SONYMA

2021

Fiscal Year Annual Report

State of New York Mortgage Agency

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

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Section A

State of New York Mortgage Agency

(A Component Unit of the State of New York)

Financial Statements

Fiscal Years Ended October 31, 2021 and 2020

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RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the State of New York Mortgage Agency (the "Agency"), for the fiscal years ended October 31, 2021 and 2020, are the responsibility of management. The financial statements were prepared in accordance with U.S. generally accepted accounting principles.

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 Members 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 Members of the Agency. The independent auditors periodically meet with the Members of the Agency to provide engagement related updates and communications.

The independent auditors conducted their audit 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 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 U.S. generally accepted accounting principles.

RuthAnne Visnauskas	Sheila Robinson
Commissioner/Chief Executive Officer	Senior Vice President/Chief Financial Officer

February 1, 2022

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Report of Independent Auditors

Management and the Directors of the Board
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, 2021 and 2020, 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 of America 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.

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, 2021 and 2020, 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, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of Contributions to the NYSLRS, and the Schedule of the State of New York Mortgage Agency's Proportionate Share of the NYSLRS Net Pension Liability, 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 of America, 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information 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. The 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 of America. In our opinion, the Supplementary Information 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 have also issued our report dated February 1, 2022 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 solely 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 effectiveness of the Agency's 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

February 1, 2022

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, 2021 ("fiscal 2021") and October 31, 2020 ("fiscal 2020") with selective comparative information for the fiscal year ended October 31, 2019 ("fiscal 2019"). 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) required supplementary information and (5) the supplemental schedules that report programs of the Agency individually.

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

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 fiscal 2021 and fiscal 2020. It provides a discussion of financial highlights and an assessment of how the Agency's financial position has changed from the 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 reporting the assets, deferred inflows and outflows of resources, 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 disclosed regarding any other events or developing situations that could materially affect the Agency's financial position.

Required Supplementary Information ("RSI")

- The RSI schedules present information regarding the Agency's (1) progress in funding its obligation to provide postemployment benefits other than pensions to its employees, (2) Schedule of Contributions to the New York State and Local Retirement System ("NYSLRS") Pension Plan and (3) Schedule of the Proportionate Share of the NYSLRS Net Pension Liability.

Supplementary Information

- Presentations of the Agency's financial information by program are listed in accordance with the requirements of each 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 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 was established in order to offer 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 and all bