cash provided by operating activities	**238,238**	**206,065**
Cash flows from non-capital financing activities		
Interest paid on bonds	(93,130)	(107,471)
Mortgage recording surtax receipts	151,081	134,104
Payments to New York State	(186,930)	(60,466)
Federal grants	766	909
Bond proceeds	419,690	424,725
Retirement and redemption of bonds	(539,565)	(633,885)
Net cash used in non-capital financing activities	**(248,088)**	**(242,084)**
Cash flows from investing activities		
Earnings on investments	33,799	36,943
Proceeds from the sale or maturities of investments	3,232,111	5,423,991
Purchase of investments	(3,253,773)	(5,434,699)
Net cash provided by (used in) investing activities	**12,137**	**26,235**
Net increase (decrease) in cash	2,287	(9,784)
Cash at beginning of fiscal year	8,638	18,422
Cash at end of fiscal year	**$ 10,925**	**$ 8,638**
Reconciliation of operating revenues to net cash provided by operating activities:		
Operating income	$ 41,984	$ 9,596
Adjustment to reconcile operating income to net cash provided (used in) by operating activities:		
Earnings on investment	(25,070)	(21,813)
Interest payments and amortization	93,233	106,758
Unrealized gain (loss) on investment	(3,559)	28,774
Hedge termination	6,367	—
Other	(1,081)	1,679
Changes in assets and liabilities		
Mortgage loans and other loans, net	119,487	89,665
Interest, fees and other receivables	(7,615)	(4,824)
Student loans	1,135	874
Allowance for anticipated claims	5,159	(10,552)
Unearned income, accounts payable and other	4,508	1,564
Postemployment retirement benefits payable	3,690	4,344
Net cash provided by operating activities	**$ 238,238**	**$ 206,065**
Non-cash investing activities		
Decrease in fair value of investments	**$ (3,559)**	**$ (34,349)**

See notes to financial statements.

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. In addition credit support is provided for obligations of the Convention Center Development Corporation through its Mortgage Insurance Program, in exchange for a one-time fee received by the Agency in fiscal year 2006. Under State statutes, the Agency’s operating provisions are subject to periodic legislative renewal. The Agency is exempt from Federal, State and local income taxes. 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”). The financial statements of the Agency include the accounts of the respective bondholder funds as well as the Mortgage Insurance Fund, Student Loan Program 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.

1. Organization and Basis of Presentation (continued)

b. Mortgage Insurance Fund

The Agency operates its Mortgage Insurance Fund (the "Program" or the "MIF") pursuant to a statute enacted in 1978 to encourage the investment by approved lenders in communities where mortgage capital is found to be insufficient for the preservation and rehabilitation of affordable housing. Under the Program, qualifying mortgages granted by approved lenders within the State may be insured, up to 50% of the principal balance, but up to 75% with respect to rehabilitation loans under certain conditions, and 100% of the principal balance for loans made by public pension funds and specified public benefit corporations of the State. The net assets of the program are restricted by statutory provisions.

In 1989, the MIF was enhanced by State legislation that expanded the Program's authority to issue mortgage insurance for loans in specified economic development zones and to projects providing affordable housing or are financed by government entities. In addition, the Program was granted authorization to underwrite mortgage pool insurance for the Agency's mortgage programs. The 1989 enhancements to the statute are subject to periodic renewal by the legislature.

Moody's Investors Service rates the claims paying ability of the MIF's Project Pool Insurance Account and the Single Family Pool Insurance Account each rated "Aa1"; Fitch Ratings rates the claims paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account "AA-" and "AA+", respectively.

As of October 31, 2014 and 2013, the MIF has outstanding mortgage insurance policies of approximately $3.09 billion and $3.00 billion, respectively, of which at least 20% has been provided and reported as part of the restricted net position. Insurance reserves for performing mortgage loans are established at 20% of the original principal amount except for special needs facilities where the insurance reserve is established at 40% of the original principal amount. When an insured mortgage is in default, the insured amount is immediately reserved as a liability reserve at 100% of the original principal amount of the insured mortgage loan.

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, the excess amount on deposit in the Special Account amount as of March 31, is remitted to the State by June 18 of that year.

Legislation adopted in 2004 added an account to the Agency's MIF, the Development Corporation Credit Support Account, and expanded the powers of the MIF to permit the Agency to provide credit support for the bonds and ancillary bond facilities of the Convention Center Development Corporation, a subsidiary of the New York State Urban Development Corporation. The legislation further limits the aggregate annual amount to be transferred from the Special Account to the Development Corporation Credit Support Account within the MIF during any twelve month period ending on March 31st to the lesser of $50 million or the aggregate of the amounts required under such contracts. The Agency set aside $34.4 million for this purpose. Such funds remain on deposit for this purpose as of October 31, 2014 and 2013.

1. Organization and Basis of Presentation (continued)

c. General Operating Fund

The expenses of administrative services provided for the Agency are accounted for within the General Operating Fund. Services provided for the Mortgage Insurance Fund are accounted for separately within the Mortgage Insurance Fund.

2. Significant Accounting Policies

a. Basis of Accounting

The Agency utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB").

b. Cash

Cash demand deposit accounts are used for the collection of funds received from the servicing banks throughout the month.

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 collateralized investment agreements are recorded at their fair values, which are based on quoted market prices and matrix pricing for securities that do not trade actively. Collateralized 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.

d. Mortgage Loans Receivable

Mortgage loans on real estate are stated at their unpaid principal balance 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 (70%) were originated in 2004 or earlier and all mortgages are covered by a pool insurance policy.

2. Significant Accounting Policies (continued)

e. Bonds Payable

Serial and term bonds are stated at their principal amounts outstanding, net of unamortized bond discount or premium. Serial and term bonds are maintained at their accreted values for purposes of financial reporting to the date of the respective Statement of Net Position.

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 Discount and Premium

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 original life of the refunded bonds or the life of the refunding bonds, whichever is shorter.

g. Bond Issuance Costs

Bond issuance costs are recognized as an expense in the period incurred.

h. Interest on Loans

Interest on loans is accrued and recognized as revenue when earned.

i. Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires 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.

j. Derivative Instruments

The Agency has entered into various interest rate swaps contracts in order to manage risks associated with interest on its bond portfolio. The Agency recognizes the fair value of all derivative instruments as either an asset or liability on its statements of net position with the offsetting gains or losses recognized in earnings or as either deferred inflows or outflows, if deemed an effective hedge.

2. Significant Accounting Policies (continued)

k. Recently Adopted Accounting Pronouncements

In February 2013, GASB issued Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees (“GASB No. 70”). The objective of this Statement is to improve the comparability of financial statements among governments by requiring consistent reporting by those governments that extend and/or receive non-exchange financial guarantees. The provisions of this Statement are effective for fiscal reporting periods beginning after June 15, 2013. The implementation of this standard did not have an impact on the Agency’s financial statements.

l . Accounting Pronouncements Issued But Not Yet Adopted

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions (“GASB No. 68”). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Agency is currently evaluating the impact of the implementation of this standard will have on the Agency’s financial statements.

In January 2013, GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations (“GASB No. 69”). The objective of this Statement is to improve the accounting for mergers and acquisitions among state and local governments by providing guidance specific to the situations and circumstances encountered within the governmental environment. The provisions of this Statement are effective for government combination and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. The Agency does not anticipate that the implementation of this standard will have an impact on the Agency’s financial statements.

m. Federal Grants

Grants received from the Federal governments are recognized as non-operating revenue when eligibility requirements are met.

n. Revenue and Expense Classification

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

o. Use of Net Position

When both restricted and unrestricted assets are available for a particular restricted use, it is the Agency’s policy to use restricted resources first, and then unrestricted as needed.

p. Reclassifications

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

3. Investments

The Agency's investments at October 31, 2014 and October 31, 2013, excluding accrued interest, consisted of the following:

October 31, 2014:

Category	Time Deposits, Money Market and Savings Accounts	U.S. Treasury Obligations	U.S. Government Agencies	Total Fair Value
		(in thousands)		
Invested revenues	$ 4,587	$ 224,027	—	$ 228,614
Mortgage insurance reserves	—	1,647,831	70,064	1,717,895
Mortgage acquisition and other bond proceeds	—	41,800	—	41,800
Bondholder reserves	57,095	226,381	—	283,476
Total	$ 61,682	$ 2,140,039	$ 70,064	$ 2,271,785

October 31, 2013:

Category	Time Deposits, Money Market and Savings Accounts	U.S. Treasury Obligations	U.S. Government Agencies	Total Fair Value
		(in thousands)		
Invested revenues	$ 1,883	$ 317,935	$ 458	$ 320,276
Mortgage insurance reserves	—	1,619,847	97,946	1,717,793
Mortgage acquisition and other bond proceeds	—	19,509	—	19,509
Bondholder reserves	48,973	138,849	10,746	198,568
Total	$ 50,856	$ 2,096,140	$ 109,150	$ 2,256,146

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

3. Investments (continued)

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 the Federal National Mortgage Association ("FNMA")], Time Deposits and Certificates of Deposit. Securities are purchased from Primary and approved Dealers, and Securities are delivered to the applicable Custodian/Trustee who records the investment.

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 is delivered to the Custodian and held for the benefit of the Agency.

Investment Maturities in Years at October 31, 2014 are as follows:

	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
			(in thousands)		
Time Deposits	$ 57,095	$ —	$ 14,073	$ 2,115	$ 40,907
Trust Savings Accounts/ CDs	4,072	4,072	—	—	—
Municipal Bonds	515	—	—	—	515
U.S. Treasury Bills	406,015	406,015	—	—	—
U.S. Treasury Notes & Bonds	1,734,024	280,659	1,007,872	445,493	—
U.S. Government Agencies	70,064	62,689	7,336	—	39
Total	$ 2,271,785	$ 753,435	$ 1,029,281	$ 447,608	$ 41,461

Interest Rate Risk

The Agency's exposure to fair value losses arising from rising interest rates is limited by the short term duration of 33% and 38% of the Agency's investments for fiscal years ended 2014 and 2013, respectively.

4. Mortgage and Student Loans Receivables

The principal balances of mortgage and student loans receivables for the years ended October 31, 2014 and October 31, 2013 were as follows:

October 31, 2014:

	Balance at October 31, 2013	Scheduled Principal Payments	Prepayments, Transfers and Other Credits	Purchase of New Loans	Balance at October 31, 2014
			(in thousands)		
Homeowner Mortgage Revenue	$ 2,035,716	$ (78,073)	$ (92,594)	$ 131,263	$ 1,996,312
Mortgage Revenue	823,362	(22,728)	(87,202)	30,245	743,677
Homeownership Program	3,122	(205)	(193)	—	2,724
Student Loan	11,678	—	(1,135)	—	10,543
Total Mortgage and Student Receivable	$ 2,873,878	$ (101,006)	$ (181,124)	$ 161,508	$ 2,753,256

October 31, 2013:

	Balance at October 31, 2012	Scheduled Principal Payments	Prepayments, Transfers and Other Credits	Purchase of New Loans	Balance at October 31, 2013
			(in thousands)		
Homeowner Mortgage Revenue	$ 2,139,637	$ (76,627)	$ (219,353)	$ 192,059	$ 2,035,716
Mortgage Revenue	808,531	(24,104)	(57,214)	96,149	823,362
Homeownership Program	3,698	(214)	(362)	—	3,122
Student Loan	12,552	—	(874)	—	11,678
Total Mortgage and Student Receivable	$ 2,964,418	$ (100,945)	$ (277,803)	$ 288,208	$ 2,873,878

4. Mortgage and Student Loans Receivables (continued)

Mortgage loans outstanding were as follows at October 31, 2014 and October 31, 2013:

October 31, 2014:	Number of Mortgage Loans	Outstanding Principal Balance (in thousands)
Homeowner Mortgage Revenue:		
Uninsured	7,842	$ 658,111
F.H.A. (insured)	1	5
Private mortgage insurance (at time of purchase)	16,557	1,340,930
Deferred Participation	—	(2,734)
	24,400	1,996,312
Mortgage Revenue:		
Uninsured	2,395	295,666
F.H.A. (insured)	8	72
Private mortgage insurance (at time of purchase)	3,835	445,205
Participation	—	2,734
	6,238	743,677
Homeownership Program:		
Uninsured	4	226
Private mortgage insurance (at time of purchase)	55	2,498
	59	2,724
Total	30,697	$ 2,742,713

October 31, 2013:	Number of Mortgage Loans	Outstanding Principal Balance (in thousands)
Homeowner Mortgage Revenue:		
Uninsured	7,895	$ 653,324
F.H.A. (insured)	2	213
Private mortgage insurance (at time of purchase)	16,961	1,385,399
Deferred Participation	—	(3,220)
	24,858	2,035,716
Mortgage Revenue:		
Uninsured	2,727	315,532
F.H.A. (insured)	9	106
Private mortgage insurance (at time of purchase)	4,770	504,504
Participation	—	3,220
	7,506	823,362
Homeownership Program:		
Uninsured	4	246
Private mortgage insurance (at time of purchase)	63	2,876
	67	3,122
Total	32,431	$ 2,862,200

4. Mortgage and Student Loans Receivables

The principal balances of mortgage loans receivables in arrears for the years ended October 31, 2014 and October 31, 2013 were as follows:

October 31, 2014:

Days in Arrears	Number of Loans in Arrears	Principal (in thousands)	Percent of Principal Outstanding of Loans in Arrears to Total Loans
Homeowner Mortgage Revenue:			
60	201	$ 17,637	0.88%
90 plus	967	102,674	5.14%
	1,168	120,311	6.02%
Mortgage Revenue:			
60	54	5,412	0.73%
90 plus	208	23,391	3.16%
	262	28,803	3.89%
Homeownership Program:			
60	4	186	6.83%
90 plus	4	243	8.92%
	8	429	15.75%
Combined:			
60	259	23,235	0.84%
90 plus	1,179	126,308	4.61%
	1,438	$ 149,543	5.45%

October 31, 2013:

Days in Arrears	Number of Loans in Arrears	Principal (in thousands)	Percent of Principal Outstanding of Loans in Arrears to Total Loans
Homeowner Mortgage Revenue:			
60	247	$ 19,791	0.97%
90 plus	931	98,727	4.84%
	1,178	118,518	5.81%
Mortgage Revenue:			
60	66	6,570	0.80%
90 plus	201	21,353	2.60%
	267	27,923	3.40%
Homeownership Program:			
60	2	121	3.88%
90 plus	6	354	11.34%
	8	475	15.21%
Combined:			
60	315	26,482	0.93%
90 plus	1,138	120,434	4.21%
	1,453	$ 146,916	5.14%

5. Bonds Payable

Changes in bonds payable, net for the year ended October 31, 2014 and October 31, 2013 were as follows:

October 31, 2014:

	Bonds Outstanding at October 31, 2013	Matured/ Called/ Redeemed	Issued	Amortization of Bond Premium and Deferred Loss Amounts	Bonds Outstanding at October 31, 2014
			(in thousands)		
Homeowner Mortgage Revenue	$ 2,001,862	$ (381,090)	$ 419,690	$ 295	$ 2,040,757
Mortgage Revenue	812,777	(157,665)	—	(862)	654,250
NYHELPs (Student Loan program)	13,383	(810)	—	(93)	12,480
Total Bonds Outstanding	$ 2,828,022	$ (539,565)	$ 419,690	$ (660)	$ 2,707,487

October 31, 2013:

	Bonds Outstanding at October 31, 2012	Matured/ Called/ Redeemed	Issued	Amortization of Bond Premium and Deferred Loss Amounts	Bonds Outstanding at October 31, 2013
			(in thousands)		
Homeowner Mortgage Revenue	$ 2,223,488	$ (447,520)	$ 225,900	$ (6)	$ 2,001,862
Mortgage Revenue	800,263	(185,980)	198,825	(331)	812,777
NYHELPs (Student Loan program)	13,845	(385)	—	(77)	13,383
Total Bonds Outstanding	$ 3,037,596	$ (633,885)	$ 424,725	$ (414)	$ 2,828,022

5. Bonds Payable (continued)

Homeowner Mortgage Revenue Bonds

One hundred eighty-nine Homeowner Mortgage Revenue Bond series have been issued between 1988 and 2014 in a total original amount of $10,311,503,000. At October 31, 2014, the interest rates for the fixed rate bonds outstanding ranged from .12% to 5.0% and the interest on the variable rate debt ranged from .02% to .16%.

The schedule of Total Annual Maturities as of October 31, 2014 was as follows:

Fiscal Year Ending Oct 31,	Serial Bonds	Term Bonds	Total Bonds Payable	Interest Payable	Total Debt Service
			(in thousands)		
2015	$ 94,040	$ —	$ 94,040	$ 51,751	$ 145,791
2016	92,085	100	92,185	50,490	142,675
2017	84,575	420	84,995	48,849	133,844
2018	65,650	6,350	72,000	47,188	119,188
2019	72,770	7,325	80,095	45,520	125,615
2020-2024	288,900	182,205	471,105	188,256	659,361
2025-2029	38,010	386,385	424,395	110,326	534,721
2030-2034	—	392,810	392,810	59,962	452,772
2035-2039	—	245,325	245,325	28,804	274,129
2040-2044	—	82,220	82,220	9,648	91,868
2045-2047	—	675	675	1	676
Total Debt Service Requirement	736,030	1,303,815	2,039,845	640,795	2,680,640
Unamortized bond premium	—	—	912	—	—
Total	$ 736,030	$ 1,303,815	$ 2,040,757	$ 640,795	$ 2,680,640

5. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds

At October 31, 2014, the interest rate for fixed rate Homeowner Mortgage Revenue Bonds outstanding ranged from .12% to 5.0%.

The schedule of Homeowner Mortgage Revenue Bonds outstanding by series as of October 31, 2014 was as follows:

Series		Originally Issued		Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
		(in thousands)				
109	$	125,000	$	50,270	4.9%-4.95%	2034
115		35,000		35,000	Reset Weekly	2034
116		125,000		24,100	4.8%	2034
121		400		120	4.0%	2017
122		40,000		40,000	Reset Weekly	2035
123		28,760		15,960	4.6%-4.75%	2029
124		36,240		3,355	4%	2015
125		35,000		35,000	Reset Weekly	2036
127		20,605		4,000	4.8%-4.95%	2036
129		34,000		34,000	Reset Weekly	2035
130		48,055		25,155	4.5%-4.8%	2037
131		28,725		3,935	3.95%-4.0%	2017
132		34,000		34,000	Reset Daily	2037
133		73,970		135	4.60%	2015
135		34,000		34,000	Reset Daily	2037
137		75,205		55,595	4.55%-4.7%	2031
138		15,795		6,925	3.8%-3.9%	2017
139		34,000		34,000	Reset Daily	2037
140		40,435		19,040	4.6%-4.75%	2037
141		15,565		4,295	3.9%-4.0%	2017
142		34,000		34,000	Reset Daily	2037
143		60,000		32,800	4.75%-4.9%	2037
144		30,000		30,000	Reset Daily	2037
146		37,020		7,505	3.9%-4.0%	2017
147		50,000		50,000	Reset Weekly	2037
148		53,905		2,220	4.90%	2022
149		21,095		8,345	3.8%-3.95%	2017
150		50,000		50,000	Reset Daily	2037
152		29,765		3,125	4.0%	2016
153		50,000		50,000	Reset Weekly	2047
155		32,145		3,505	3.95%	2017

5. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds (continued)

Series		Originally Issued		Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
		(in thousands)				
159	$	60,000	$	60,000	Reset Weekly	2038
160		11,560		4,495	3.3%-4.0%	2018
162		25,000		25,000	Reset Weekly	2039
163		66,825		61,005	1.85%-4.45%	2031
164		84,365		48,105	1.35%-3.4%	2022
165		50,000		48,045	4.0%-4.75%	2042
166		107,585		87,635	1.886%-3.999%	2021
167		10,695		10,695	3.1%-4.1%	2022
168		50,065		45,860	2.10%-5.0%	2040
169		43,060		36,950	1.0%-2.6%	2021
170		19,940		19,940	2.4%-3.9%	2027
171		12,000		12,000	3.40%	2022
172		150,000		146,330	1.23%-4.203%	2027
175		82,660		80,210	1.019%-4.116%	2028
176		66,835		66,745	1.45%-3.75%	2042
177		33,200		26,380	.55%-3.05%	2027
178		79,370		74,900	3.5%-4.9%	2043
179		13,090		13,090	.65%-1.65%	2017
180		33,405		33,405	.90%-4.10%	2023
181		38,255		38,255	4.65%-4.80%	2044
182		25,385		22,050	.30%-4.40%	2034
183		96,480		95,280	.45%-4.6%	2031
184		18,960		17,225	.52%-2.685%	2020
185		12,000		12,000	3.95%	2029
186		80,190		80,190	1.20%-4.30%	2029
187		31,650		26,900	.28%-1.59%	2018
188		27,920		27,920	3.60%-3.85%	2044
189		88,850		88,850	.12%-3.85%	2034
Unamortized bond premium		—		912		
Total	$	2,747,030		2,040,757		

5. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds (continued)

As of October 31, 2014, the additional debt service requirements of the Agency's hedged variable rate debt on associated derivative instruments for the period hedged are as follows:

Fiscal Year Ending Oct 31,	Swap Nominal Amount	Fixed Interest Payments	Swap Offset Payments	Net Swap Interest
	(in thousands)			
2015	$ —	$ 14,204	$ 1,279	$ 12,925
2016	98,000	13,549	1,223	12,326
2017	94,675	9,809	830	8,979
2018	161,400	6,528	492	6,036
2019	1,480	2,341	229	2,112
2020-2024	8,120	10,879	1,067	9,812
2025-2029	16,040	9,339	917	8,422
2030-2034	33,150	5,157	507	4,650
2035-2039	7,135	395	39	356
Total	$ 420,000	$ 72,201	$ 6,583	$ 65,618

The above amounts assume that current interest rates on October 31, 2014 and the variable-rate offset to the fixed rates of the hedging derivative instruments will remain the same for the term of the respective swaps.

5. Bonds Payable (continued)

Mortgage Revenue Bonds

Fifty-one Mortgage Revenue Bond series have been issued between 1984 and 2014 in a total original amount of $4,379,549,000. At October 31, 2014, the interest rates for the fixed rate bonds outstanding ranged from .6% to 5.0%.

The Schedule of Total Annual Maturities at October 31, 2014 was as follows:

Fiscal Year Ending Oct 31,	Serial Bonds	Term Bonds	Bonds Payable	Interest Payable	Debt Service
			(in thousands)		
2015	$ 23,465	$ —	$ 23,465	$ 21,312	$ 44,777
2016	20,335	—	20,335	20,905	41,240
2017	25,495	—	25,495	20,459	45,954
2018	15,505	—	15,505	25,176	40,681
2019	14,105	2,075	16,180	20,104	36,284
2020-2024	52,110	52,590	104,700	91,192	195,892
2025-2029	—	72,245	72,245	72,291	144,536
2030-2034	—	126,065	126,065	55,448	181,513
2035-2039	—	150,125	150,125	30,973	181,098
2040-2043	—	96,805	96,805	5,578	102,383
Total Debt Service Requirement	151,015	499,905	650,920	363,438	1,014,358
Unamortized bond premium	—	—	3,330	—	—
Total	$ 151,015	$ 499,905	$ 654,250	$ 363,438	$ 1,014,358

5. Bonds Payable (continued)

Outstanding Mortgage Revenue Bonds

At October 31, 2014, the interest rate for fixed rate Mortgage Revenue Bonds outstanding ranged from .60% to 5%.

The schedule of Mortgage Revenue Bonds outstanding by series as of October 31, 2014 was as follows:

Series	Originally Issued	Currently Outstanding	Range of Interest Rates	Remaining Maturity
	(in thousands)			
35th	$ 62,760	6,335	4.5%-4.65%	2030
39th	57,385	47,395	3.25%-5.0%	2028
40th	22,615	11,810	2.2%-3.125%	2017
38th B	30,000	27,950	3.07%	2041
41st	14,820	13,870	1.65%-4.0%	2028
42nd	5,180	2,750	1.65%-2.5%	2018
43rd	14,330	4,615	1.65%-2.3%	2017
44th	38,555	29,650	3.40%-4.35%	2024
38th C	66,000	58,690	3.01%	2041
45th	44,000	34,060	1.95%-4.5%	2029
38th D	138,110	125,800	3.55%	2041
38th E	35,000	31,900	3.55%	2035
46th	97,855	62,850	2.1%-5%	2029
47th	17,555	1,730	2.1%	2015
48th	110,905	106,555	2.625%-3.75%	2041
49th	54,755	54,755	2.45%-4.0%	2043
50th	33,165	30,205	.60%-3.15%	2027
Unamortized bond premium	—	3,330		
Total	$ 842,990	$ 654,250		

5. Bonds Payable (continued)

Student Loan Program

The Agency, doing business as The State of New York Higher Education Finance Authority issued the NYHELPs Educational Loan Revenue Bond, 2009 Series A in a total original amount of $97,795,000. At October 31, 2014, the amount of $12,475,000 remained outstanding with the interest rates ranging from 3.25% to 5.25%.

The schedule of Total Annual Maturities as of October 31, 2014 was as follows:

Fiscal Year Ending Oct 31,	Interest Payable	Bonds Payable	Total Debt Sevice
		(in thousands)	
2015	$ 565	$ 775	$ 1,340
2016	526	1,045	1,571
2017	467	1,540	2,007
2018	401	1,405	1,806
2019	340	1,295	1,635
2020-2024	1,022	2,750	3,772
2025-2027	211	3,665	3,876
Total Debt Service Requirement	3,532	12,475	16,007
Unamortized bond premium	—	5	—
Total	$ 3,532	$ 12,480	$ 16,007

6. Other Assets

At October 31, 2014 and October 31, 2013, other assets consisted primarily of Owned Real Estate for which the balances were as follows:

October 31, 2014:

Bondholder Funds	Number of Loans	Book Value	Appraised Value
		($ in thousands)	
Homeowner Mortgage Revenue	146	$ 11,619	$ 13,686
Mortgage Revenue	22	1,710	2,089
Homeownership	2	24	315
Prepaid Mortgage Insurance	—	279	—
	170	$ 13,632	$ 16,090

October 31, 2013:

Bondholder Funds	Number of Loans	Book Value	Appraised Value
		($ in thousands)	
Homeowner Mortgage Revenue	68	$ 5,912	$ 6,118
Mortgage Revenue	11	874	976
Homeownership	1	119	145
Prepaid Mortgage Insurance	—	272	—
	80	$ 7,177	$ 7,239

7. Allowance for Anticipated Claims

The Mortgage Insurance Fund claim activity for the fiscal years ended October 31, 2014 and October 31, 2013 was as follows:

October 31, 2014:

	Project Insurance	Pool Insurance	Primary Insurance	Total Insurance
	(in thousands)			
Allowance, beginning of year	$ 22,653	$ —	$ —	$ 22,653
Current year provision for estimated claims	11,404	3,044	387	14,835
Current year adjustment to claims status	(13,049)	—	—	(13,049)
Claims paid and recoveries, net	6,804	(3,044)	(387)	3,373
Allowance, end of year	$ 27,812	$ —	$ —	$ 27,812

October 31, 2013:

	Project Insurance	Pool Insurance	Primary Insurance	Total Insurance
	(in thousands)			
Allowance, beginning of year	$ 33,204	$ —	$ —	$ 33,204
Current year provision for estimated claims	3,879	2,175	127	6,181
Current year adjustment to claims status	(11,185)	—	—	(11,185)
Claims paid and recoveries, net	(3,245)	(2,175)	(127)	(5,547)
Allowance, end of year	$ 22,653	$ —	$ —	$ 22,653

8. Synthetic Fixed Rate Swaps

As of October 31, 2014, the Agency has entered into twelve negotiated swaps as part of its risk management program, serving to increase financial flexibility and reduce interest costs. These swaps were entered into with six financial institutions (the "Counterparties") for a current total notional principal of $420,000,000. 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, 2014, classified by type, and the changes in fair value of such derivative instruments from the year then ended as reported in the 2013 financial statements are as follows:

	Changes in fair value		Fair value at October 31, 2014		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedge	Deferred outflow	$6,403,411	Debt	($39,275,225)	$420,000,000

The fair value 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 table displays terms of the Agency's hedging derivative instruments outstanding at October 31, 2014, 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	10/01/35	3.5870%	($6,722,641)	Wells Fargo Bank NA
HMB Series 132*		$34,000	03/09/06	04/01/37	3.4783%	($7,242,157)	JPMorgan Chase Bank NA
HMB Series 135*		$34,000	07/13/06	04/01/16	3.8570%	($1,712,512)	The Bank of New York Mellon
HMB Series 139*(1)		$34,000	09/23/08	10/01/16	2.9520%	($1,582,886)	Goldman Sachs Bank USA
HMB Series 142*		$34,000	02/01/07	04/01/17	3.5650%	($2,374,804)	Wells Fargo Bank NA
HMB Series 144*		$30,000	06/07/07	04/01/17	3.6540%	($2,161,567)	The Bank of New York Mellon
HMB Series 147*		$30,000	09/20/07	10/01/17	3.4250%	($2,272,977)	JPMorgan Chase Bank NA
HMB Series 150*(1)		$40,000	12/14/07	04/01/18	3.1970%	($3,047,206)	Goldman Sachs Bank USA
HMB Series 153*		$30,000	03/27/08	04/01/18	2.9900%	($2,072,262)	Merrill Lynch Der. Products AG
HMB Sr.122/125*		$30,000	08/14/08	10/01/16	3.0860%	($1,476,598)	Royal Bank of Canada
HMB Sr.122/125*		$30,000	08/14/08	10/01/18	3.1760%	($2,456,827)	Royal Bank of Canada
HMB Series 159**		$60,000	10/30/08	10/01/18	3.5400%	($6,152,788)	Royal Bank of Canada

* Variable rate payment received from counterparties is 63% of 1 month LIBOR plus 0.25%.
** Variable rate payment received from counterparties is SIFMA.

8. Synthetic Fixed Rate Swaps (Continued)

(1) On January 27, 2014, the International Swaps and Derivatives Association ("ISDA") Agreement was amended such that the Additional Termination Event and Credit Event Upon Merger sections refer only to Goldman Sachs Bank USA and references to the Credit Support Provider, Goldman Sachs Group, were removed. In connection with this amendment, the fixed rate on Series 139 swap was lowered to 2.952% and the fixed rate on Series 150 swap was lowered to 3.197%, effective February 1, 2014. In accordance with GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, the change in interest rates resulted in a termination of the hedging relationship. As a result, the Agency recorded a loss of $6.4 million on the Statement of Revenues, Expenses and Changes in Net Position as of October 31, 2014 within Investment Income.

COUNTERPARTY RATINGS

Counterparty Name	Moody's/S&P/Fitch
The Bank of New York Mellon	Aa2/AA-/AA-
Goldman Sachs Bank USA	A2/A/A
(Guarantor Goldman Sachs Group)	Baa1/A-/A
JPMorgan Chase Bank N.A.	Aa3/A+/A+
Merrill Lynch Derivative Products AG	Aa3/A+/NR
Royal Bank of Canada	Aa3/AA-/AA
Wells Fargo Bank, NA	Aa3/AA-/AA-

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, 2014, the weighted-average interest rate on the Agency's hedged variable-rate debt is 0.07%, while the applicable 63% of one month LIBOR plus 0.25% and SIFMA were 0.347% and 0.05%, 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.

8. 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.

Two 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, 2014, the Agency would be required to post $14,145,226 in collateral to these counterparties ($15,240,556 at October 31, 2013).

Three 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, 2014, the Agency would be required to post $86,213 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, 2014, the Agency would be required to post $9,183,658 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, 2014, the Agency would be required to post $20,057,737 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, 2014, the Agency would be required to post $23,057,737 in collateral to these counterparties.

9. Retirement Benefits

State Employees' 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 12244-0001

Generally, all employees, except certain part-time and temporary employees, participate in the System. The System is contributory for a minimum of the first ten years of service at the rate ranging from 3% to 6% of their salary. Employee contributions are deducted from employees' compensation for remittance to the System.

The covered payrolls for the fiscal years ended October 31, 2014, 2013 and 2012 were $8.3 million, $7.4 million and $7.4 million, respectively.

Based upon the actuarially determined contribution requirements, the Agency contributed 100% of their required portion in the amounts of $1.3 million in fiscal 2014 and $1.3 million in fiscal 2013. Agency employees were required to contribute .96% of the current year's covered payroll ($107 thousand in 2014 and $72 thousand in 2013).

Changes in benefit provisions and actuarial assumptions did not have a material effect on contributions during fiscal 2014 and 2013.

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 $367 thousand during fiscal 2014 ($431 thousand in fiscal 2013).

New York State Voluntary Defined Contribution Program

In March 2012, Chapter 18 of the Laws of 2012 was signed into law and allows Agency employees that meet certain requirements, to participate in the State University of New York (SUNY) optional retirement plan called the NYS Voluntary Defined Contribution Plan (VDC Program).

Beginning July 1, 2013, all non-union employees hired on or after July 1, 2013 with an annual salary of $75,000 or more were given the option of joining the VDC. The VDC Program provides benefits that are based on contributions made by both the Agency and the participant.

9. Retirement Benefits (continued)

Employee contribution rates range from 3% to 6%, dependent upon annual salary. The employer contribution rate is 8% of gross income. All contributions and any subsequent earnings are to be held by the Agency in a segregated account and credited to the individual accounts for each plan participant. Employees vest after one year of service, at which time their entire account balance is transferred to an investment firm of their choosing within the VDC Program. The amount owed to participants upon retirement is based solely on the account balance at the time of withdrawal.

As of October 31, 2014, there was one Agency employee enrolled in the VDC Program.

Other Postemployment Benefits

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

The Agency provides certain group health care 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. GASB Statement No. 45 requires the valuation must be calculated at least biennially. The most recent biennial valuation was calculated with a valuation date of November 1, 2013 and was used as the basis for the determination of costs for the year ended October 31, 2014 The total number of retirees and surviving spouses receiving OPEB from the Agency as of November 1, 2013 was 51.

The Agency elected to record the entire amount of the net OPEB obligation in the fiscal year ended October 31, 2006. The Agency also elected not to fund the net OPEB obligation more rapidly than on a pay-as-you-go basis. The net OPEB obligation relating to postemployment benefits is in the approximate amounts of $42.7 million and $39.0 million as of October 31, 2014 and 2013, respectively.

Upon the adoption of GASB 45, 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, 2014 and 2013, the Agency paid $612 thousand and $554 thousand, 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).

9. Retirement Benefits (continued)

The Agency is a participating employer in NYSHIP and 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

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, 2014 and 2013:

	2014	2013
	(in thousands)	
Annual Required Contribution (ARC)	$ 7,665	$ 7,852
Interest on net OPEB Obligation	1,268	1,213
Adjustment to ARC	(4,631)	(4,167)
Annual OPEB cost	4,302	4,898
Payments made	(612)	(554)
Increase in net OPEB obligation	3,690	4,344
Net OPEB obligation - Beginning of fiscal year	39,000	34,656
Net OPEB obligation - End of fiscal year	$ 42,690	$ 39,000

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, 2014, 2013 and 2012 are as follows:

Year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
		(in thousands)	
10/31/2014	$ 4,302	14.2%	$ 42,690
10/31/2013	$ 4,898	11.3%	$ 39,000
10/31/2012	$ 4,754	9.9%	$ 34,656

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 the 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 Agency's November 1, 2013 OPEB actuarial valuations were the projected unit credit method as its actuarial cost method, a 3.25% 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, 2011 used a per annum discount rate of 3.5%.

9. 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 Effective as of October 31, 2014

Eligible-Medicare	
Single	$ 617.51
Family	$ 1,499.61

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	Rate	Year Ending	Rate
2014	6.7	2028	7.5
2015	6.2	2033	7.0
2016	5.8	2038	6.4
2017	6.0	2043	6.0
2018	6.0	2048	5.7
2023	6.4	2088	4.5

Mortality: Mortality rates listed below are those recommended by the actuary:

Age	Male	Female
60	0.665%	0.581%
65	1.117	0.971
70	1.824	1.569
75	3.150	2.532
80	5.648	4.187
85	10.109	7.162

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.

10. Commitments and Contingencies

Office Leases

The Agency is obligated under leases for office locations in the City of New York 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 expiring December 31, 2018.

The leases obligate the Agency to pay for escalations in excess of the minimum annual rental (ranging from $2.4 million to $4.7 million) 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 paid by HFA, with whom the Agency shares the leased space.

Rental expense for the fiscal years ended October 31, 2014 and 2013 were approximately $2.6 million and $2.5 million, respectively. As of October 31, 2014, 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:

	(in thousands)
Fiscal year ending October 31:	
2015	$ 2,364
2016	2,366
2017	2,366
2018	2,366
2019 (Two months)	394
Total minimum lease commitments required	$ 9,856

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.

Risk Management

The Agency is subject to normal risks associated with its operations, including property damage, general liability and crime. Such risks are managed through the purchase of commercial insurance. There have been no decreases in coverage in the last three years.

11. Transfers to New York State and its Agencies

The New York State Fiscal Year 2015 enacted Executive Budget requires the Agency to make certain transfers of money from the MIF's Project Pool Insurance Account totaling $75.4 million ($136 million for fiscal 2013). Each transfer requires a determination by the Agency, that, at the time of such transfer, the reserves remaining in the Project Pool Insurance Account are sufficient to attain and maintain the credit rating required to accomplish the purposes of the Project Pool Account. The MIF transferred $43.4 million during the current fiscal year with the remaining $32 million reported as a payable to New York State at October 31, 2014.

State budget legislation in future years may provide for transfers from the Project Pool Insurance Account or other accounts in the MIF. The Agency makes no representation regarding whether any such transfers, or the amounts thereof, will be enacted.

12. Net Position

The Agency's Net Position represents the excess of assets and deferred outflows over liabilities and deferred inflows and largely consists of mortgage loans and investments. The Agency's net position is categorized as follows:

a. Restricted for Bond Obligations

Such amount represents 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, 2014 and 2013, the Mortgage Insurance Fund's net position represent the required reserve for policies in force of $3.09 billion and $3 billion, respectively. Included within policies in force are single family mortgage primary and pool policies (total aggregate loss limit) totaling $509 million and $498 million in 2014 and 2013, respectively. Commitments outstanding as of fiscal years ended 2013 and 2014 were $929 million and $970 million, respectively. The Agency provided $11.3 million and $6.0 million during fiscal 2014 and 2013, respectively, for potential claims on mortgages insured by the Mortgage Insurance Fund.

The Agency recorded recovery income in the amount of approximately $3 million during fiscal 2014 and $3.3 million during fiscal 2013 as a result of an Ulster County Industrial Development Agency 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 remitted to the State excess tax collections during fiscal 2014 in the amount of $40.0 million. The Agency also remitted $28.0 million during fiscal 2013. The Agency was instructed to transfer to the State, Municipalities and Agencies from the project insurance account of $75.4 million and $136 million for fiscal years 2014 and 2013, respectively.

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Required Supplementary Information

State of New York Mortgage Agency
(a component unit of the State of New York)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - POSTRETIREMENT HEALTHCARE PLAN
October 31, 2014 and 2013

(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, 2013	—	$45,619	$45,619	—	$7,418	615%
November 1, 2011	—	$42,682	$42,682	—	$7,382	578%
November 1, 2009	—	$25,461	$25,461	—	$8,630	295%

Supplementary Section

State of New York Mortgage Agency
(A Component Unit of the State of New York)
Schedules of Net Position
October 31, 2014
with comparative totals for 2013

	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
		(in thousands)	
Assets			
Current assets:			
Cash-demand deposits restricted	$ —	$ 1,954	$ 794
Cash-demand deposits unrestricted	2,084	—	—
Cash-custodian deposits	—	3,047	1,054
Investments unrestricted	24,740	—	—
Investments restricted	—	346,706	49,389
Total cash and investments	26,824	351,707	51,237
Mortgage loans receivable	—	99,308	70,593
Accrued interest receivable:			
Mortgage and student loans	—	17,134	3,785
Investments	3	1,273	637
Other assets	—	11,827	1,777
Total current assets	**26,827**	**481,249**	**128,029**
Non-current assets:			
Investments restricted	—	89,117	28,022
Mortgage loans receivable	—	1,897,004	673,084
Student loans receivable	—	—	—
Total non-current assets	—	—	—
Total non-current assets	**—**	**1,986,121**	**701,106**
Total assets	**26,827**	**2,467,370**	**829,135**
Deferred outflows of resources			
Accumulated decrease in fair value of hedging derivatives	—	26,209	—
Deferred loss on refunding	—	5,826	—
Total deferred outflows of resources	**—**	**32,035**	**—**
Liabilities			
Current liabilities:			
Bonds payable, net	—	130,605	23,465
Interest payable	—	4,134	1,883
Allowance for anticipated claims	—	—	—
Unearned income, accounts payable and other liabilities	6,602	12,151	1,818
Amounts due to New York State and its Agencies	—	—	—
Interfund payables	(2,626)	2,468	98
Total current liabilities	**3,976**	**149,358**	**27,264**
Non-current Liabilities:			
Bonds payable, net	—	1,910,152	630,785
Derivative instruments - interest rate swaps	—	39,275	—
Postemployment retirement benefits payable	42,690	—	—
Total non-current liabilities	**42,690**	**1,949,427**	**630,785**
Total liabilities	**46,666**	**2,098,785**	**658,049**
Net position			
Restricted for bond obligations	—	400,620	171,086
Restricted for insurance requirements	—	—	—
Unrestricted (deficit)	(19,839)	—	—
Total net position	**$ (19,839)**	**$ 400,620**	**$ 171,086**

Homeownership Program	Single Family Programs Total	Student Loan Program	Mortgage Insurance Fund	Total All Funds October 31, 2014	Total All Funds October 31, 2013
(in thousands)					
$ —	$ 2,748	$ 1,565	$ 427	$ **4,740**	$ **2,899**
—	2,084	—	—	**2,084**	**2,131**
—	4,101	—	—	**4,101**	**3,608**
—	24,740	—	—	**24,740**	**22,664**
—	396,095	15,916	330,080	**742,091**	**839,560**
—	429,768	17,481	330,507	**777,756**	**870,862**
205	170,106	—	—	**170,106**	**170,985**
50	20,969	702	—	**21,671**	**20,511**
—	1,913	—	8,142	**10,055**	**9,224**
28	13,632	—	—	**13,632**	**7,177**
283	**636,388**	**18,183**	**338,649**	**993,220**	**1,078,759**
—	117,139	—	1,387,815	**1,504,954**	**1,393,922**
2,519	2,572,607	—	—	**2,572,607**	**2,691,215**
—	—	10,543	—	**10,543**	**11,678**
—	—	—	—	—	—
2,519	**2,689,746**	**10,543**	**1,387,815**	**4,088,104**	**4,096,815**
2,802	**3,326,134**	**28,726**	**1,726,464**	**5,081,324**	**5,175,574**
—	26,209	—	—	**26,209**	**38,979**
—	5,826	—	—	**5,826**	**6,118**
—	**32,035**	**—**	**—**	**32,035**	**45,097**
—	154,070	1,145	—	**155,215**	**110,935**
—	6,017	290	—	**6,307**	**7,374**
—	—	—	27,812	**27,812**	**22,653**
44	20,615	37	53,746	**74,398**	**49,553**
—	—	—	32,000	**32,000**	**103,534**
—	(60)	21	39	**—**	**—**
44	**180,642**	**1,493**	**113,597**	**295,732**	**294,049**
—	2,540,937	11,335	—	**2,552,272**	**2,717,087**
—	39,275	—	—	**39,275**	**45,679**
—	42,690	—	—	**42,690**	**39,000**
—	**2,622,902**	**11,335**	**—**	**2,634,237**	**2,801,766**
44	**2,803,544**	**12,828**	**113,597**	**2,929,969**	**3,095,815**
2,758	574,464	15,898	—	**590,362**	**578,576**
—	—	—	1,612,867	**1,612,867**	**1,564,826**
—	(19,839)	—	—	**(19,839)**	**(18,546)**
$ 2,758	**$ 554,625**	**$ 15,898**	**$ 1,612,867**	**$ 2,183,390**	**$ 2,124,856**

State of New York Mortgage Agency
(A Component Unit of the State of New York)
Schedules of Revenues, Expenses and Changes in Net Position
Fiscal Year Ended October 31, 2014
with comparative totals for 2013

	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
		(in thousands)	
Operating revenues			
Interest earned on loans	$ —	$ 103,781	$ 35,794
Recoveries	—	—	—
Investment Income:			
Investment earnings	3	5,054	1,780
Decrease from hedge termination	—	(6,367)	—
Net change in fair market value of investments	—	(1,485)	(1,105)
Commitment fees, insurance premiums and application fees earned	—	—	—
Other income	509	250	—
Total operating revenues	**512**	**101,233**	**36,469**
Operating expenses			
Interest and amortization of discount on debt	—	66,658	26,081
Bond issuance costs	—	4,268	10
Postemployment retirement benefits expense	4,302	—	—
General expenses	9,977	5,812	176
Overhead assessment by State of New York	3,417	—	—
Pool insurance	—	383	91
Provision for estimated claims	—	—	—
Expenditures related to federal grants	766	—	—
Other	944	4,903	1,213
Total operating expenses	**19,406**	**82,024**	**27,571**
Operating (loss) income	**(18,894)**	**19,209**	**8,898**
Non-operating revenues (expenses)			
Mortgage insurance reserves retained	—	—	—
Federal grants	766	—	—
Transfers to New York State and its Agencies	—	—	—
Interfund transfers	16,835	(16,118)	—
Total non-operating revenues (expenses)	**17,601**	**(16,118)**	**—**
Increase (Decrease) in net position	**(1,293)**	**3,091**	**8,898**
Net positon, beginning of fiscal year	**(18,546)**	**397,529**	**162,188**
Total net position, end of fiscal year	**$ (19,839)**	**$ 400,620**	**$ 171,086**

Homeownership Program	Single Family Programs Total	Student Loan Program	Mortgage Insurance Fund	Total All Funds Fiscal year ended October 31, 2014	Total All Funds Fiscal year ended October 31, 2013
(in thousands)					
$ 246	$ 139,821	$ 935	$ —	$ **140,756**	$ **147,635**
—	—	—	13,049	**13,049**	**11,185**
—	6,837	8	18,225	**25,070**	**21,813**
—	(6,367)	—	—	**(6,367)**	—
—	(2,590)	—	6,149	**3,559**	**(28,774)**
—	—	—	15,060	**15,060**	**14,129**
—	759	2	—	**761**	**693**
246	**138,460**	**945**	**52,483**	**191,888**	**166,681**
—	92,739	494	—	**93,233**	**106,758**
—	4,278	—	—	**4,278**	**5,618**
—	4,302	—	—	**4,302**	**4,898**
—	15,965	141	3,850	**19,956**	**18,854**
—	3,417	—	1,139	**4,556**	**4,556**
5	479	—	192	**671**	**508**
—	—	—	14,835	**14,835**	**6,181**
—	766	—	—	**766**	**909**
—	7,060	37	210	**7,307**	**8,803**
5	**129,006**	**672**	**20,226**	**149,904**	**157,085**
241	**9,454**	**273**	**32,257**	**41,984**	**9,596**
—	—	—	91,202	**91,202**	**89,268**
—	766	—	—	**766**	**909**
—	—	—	(75,418)	**(75,418)**	**(135,952)**
(717)	—	—	—	—	**—**
(717)	**766**	—	**15,784**	**16,550**	**(45,775)**
(476)	**10,220**	**273**	**48,041**	**58,534**	**(36,179)**
3,234	**544,405**	**15,625**	**1,564,826**	**2,124,856**	**2,161,035**
$ 2,758	**$ 554,625**	**$ 15,898**	**$ 1,612,867**	**$ 2,183,390**	**$ 2,124,856**

State of New York Mortgage Agency

(A Component Unit of the State of New York)

Schedules of Cash Flows

Fiscal Year Ended October 31, 2014 with comparative totals for 2013

	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
		(in thousands)	
Cash flows from operating activities			
Interest received on loans	$ —	$ 104,084	$ 36,070
Principal payment on mortgages	—	170,666	109,930
Purchase of mortgage loans	—	(131,263)	(30,245)
Commitment fees, insurance premium and application fees earned	1,152	—	—
Operating expenses	(26,049)	—	—
Expenditures related to federal grants	(766)	—	—
Transfers	16,835	(16,118)	—
Other	10,031	(17,075)	(3,863)
Net cash provided by (used in) operating activities	**1,203**	**110,294**	**111,892**
Cash flows from non-capital financing activities			
Interest paid on bonds	—	(66,471)	(26,054)
Mortgage recording surtax receipts	—	—	—
Payments to New York State	—	—	—
Federal grants	766	—	—
Bond proceeds	—	419,690	—
Retirement and redemption of bonds	—	(381,090)	(157,665)
Net cash provided by (used in) non-capital financing activities	**766**	**(27,871)**	**(183,719)**
Cash flows from investing activities			
Earnings on investments	124	6,507	2,496
Proceeds from the sale or maturities of investments	73,928	1,854,648	498,849
Purchase of investments	(76,068)	(1,942,507)	(428,965)
Net cash (used in) provided by investing activities	**(2,016)**	**(81,352)**	**72,380**
Net (decrease) increase in cash	(47)	1,071	553
Cash, beginning of fiscal year	2,131	3,930	1,295
Cash, end of fiscal year	**$ 2,084**	**$ 5,001**	**$ 1,848**
Reconciliation of operating revenues (expenses) to net cash (used in) provided by operating activities:			
Net operating revenues (expenses)	$ (18,894)	$ 19,209	$ 8,898
Adjustment to reconcile operating income to net cash provided (used in) by operating activities:			
Earnings on investment	(3)	(5,054)	(1,780)
Interest payments and amortization	—	66,658	26,081
Unrealized gain (loss) on investment	—	1,485	1,105
Hedge termination	—	6,367	—
Other	—	(83)	(1,455)
Transfers	16,835	(16,118)	—
Changes in assets and liabilities			
Mortgage loans and other loans, net	—	39,404	79,685
Interest, fees and other receivables	—	(7,020)	(811)
Student loans	—	—	—
Allowance for anticipated claims	—	—	—
Interfund payables	(2,203)	2,992	(129)
Unearned income, accounts payable and other	1,778	2,454	298
Postemployment retirement benefits payable	3,690	—	—
Net cash provided by (used in) operating activities	**$ 1,203**	**$ 110,294**	**$ 111,892**
Non-cash investing activities			
(Decrease) increase in fair value of investments	$ —	$ 1,485	$ 1,105

Homeownership Program	Single Family Programs Total	Student Loan Program	Mortgage Insurance Fund	Total All Funds Fiscal year ended October 31, 2014	Total All Funds Fiscal year ended October 31, 2013
		(in thousands)			
$ 249	$ 140,403	$ 684	$ —	$ **141,087**	$ **147,891**
398	280,994	1,463	—	**282,457**	**378,894**
—	(161,508)	—	—	**(161,508)**	**(288,208)**
—	1,152	—	23,990	**25,142**	**22,148**
—	(26,049)	(83)	—	**(26,132)**	**(23,528)**
—	(766)	—	—	**(766)**	**(909)**
(717)	—	—	—	**—**	**—**
70	(10,837)	(57)	(11,148)	**(22,042)**	**(30,223)**
—	**223,389**	**2,007**	**12,842**	**238,238**	**206,065**
	(92,525)	(605)	—	**(93,130)**	**(107,471)**
—	—	—	151,081	**151,081**	**134,104**
—	—	—	(186,930)	**(186,930)**	**(60,466)**
—	766	—	—	**766**	**909**
—	419,690	—	—	**419,690**	**424,725**
—	(538,755)	(810)	—	**(539,565)**	**(633,885)**
—	**(210,824)**	**(1,415)**	**(35,849)**	**(248,088)**	**(242,084)**
—	9,127	8	24,664	**33,799**	**36,943**
—	2,427,425	35,048	769,638	**3,232,111**	**5,423,991**
	(2,447,540)	(35,048)	(771,185)	**(3,253,773)**	**(5,434,699)**
—	**(10,988)**	**8**	**23,117**	**12,137**	**26,235**
—	1,577	600	110	**2,287**	**(9,784)**
—	7,356	965	317	**8,638**	**18,422**
$ —	**$ 8,933**	**$ 1,565**	**$ 427**	**$ 10,925**	**$ 8,638**
$ 241	$ 9,454	$ 273	$ 32,257	$ **41,984**	$ **9,596**
—	(6,837)	(8)	(18,225)	**(25,070)**	**(21,813)**
—	92,739	494	—	**93,233**	**106,758**
—	2,590	—	(6,149)	**(3,559)**	**28,774**
—	6,367	—	—	**6,367**	**—**
—	(1,538)	—	457	**(1,081)**	**1,679**
(717)	—	—	—	—	—
398	119,487	—	—	**119,487**	**89,665**
102	(7,729)	114	—	**(7,615)**	**(4,824)**
—	—	1,135	—	**1,135**	**874**
—	—	—	5,159	**5,159**	**(10,552)**
—	660	(3)	(657)	—	—
(24)	4,506	2	—	**4,508**	**1,564**
—	3,690	—	—	**3,690**	**4,344**
$ —	**$ 223,389**	**$ 2,007**	**$ 12,842**	**$ 238,238**	**$ 206,065**
$ —	$ 2,590	$ —	$ (6,149)	$ **(3,559)**	$ **(34,349)**

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Management and Directors
State of New York Mortgage Agency
New York, New York

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of New York Mortgage Agency (the Agency), a component unit of the State of New York, which comprise the statement of net position as of October 31, 2014, and the related statements of revenues and expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

January 29, 2015

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APPENDIX B

MORTGAGE INSURANCE AND NEW YORK FORECLOSURE PROCEDURES

Mortgage Pool Insurance Policies

General

The General Resolution requires that each Mortgage Loan be covered by a mortgage pool insurance policy that the Agency must maintain so long as any Bonds are Outstanding. The Agency has obtained Mortgage Pool Insurance Policies from the MIF.

Each Mortgage Pool Insurance Policy, subject to certain limitations, provides coverage of 100% of the loss to the Agency by reason of default on any Mortgage Loan purchased with the proceeds of the applicable Series of Bonds, up to the aggregate limit expressed as a percentage of the aggregate original principal amount of such pool of Mortgage Loans.

For information regarding each Mortgage Pool Insurance Policy covering Mortgage Loans, see Appendix D— "Certain Agency Financial Information and Operating Data—Mortgage Loans—Mortgage Pool Insurance Coverage."

See Part 1 — "Sources of Payment and Security for the Bonds — Mortgage Pool Insurance" and Part 2 — "Sources of Payment and Security for the Bonds — Mortgage Loans — Requirements of the General Resolution — SPD Mortgage Loans" for information about providing alternate Supplemental Mortgage Coverage.

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 (including the MIF Policies (as defined below) and Agency PMI) 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 Freddie Mac; 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 MIF Policies 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.

As of July 7, 2015, 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 most recently on July 31, 2014. Fitch's rating outlook for the Single Family Pool Insurance Account is stable and its rating outlook for the Project Pool Insurance Account is negative. 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 2009, 2010, 2011, 2012, 2013 and 2014 were approximately \$73 million, \$64 million, \$79 million, \$99 million, \$140 million and \$156 million, respectively. 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 than 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 20 per centum in this paragraph as, for example, the March 2001 determination that the per centum for special needs facilities was 40 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, 2015 the MIF had total reserves with a book value of approximately $1,682,517,014, including single family pool reserves with a book value as of such date of approximately $258,494,699. See the first, second and third paragraphs under "State Fiscal Year 2015-2016 Enacted Budget Provisions" below for information concerning transfers from the MIF's Project Pool Insurance Account and Special Account set forth in the Current Enacted Budget and previous transfers effectuated from the Project Pool Insurance Account in Fiscal Year 2014-2015, Fiscal Year 2013-2014, Fiscal Year 2012-2013, and Fiscal Year 2008-2009.

As of March 31, 2015, the MIF's total liability against commitments and against policies in force was $4,357,391,898 of which $3,850,085,691 was against project mortgage insurance commitments and policies in force, the balance of $507,306,207 being against single family primary and pool insurance commitments and policies in force. As of March 31, 2015, the MIF had a total loan amount on outstanding commitments and policies in force of $6,961,026,776 of which $4,117,954,139 represented the total loan amount on outstanding project mortgage insurance commitments and policies in force, the balance of $2,843,072,637 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, 2015, the Single Family Pool Insurance Account had paid 1,724 claims for loss in the aggregate amount of $38,005,173. As of March 31, 2015, the Project Pool Insurance Account had paid 76 project mortgage insurance claims for loss in the aggregate amount of $121,936,495 and had 9 insurance policies in force on which claims for loss had been submitted. The Agency estimates that its total liability thereon is $19,648,103.

On September 28, 2005, the board of directors of SONYMA authorized SONYMA to enter into a Credit Support Agreement with CCDC (the "CSA"), pursuant to which SONYMA provided credit support for the New York Convention Center Development Corporation Revenue Bonds (Hotel Unit Fee Secured) Series 2005 issued by CCDC. On August 27, 2015, SONYMA, with authorization from its board of directors, entered into a First Amendment to the Credit Support Agreement with CCDC (the CSA, as amended by the First Amendment to Credit Support Agreement, the "Amended CSA") pursuant to which SONYMA provides credit support for the New York Convention Development Corporation Revenue Refunding Bonds (Hotel Unit Fee Secured) 2015 Series A (the "CCDC Series 2015 Refunding Bonds"). Pursuant to the Amended CSA, SONYMA is obligated to maintain a minimum balance of $25 million in the Development Corporation Credit Support 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 2015 Refunding 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.

State Fiscal Year 2015-2016 Enacted Budget Provisions.

The Current Enacted Budget requires certain transfers of moneys from (a) the MIF's Project Pool Insurance Account provided that, at the time of each transfer, the reserves remaining in the Project Pool Insurance Account are sufficient to attain and maintain the credit rating required to accomplish the purposes of the Project Pool Insurance Account (as determined by the Agency), in a proposed amount of up to $75 million (the "Project Pool Funds"), and (b) the MIF's Special Account in an amount up to the available excess balance in the Special Account, as calculated in accordance with the Act for the State Fiscal Year 2014-2015, and/or, as required, the MIF's Project Pool Insurance Account, assuming satisfaction of the conditions precedent to transfers from the Project Pool Insurance Account referenced in (a) above, in an additional proposed amount of up to $50 million (the "Excess Balance Funds"). There can be no assurances as to what effect, if any, any such transfer may have on the then-current rating of the MIF's Project Pool Insurance Account by any rating agency.

Assuming satisfaction of the above referenced conditions precedent, eight transfers of Excess Balance Funds and/or Project Pool Funds in the aggregate amount of up to $125 million will be made as follows: six to the Housing Trust Fund Corporation in the aggregate amount of up to $66.66 million (the first three of which, in the aggregate amount of $33.66 million, were made from the Special Account on May 5, 2015) no later than March 31, 2016, one in a proposed amount of up to $42 million to the Housing Finance Agency, which was made on August 19, 2015, and one in a proposed amount of up to $16.34 million to the Homeless Housing and Assistance Corporation (of which an initial transfer of $9 million was made from the Special Account on June 25, 2015) no later than March 31, 2016. The New York State Housing Finance Agency is one of the public authorities integrated with the Agency and the Housing Trust Fund Corporation is a subsidiary thereof.

Provisions similar to the transfer provisions were enacted as part of prior State Enacted Budgets resulting in transfers from the Project Pool Insurance Account in State Fiscal Year 2014-2015 to the Housing Trust Fund Corporation and the Housing Finance Agency in the aggregate amount of $75.418 million, in transfers from the Project Pool Insurance Account in State Fiscal Year 2013 – 2014 to the State General Fund, the Housing Finance Agency and the Housing Trust Fund Corporation in the aggregate amount of $135,952,200 and in transfers from the Project Pool Insurance Account in State Fiscal Years 2012-2013 and 2008-2009 to the State General Fund in the amount of $100 million. State budget legislation in future years may provide for transfers from the Project Pool Insurance Account or other accounts in the MIF. The Agency makes no representation regarding whether any such transfers, or the amounts thereof, will be enacted.

Neither the Project Pool Insurance Account nor the Special Account provide primary or pool insurance for any Mortgage Loans.

Under the provisions of the Act with respect to the MIF, no amounts can be withdrawn from any account in the MIF, including the Single Family Pool Insurance Account,that would cause the amount on deposit in such account to fall below its statutorily required reserves. The Agency is authorized to withdraw moneys from the General Resolution only as described in the third paragraph under "Sources of Payment and Security for the Bonds — Pledge of the Resolution."

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 (i) in the case where a PMI policy is in force, within 60 days of the property being sold, or (ii) where such insurance is not in force, 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 completion of foreclosure proceedings. 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.

Each MIF Policy 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. Although monthly advances are available, the Agency does not currently request advance claims under any of the Mortgage Pool Insurance Policies. Such 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.

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.

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. As of July 31, 2015, over half of the aggregate principal amount of outstanding Mortgage Loans are not subject to a PMI Policy. For information regarding private PMI, see Appendix D — "Certain Agency Financial Information and Operating Data—PMI Coverage."

Private PMI

The current provisions of the Resolution require that Mortgagors whose conventional Mortgage Loans have loan-to-value ratios ("LTV") greater than 80% obtain PMI. For certain information regarding private PMI with respect to Mortgage Loans, see Appendix D — "Certain Agency Financial Information and Operating Data—Mortgage Loans—PMI Coverage."

Each private PMI provider insuring such loans must be qualified to insure mortgages purchased by the Freddie Mac 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 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 Commonwealth Mortgage Assurance Company or CMAC) ("Radian") provided underwriting services for many MIF Policies, Radian is the PMI provider for a significant portion of the Mortgage Loans financed by the Agency. However, since the MIF has entered into an agreement with Genworth Mortgage Insurance Corporation (formerly "GEMICO") ("Genworth Mortgage Insurance") to provide underwriting services with respect to Mortgage Loans reserved by Mortgage Lenders on and after November 29, 2004, the Agency expects that many of the Mortgage Loans financed by the Offered Bonds will be underwritten by Genworth Mortgage Insurance. The Agency can substitute another provider or add additional providers of such underwriting services. For information regarding private 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—PMI Coverage."

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 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 a reduced payment or 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.

Based upon the information available on S&P's and Moody's respective websites, as of October 14, 2015, the ratings of the two principal private providers of PMI are:

	Moody's[1]	S&P[2]
Genworth[3]	Ba1	BB+[5]
Radian[4]	Ba1	BB

[1] Moody's Investors Services.
[2] Standard & Poor's Corporation.
[3] Genworth Mortgage Insurance Corporation.
[4] Radian Guaranty Inc.
[5] Negative Outlook

Agency 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. See "Mortgage Pool Insurance Policies—MIF" for a discussion of the source of and procedures for funding the MIF. Agency PMI is issued by the Special Account of the MIF. Reserves for Agency PMI are established in the Single Family Pool Insurance Account of the MIF. See the second paragraph under the heading "Mortgage Pool Insurance Policies—MIF" in this Appendix B for information regarding the ratings of such account.

The Agency does not undertake any responsibility either to directly notify investors of any proposed change in or withdrawal of such ratings. Such ratings reflect only the views of, respectively, Moody's and S&P's 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 Moody's or S&P, 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. 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."

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 State 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. Chief Judge of the State Jonathan Lippman in his State of Judiciary 2012 address, delivered on February 14, 2012, announced that such settlement conferences will be overseen by newly established special State courts and that mortgagors will be given legal representation during the conferences. Under such court procedures, settlement conferences are to be scheduled so that a specified period of time will be dedicated solely to a specific mortgagee's cases. In addition, on July 31, 2013, legislation was enacted that requires that the mortgagee deliver certain documents to the court simultaneously with the complaint that initiates a residential foreclosure proceeding. The goal of this legislation is to minimize delays between the period from the filing of the complaint and the settlement conference. On June 19, 2014 the requirements set forth in (a), (b) and (c) above were extended from December 15, 2014, and now expire on December 15, 2019.

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.

A Bill introduced in the State Legislature would affect foreclosure proceedings by providing for a one year moratorium on any action to foreclose a mortgage. Since its introduction, the aforementioned bill has not been subject to any further legislative action. The Agency cannot predict what effect the legislation described under this sub-heading, 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. Chapters 11 and 13 of the Bankruptcy Code allow 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; *except, however,* that a chapter 13 plan may provide for modification of the debtor's principal residential mortgage loan if it has matured or will mature within 3 or 5 years (depending on the debtor's income), so long as all chapter 13 plan payments are to be made within such 3- or 5-year period. 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.

APPENDIX C

SERVICERS OF MORTGAGE LOANS †

Servicers of Greater Than 3% in Principal Amount of Mortgage Loans as of July 31, 2015	Approximate Principal Amounts of Mortgage Loans Being Serviced as of July 31, 2015††	Approximate Percentage of Mortgage Loans Being Serviced as of July 31, 2015††
M & T Bank†††	$447,534,543	64.6%
HSBC Bank USA, N.A.	65,807,866	9.5
JPMorgan Chase Bank†††	59,908,927	8.6
Astoria Bank	35,187,480	5.1
Citibank, NA	28,098,285	4.1
All Other Servicers (16)	56,087,367	8.1
Total	$692,624,469	100.0%

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† See "The Program — Mortgage Loan Servicing" in this Part 2 for information regarding Mortgage Loan servicing and certain Servicers.

†† This table does not reflect any information with respect to Second Lien DPALs, Pledged CCALs and MRB Participation Interests.

††† JPMorgan Chase Bank ("Chase"), a current Servicer of approximately 8.6% of the Mortgage Loans, gave notice of intention to resign as Servicer effective May 1, 2014. The Agency transferred 48% of the mortgage loans then serviced by Chase to M&T Bank (including the Mortgage Loans that are assets pledged under the Resolution). As of the date of this Official Statement, due to contractual reasons, approximately 52% of the mortgage loans Chase services (including the Mortgage Loans that are assets pledged under the Resolution) have not been transferred to M&T Bank. Chase continues to service all of the Mortgage Loans that have not been transferred to M&T Bank. At this time, the Agency is unable to determine if or when the remaining loans will be transferred to M&T Bank. Following the partial transfer, M&T Bank is currently the Servicer for approximately 64.6% of the Mortgage Loans.

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APPENDIX D

CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA

Mortgage Loans

The Agency finances mortgage loans under two general resolutions: the Resolution and the HMB General Resolution (as defined below). Since 2005, the majority of the Agency's single-family lending activity has been under the HMB General Resolution, but periodically the Agency has elected to utilize the Resolution to fund its programs. See "Other Agency Programs — Homeowner Mortgage Revenue Bond Resolution Forward Commitment Program."

Principal Amounts and Interest Rates of Mortgage Loans and Amounts Available to Finance Mortgage Loans

The following table summarizes certain information regarding the Mortgage Loans (including MRB Participation Interests (as defined below)) and the corresponding Outstanding Prior Series Bonds whose lendable proceeds have been expended to acquire Mortgage Loans. This table does not include any information with respect to Second Lien DPALs (although they are Mortgage Loans) and Pledged CCALs. Proceeds of Bond Series not included in this table were not applied to finance new Mortgage Loans.

Original Series[1]	Bond Delivery Date	Weighted Average Mortgage Loan Coupon Rate at Origination as of 7/31/15	Approximate Original Balance as of 7/31/15 of Mortgage Loans Purchased (000s)	Approximate Current Balance as of 7/31/15 of Mortgage Loans Purchased (000s)	Approximate Current Weighted Average Mortgage Loan Coupon Rate as of 7/31/15
First	7/28/83	9.03%[2], [3]	$ 164,456[2]	$ 938	0.25%
Second	11/3/83	8.82[3], [4]	204,117[4]	1,222	0.42
Third	8/8/84	10.98	151,685[5]	1	10.98
Fourth	9/26/84	9.78[5], [6]	201,057[5], [6]	343	0.23
Fifth	4/16/85	10.00	113,021	51	10.00
Sixth	10/16/85	9.40	113,421	50	9.40
Eighth Series A-F	12/30/86	8.25	262,433	296	7.33
Ninth Series A-E	12/30/86	8.21	323,237	1,501	8.15
Tenth Series A-B	3/30/87	7.99	45,385	23	8.40
Twelfth	6/30/87	7.98	51,918	165	7.94
Twenty-Fourth and Twenty-Fifth[7] [10]	7/13/00	5.69	158,645[10]	33,926	5.58
Twenty-Sixth[8]	7/13/00	[8]	[8]	1,015	7.75
Twenty-Seventh and Twenty-Eighth	9/26/00	6.21	69,833[9]	9,319	6.06
Twenty-Ninth and Thirtieth	3/28/01	5.34	125,675	28,699	5.34
Thirty-Fifth, Thirty-Sixth and Thirty-Seventh	3/24/05	4.91	119,622	49,111	4.88
Thirty-Eighth, Subseries A, Thirty-Ninth and Fortieth	5/6/10	4.83	196,179	139,394	4.80
Thirty-Eighth, Subseries B Forty-First and Forty-Second	9/30/10	4.59	48,904[12]	39,277	3.63
Thirty-Eighth, Subseries C and Forty-Fifth	11/18/10	4.74	103,682[13]	77,092	4.20
Thirty-Eighth, Subseries D, Forty-Sixth and Forty-Seventh	3/31/11	4.40	240,628[14]	193,902	4.39
Forty-Eighth Series	2/28/13	3.45	11,584	10,707[15]	3.45[15]
Forty-Ninth and Fiftieth Series	4/25/13	3.46	84,822	79,223	3.46
MRB Excess Revenue	n.a.	4.42	30,291[15]	28,785	4.43
Total			$2,820,595	$695,040[11]	

(1) Proceeds of the Thirteenth Series Bonds through Twenty-First Series Bonds, the Twenty-Third Series Bonds, the Twenty-Sixth Series Bonds, the Thirty-Eighth, Subseries E Bonds, the Forty-Third Series Bonds and the Forty-Fourth Series Bonds did not finance new Mortgage Loans.

(2) A portion of First Series Mortgage Loans in the approximate original aggregate original principal amount of $14.146 million, with an approximate aggregate principal balance as of July 31, 2015 of $0.9 million, is in the form of MRB Participation Interests, with a coupon rate of 0% per annum, in mortgage loans. The current coupon rate to the mortgagor on such mortgage loans as of July 31, 2015 ranged from 4% to 8.5% per annum with a current weighted average coupon rate as of such date of 6.64% per annum.

(footnotes continued on next page)

(footnotes continued from previous page)

(3) In connection with the refunding of First Series Bonds and Second Series Bonds with proceeds of the Fifteenth Series Bonds, approximately 97% of Revenues received in connection with the First Series Mortgage Loans and Second Series Mortgage Loans have been reallocated to the Fifteenth Series Bonds for certain purposes, including calculating the amount of certain required redemptions.

(4) A portion of Second Series Mortgage Loans in the approximate original aggregate principal amount of $19.346 million, with an approximate aggregate principal balance as of July 31, 2015 of $1.1 million, is in the form of MRB Participation Interests, with a coupon rate of 0% per annum, in mortgage loans. The current coupon rate to the mortgagor on such mortgage loans as of July 31, 2015 ranged from 5% to 8% per annum, with a current weighted average coupon rate as of such date of 6.54% per annum.

(5) In connection with a retirement of Bonds of this Series, a substantial portion of the Mortgage Loans financed with proceeds of this Series of Bonds was released from the lien of the Resolution and no longer secures the Bonds. The released mortgage loans are not included in this table.

(6) A portion of Fourth Series Mortgage Loans in the approximate original aggregate principal amount of $5 million, with an approximate aggregate principal balance as of July 31, 2015 of $0.3 million, is in the form of MRB Participation Interests, with a coupon rate of 0% per annum, in mortgage loans. The current coupon rate to the mortgagor on such mortgage loans as of July 31, 2015 ranged from 4.5% to 8.00% per annum, with a current weighted average coupon rate as of such date of 5.01% per annum.

(7) A portion of the Twenty-Fourth and Twenty-Fifth Series Bonds in the approximate original aggregate principal amount of $3.663 million, with an approximate principal balance as of July 31, 2015 of $0.6 million, is in the form of participating ownership interests, with a coupon rate of 0% per annum, in mortgage loans. The current coupon rate to the mortgagor on such mortgage loans as of July 31, 2015 ranged from 4% to 7.75% per annum, with a current weighted average coupon rate as of such date of 5.70% per annum.

(8) In connection with the refunding of Seventh Series Bonds and Eighth Series Bonds with proceeds of the Twenty-Sixth Series Bonds, certain Seventh Series Mortgage Loans and Eighth Series Mortgage Loans have been reallocated to the Twenty-Sixth Series Bonds for certain purposes, including calculating the amount of certain required redemptions.

(9) A portion of the Mortgage Loans in the approximate original aggregate principal amount of $33.0 million, with an approximate aggregate principal balance as of July 31, 2015 of $5.8 million, is in the form of participating ownership interests in Mortgage Loans with a coupon rate of 0% per annum, with the balance of the participating ownership interest 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, 2015 on Mortgage Loans financed in whole or in part with the proceeds of the Twenty-Seventh Series Bonds and the Twenty-Eighth Series Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 6.21% per annum and the approximate weighted average coupon rate to the Mortgagor as of July 31, 2015 of such Mortgage Loans was 6.03% per annum.

(10) Approximately $56.0 million of the approximate original aggregate balance were purchased in 2008 with prepayments from the Mortgage Loans. The weighted average mortgage loan coupon rate of origination of the Mortgage Loans acquired with prepayment funds was 5.86%.

(11) Representing (a) 5,869 Mortgage Loans and (b) MRB Participation Interests (defined below).

(12) A portion of the Thirty-Eighth, Subseries B, Forty-First and Forty-First and Forty Second Series Mortgage Loans in the approximate original aggregate principal amount of $10.0 million, with an approximate aggregate principal balance as of July 31, 2015 of $7.9 million, is in the form of participating ownership interests in Mortgage Loans with a coupon rate of 0% per annum, with the balance of the participating ownership interest in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The current coupon rate to the Mortgagor on such Mortgage Loans as of July 31, 2015 ranged from 3.5% to 6.5% per annum with a current weighted average coupon rate as of such date 4.45% per annum.

(13) A portion of the Thirty-Eighth, Subseries C and Forty-Fifth Series Mortgage Loans in the approximate original aggregate principal amount of $10.2 million, with an approximate aggregate principal balance as of July 31, 2015 of $8.4 million, is in the form of participating ownership interests in Mortgage Loans with a coupon rate of 0% per annum, with the balance of the participating ownership interest in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The current rate to the Mortgagor on such Mortgage Loans as of July 31, 2015 ranged from 2.0% to 5.5% per annum with a current weighted average coupon rate as of such date 4.29% per annum.

(14) A portion of these Mortgage Loans in the approximate original aggregate principal amount of $182.6 million, with an approximate aggregate principal balance as of July 31, 2015 of $146.5 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interest 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, 2015 on mortgage loans financed in whole or in part with proceeds of the Thirty-Eighth — Subseries D, Forty-Sixth and Forty Seventh Series Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 4.4% per annum, and the approximate weighted average coupon rate to the Mortgagor as of July 31, 2015 on such mortgage loan was 4.38% per annum.

(15) In 2013 and 2014, the Agency utilized available Revenues to acquire newly originated Mortgage Loans.

The approximate current weighted average coupon rate for all of the outstanding Mortgage Loans, as of July 31, 2015, was 4.57%.

The Thirteenth Series Bonds through Eighteenth Series Bonds, Twentieth Series Bonds, Twenty-First Series Bonds, Twenty-Second Series Bonds, Twenty-Third Series Bonds, Twenty-Sixth Series Bonds, Thirty-Eighth, Subseries E Bonds, Forty-Third Series Bonds and Forty-Fourth Series Bonds and portions of the Thirty-Third Series Bonds, Thirty-Fourth Series Bonds and Forty-Eighth Series Bonds did not finance new Mortgage Loans.

The Agency has financed Mortgage Loans in the form of participating ownership interests in mortgage loans, as more fully described in footnotes to the first chart above. Participating ownership interests in the same mortgage loans were purchased with amounts under the HMB Resolution. The Resolution and the HMB Resolution each have a participating ownership interest in each such mortgage loan. The respective participation interests of each resolution represent rights to receive (i) mortgage loan principal on a proportionate basis, reflecting that portion of the principal amount of each mortgage loan financed by such resolution, and (ii) interest on said proportionate principal amount at the applicable interest rate. The mortgage loan participation interests financed under the Resolution are referred to as the "MRB Participation Interests." The MRB Participation Interests have an outstanding aggregate principal balance as of July 31, 2015 of approximately $2.4 million and bear no interest. However, the Agency expects to continue to originate MRB Participation Interests, which may or may not bear interest. MRB Participation Interests are Mortgage Loans under the Resolution.

The aggregate outstanding principal amounts, as of July 31, 2015, of Pledged CCALs and Second Lien DPALs are, respectively, $0.9 million and $3.4 million.

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. The following table does not reflect any information with respect to Second Lien DPALs, Pledged CCALs and MRB Participation Interests.

Original Term (Years)	**Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans as of July 31, 2015**
30	90.70%
40	9.13
20 or 25	0.11
10†	0.06

† Consists of approximately $399,727 principal amount of Mortgage Loans made to Mortgagors as an advance of the Federal homebuyer tax credit available in 2010 ("TCALs")

Age of Mortgage Loan Portfolio

The following table provides information as of July 31, 2015 with respect to Mortgage Loans based upon their respective year of origination. The following table does not reflect any information with respect to Second Lien DPALs, Pledged CCALs and MRB Participation Interests.

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
1992 and Prior	430	7.33%	7.33%	$ 3,190,133	0.46%	0.46%
2001	543	9.25%	16.58%	26,719,924	3.86%	4.32%
2002	284	4.84%	21.42%	17,116,112	2.47%	6.79%
2005	584	9.95%	31.37%	49,110,802	7.09%	13.88%
2008	220	3.75%	35.12%	25,396,424	3.67%	17.55%
2009	235	4.00%	39.12%	31,266,542	4.51%	22.06%
2010	1,825	31.10%	70.22%	256,483,021	37.03%	59.09%
2011	1,027	17.50%	87.72%	164,626,774	23.77%	82.86%
2012	87	1.48%	89.20%	12,916,057	1.86%	84.72%
2013	600	10.22%	99.42%	99,840,868	14.41%	99.14%
2014	34	0.58%	100.00%	5,957,812	0.86%	100.00%
Total	5,869	100.00%		$692,624,469	100.00%	

Mortgage Loans Origination by County

The following table sets forth, as of July 31, 2015, the approximate aggregate principal amount of Mortgage Loans originated in each county of the State.

Counties of Greater than 2% in Aggregate Principal Amount of Mortgage Loans as of July 31, 2015	Approximate Aggregate Principal Amounts of Mortgage Loans by County as of July 31, 2015*	Approximate Percentage of Aggregate Principal Amounts of Mortgage Loans by County as of July 31, 2015*
Suffolk	$ 149,376,800	21.6%
Kings	85,426,300	12.3%
Nassau	66,126,400	9.5%
Bronx	44,217,100	6.4%
Queens	41,367,400	6.0%
Westchester	37,320,300	5.4%
Monroe	34,489,700	5.0%
Orange	33,771,700	4.9%
Rockland	26,417,700	3.8%
Erie	25,755,400	3.7%
Ulster	18,055,100	2.7%
New York	16,128,800	2.6%
Dutchess	16,128,800	2.3%
All Other Counties (46)	95,724,300	13.8%
Total	$692,624,500	100.0%

* This table does not reflect any information with respect to Second Lien DPALs, Pledged CCALs and MRB Participation Interests.

Mortgage Pool Insurance Coverage

The following table provides information as of July 31, 2015 with respect to each mortgage pool insurance policy (each a "Policy") covering Mortgage Loans financed in full with moneys held under the Resolution. Mortgage pool insurance coverage is not provided in connection with Second Lien DPALs and Pledged CCALs.

Mortgage Pool Insurance Coverage with respect to Mortgage Loans Financed in Full with Moneys Held under the Resolution[7]

Policy Number(s)	MRB Resolution Series Covered[1]	Approximate Original Coverage Amount (000s)[2]	Approximate Amount of Claims Paid as of 7/31/15 (000s)	Approximate Remaining Coverage Amount Balance as of 7/31/15 (000s)	Approximate Remaining Coverage as a Percentage of Current Mortgage Loans as of 7/31/15
SONYMA MIF[3]					
310218	First[4]	$15,005.7	$ 348.6	$14,657.1	100.00%
310233	Second	18,475.0	532.1	17,942.9	100.00%
310234[8]	Third	3,475.7	344.5	3,131.2	100.00%
310231	Fourth[5]	1,501.0	63.2	1,437.8	100.00%
310236[8]	Fifth	11,302.1	165.4	11,136.7	100.00%
310237[8]	Sixth	11,342.1	-	11,342.1	100.00%
310219[8]	Eighth/Twelfth	8,695.0	1,782.7	6,912.3	100.00%
310220[8]	Ninth	16,429.8	1,996.1	14,433.7	100.00%
310242[8]	24, 25, 27 & 28	17.4	-	17.4	18.75%
310250[8]	24,25,27-32	7,746.5	489.2	7,257.3	28.96%
310251[8]	24,25,29-37	10,024.9	606.9	9,418.0	33.33%
310252[6][8]*	24, 35-50 & MRB Revenues	35,318.5	1,297.3	34,021.2	5.34%

* Policy still open to acquisitions, including Mortgage Loans funded or to be funded, as applicable, with the proceeds of the Forty-Eighth Series Bonds and the Offered Bonds.

(1) Proceeds of the Thirteenth Series Bonds through the Eighteenth Series Bonds, the Twentieth Series Bonds, the Twenty-First Series Bonds, the Twenty-Third Series Bonds, the Twenty-Sixth Series Bonds, the Thirty-Eighth, Subseries E, the Forty-Third Series Bonds and the Forty-Fourth Series Bonds did not finance Mortgage Loans. The Twenty-Sixth Series Bonds, the Thirty-Eighth, Subseries E Bonds, the Forty-Third Series Bonds and the Forty-Fourth Series Bonds refunded Outstanding Bonds.

(2) Each of the policies 310242 through 310252 provide or will provide coverage in an amount equal to 4% of the aggregate original principal amount of the respective pool of Mortgage Loans insured under such policy. For earlier policies, the principal amount of outstanding Mortgage Loans has declined significantly resulting in coverage amounts equal to 100% of the current balances of the respective Mortgage Loans insured under such policies.

(3) The Agency's Mortgage Insurance Fund.

(4) Five claims totaling $39,412 were settled under a previous mortgage pool insurance policy provided by Verex with respect to First Series Mortgage Loans.

(5) Mortgage pool insurance policy number 310231 includes MRB Participation Interests as well as Mortgage Loans financed in full under the Resolution.

(6) Amounts available, which includes moneys on deposit in the General Fund, to finance Mortgage Loans that will be covered by this Policy had not yet been fully expended as of July 31, 2015. 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. The MIF has agreed to provide mortgage pool insurance coverage with respect to new Mortgage Loans financed with moneys attributable to long-term Bonds.

(7) See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures."

(8) This Policy provides coverage for a pool that includes Mortgage Loans, as well as mortgage loans pledged under the HMB Resolution.

As described above under "Principal Amounts and Interest Rates of Mortgage Loans and Amounts Available to Finance Mortgage Loans," the Agency has financed certain mortgage loans by combining moneys from both the Resolution and the HMB Resolution. Although the HMB Resolution has some degree of flexibility regarding the type and amount of supplemental mortgage coverage for the participation interests in such mortgage loans financed thereunder, the Agency has elected to provide mortgage pool insurance with respect to the participation interests of both resolutions in such mortgage loans. Each such Policy has provided an original coverage amount with respect to the MRB Participation Interests in the covered Mortgage Loans (collectively, the "Covered Loans") equal to ten per centum (10%) of the aggregate original principal amount of such participation interests. The original coverage amounts with respect to the participation interests of the HMB Resolution in such Covered Loans insured under such Policies are equal to four per centum (4%) or five and one-half per centum (5.5%) of the respective original principal amounts of such participation interests. Under each such Policy, as a result of the different coverage amounts, should large mortgage loan losses occur, pool insurance coverage of the HMB Resolution participation interests will be exhausted although mortgage pool insurance coverage will still be available for the MRB Participation Interests until the applicable coverage amount is exhausted. The Agency is responsible for determining the amount of each insurance payment to be allocated to the MRB Participation Interests or the participation interests of the HMB Resolution.

The following table provides information as of July 31, 2015 with respect to each Policy covering MRB Participation Interests.

Mortgage Pool Insurance Coverage with respect to MRB Participation Interests[(4)(7)]

Policy Number[(1)]	Resolution Series[(1)]	Pool Insurer	Approximate Original Coverage Amount with respect to MRB Participation Interests (000s)[(2)]	Approximate Amount of Claims Paid with respect to MRB Participation Interests as of 7/31/15 (000s)	Approximate Remaining Coverage Amount with respect to MRB Participation Interests as of 7/31/15 (000s)
238[(3)]	Second	Genworth[(5)]	$ 372.7	$87.8	$ 284.9
93-106029	Second	Radian[(6)]	225.4	12.1	213.3
310243	Second	SONYMA MIF	26.4	-	26.4
310244	Second	SONYMA MIF	8.9	3.3	5.6
310245	Second	SONYMA MIF	3.9	-	3.9
310246	First & Second	SONYMA MIF	252.8	1.5	251.3
310247	Second	SONYMA MIF	749.3	18.2	731.1
310248	Second	SONYMA MIF	277.2	0.9	276.3
310249	First & Second	SONYMA MIF	1,448.5	12.0	1,436.5

(1) Certain MRB Participation Interests are insured under the mortgage pool insurance policy provided by Genworth Mortgage Insurance Corporation with respect to the Second Series.
(2) Represents ten per centum (10%) of the aggregate original principal amount of the applicable MRB Participation Interests pool.
(3) This mortgage pool insurance policy includes mortgage loans financed in full with moneys held under the HMB Resolution, MRB Participation Interests, and participation interests of the HMB Resolution in mortgage loans.
(4) MRB Participation Interests financed by Fourth Series Bonds are the subject of policy number 310231, described above under "Mortgage Pool Insurance Coverage with respect to Mortgage Loans Financed in Full with Moneys Held under the Resolution."
(5) Now known as Genworth Mortgage Insurance Corporation.
(6) Now known as Radian Guaranty Inc.
(7) See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures."

Delinquencies

The Agency has been experiencing significant increases in the respective time periods during which Mortgage Loans are treated as 90+ days delinquent or are in foreclosure. See "The Program — Mortgage Loan Servicing." The following table describes the status of delinquencies of Mortgage Loans as of July 31, 2015 (it does not reflect any delinquency information with respect to Second Lien DPALs, Pledged CCALs and MRB Participation Interests, though it does reflect delinquency information with respect to TCALs):

Days Delinquent	Number of Mortgage Loans	Approximate Percentage of Total Number of Mortgage Loans†	Aggregate Principal Balance	Approximate Percentage of Total Unpaid Principal Balance
60 days	47	0.80%	$ 5,553,283	0.80%
90-plus days	48	0.82%	4,827,002	0.70%
In foreclosure	149	2.54%	17,706,334	2.56%
Total	244	4.16%	$28,086,619	4.06%

† The New York State and National data published in the June 30, 2015 Mortgage Bankers Association of America National Delinquency Survey stated that 0.91%, 2.37%, and 5.31% (for a total of 8.59%) of loans in New York State and 0.88%, 1.86%, and 2.09% of loans nationally (for a total of 4.83%) were, respectively, 60 days, 90-plus days, and in foreclosure. As of June 30, 2015, 0.66%, 0.87% and 2.45% (for a total of 3.98%) of Mortgage Loans were, respectively, 60 days, 90-plus days, and in foreclosure.

The following table describes the status of delinquencies of Mortgage Loans for each semi-annual period beginning January 31, 2004 (it does not reflect any delinquency information with respect to Second Lien DPALs, Pledged CCALs and MRB Participation Interests):

Semi-Annual Period Ending	Aggregate Principal Balance 60+ Days Delinquent	Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans
1/31/2004	$ 6,825,415	1.37%
7/31/2004	5,943,883	1.29
1/31/2005	6,185,624	1.44
7/31/2005	6,030,179	1.16
1/31/2006	5,185,230	1.06
7/31/2006	5,207,897	1.12
1/31/2007	6,246,081	1.42
7/31/2007	5,814,485	1.39
1/31/2008	7,175,420	1.80
7/31/2008	6,763,193	1.79
1/31/2009	8,992,313	2.15
7/31/2009	8,794,045	2.23
1/31/2010	11,355,781	3.04
7/31/2010	9,083,731	1.65
1/31/2011	11,889,822	1.81
7/31/2011	13,101,614	1.47
1/31/2012	15,052,778	1.75
7/31/2012	16,359,029	1.98
1/31/2013	20,622,907	2.56
7/31/2013	22,915,187	2.74
1/31/2014	31,033,781	3.71
7/31/2014	26,329,803	3.49
1/31/2015	30,594,509	4.20
7/31/2015	28,086,619	4.06

Title to property formerly securing 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.") As of July 31, 2015, the Agency held title to approximately 18 such properties, and the approximate aggregate unpaid principal with respect to such properties as of such date was $1,350,534. Such properties and any amounts received upon disposition of such properties constitute Pledged Property under the Resolution.

PMI Coverage

With respect to Mortgage Loans, the following table sets forth the primary mortgage insurance ("PMI") provider, or whether the Mortgage Loan is insured by the Federal Housing Administration ("FHA"), or is uninsured, with respect to the principal balance of such loans and the percentage of Mortgage Loans covered by PMI, insured by FHA, or uninsured as of July 31, 2015. As more fully described under Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans — Requirements of the General Resolution — Prior Requirements Mortgage Loans" and "— SPD Mortgage Loans," PMI coverage is not required to be maintained with respect to a Mortgage Loan once the principal amount of such 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 comes first, and, therefore, 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 is not provided in connection with Second Lien DPALs and Pledged CCALs.

	Aggregate Principal Balance (000s)	Approximate Percentage of Aggregate Principal Balance
Genworth	$221,617.4	32.00%
SONYMA MIF	74,797.7	10.80
Radian	1,798.3	0.26
Uninsured (under 80% loan-to-value)	394,411.1	56.94
	$692,624.5†	100.00%

† Does not include approximately $2.4 million aggregate principal amount of MRB Participation Interests.

See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — Ratings of Private Mortgage Insurers."

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 42% of the Mortgage Loans originated since January, 2004 have LTVs ratios at the time of origination above 90%. Over 41.5% of the Mortgage Loans had LTVs at the time of origination of 80% or less. In addition, the Agency has used Bond proceeds and available moneys to make Second Lien DPALs and Pledged CCALs. Since August 2006, when the Agency implemented a higher rate (currently 37.5 basis points higher, though such rate has been 50 basis points higher) for Mortgagors opting for Pledged CCALs or Second Lien DPALs, approximately 32% of new borrowers have utilized Pledged CCALs or Second Lien DPALs. Since January 1, 2010, the Agency has not offered CCALs (but has the right to do so in the future). The table set forth below does not reflect any LTV information with respect to Second Lien DPALs, Pledged CCALs, and MRB Participation Interests.

LTV Range	Unpaid Principal Amount of Mortgage Loans as of July 31, 2015 (000s)	Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans as of July 31, 2015
50% and under	$ 44,429.2	6.41%
50.01% to 60%	56,507.8	8.16%
60.01% to 70%	91,609.4	13.23%
70.01% to 80%	201,521.4	29.10%
80.01% to 90%	235,438.5	33.99%
90.01% to 97%	61,995.8	8.95%
Over 97%	1,122.2	0.16%
Total:	$692,624.5	100.00%

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 August 1, 2010 through July 31, 2015

During the sixty months ending July 31, 2015, the Agency received the approximate aggregate principal amounts of Principal Prepayments of Mortgage Loans as follows (the following table does not reflect any Principal Prepayments received with respect to Second Lien DPALs, or Revenues received with respect to Pledged CCALs):

	(000s)		(000s)
August 2010	$2,268	April 2013	$5,489
September 2010	2,867	May 2013	5,088
October 2010	3,546	June 2013	4,325
November 2010	4,793	July 2013	6,246
December 2010	2,642	August 2013	3,908
January 2011	1,902	September 2013	4,243
February 2011	2,934	October 2013	3,245
March 2011	3,129	November 2013	3,487
April 2011	2,816	December 2013	3,203
May 2011	2,485	January 2014	2,692
June 2011	2,514	February 2014	2,268
July 2011	2,747	March 2014	3,346
August 2011	2,939	April 2014	3,078
September 2011	2,815	May 2014	2,932
October 2011	3,273	June 2014	3,275
November 2011	3,557	July 2014	2,772
December 2011	2,594	August 2014	3,133
January 2012	2,349	September 2014	3,303
February 2012	3,320	October 2014	3,016
March 2012	4,522	November 2014	1,822
April 2012	3,434	December 2014	3,445
May 2012	4,210	January 2015	2,431
June 2012	4,351	February 2015	2,405
July 2012	4,331	March 2015	3,128
August 2012	6,152	April 2015	4,754
September 2012	4,884	May 2015	5,358
October 2012	5,968	June 2015	5,607
November 2012	3,476	July 2015	4,050
December 2012	4,740		221,914
January 2013	7,882		
February 2013	5,760		
March 2013	4,665		

Debt Reserve Fund and Mortgage Reserve Fund

As of July 31, 2015, the respective Amortized Values as defined under the Resolution of the aggregate amounts of investments on deposit in the Debt Reserve Fund and the Mortgage Reserve Fund (both of which Funds are held under the Resolution and consequently valued in accordance with the Resolution) were approximately $34,558,804 and $8,186,739.

Amounts in the Debt Reserve Fund and the Mortgage Reserve Fund as of July 31, 2015 were invested as follows: (i) approximately $36,572,252 in U.S. Treasury notes, bonds and agency obligations at coupon rates ranging from 0.25% to 10.625% per annum, with maturity dates ranging from August 15, 2015 to August 15, 2021; (ii) approximately $1,393,138 in an investment agreement with Bank of America bearing interest at a rate of 5.90% per annum and maturing October 1, 2030; and (iii) approximately $4,780,153 in an investment agreement with Societe Generale bearing interest at a rate of 4.60% per annum and maturing April 1, 2035. All of such investments bear fixed rates of interest, and none of such investments is in reverse repurchase agreements, interest-only securities, principal-only securities, inverse floating-rate securities, or inverse variable floating-rate securities. Pursuant to the Resolution, the Agency may change the investments for such moneys to other permitted Investment Obligations, including Mortgage Loans.

See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures."

Special Redemption from Unexpended Proceeds

As stated in Part 1 under "The Offered Bonds — Redemption — Special Redemption," no Agency 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 the date of issuance of the Subject Bonds, was 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), as amended.

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 Mortgage Revenue Bonds, collectively.

"**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.

"**16/17 Official Statement**" means the offering document of the Agency with respect to its Mortgage Revenue Bonds, Sixteenth and Seventeenth Series, dated March 8, 1996.

"**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:

(1) 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

(2) financial information or operating data of the types included in Appendix D to Part 2 of the 16/17 Official Statement entitled "Certain Agency Financial Information and Operating Data."[1]

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 or 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.

[1] Such information or data is substantially similar to that included in Appendix D of this Official Statement.

Reporting of Certain Events

(a) With respect to Subject Bonds, 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 Bonds issued prior to the Series 46 Bonds, 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.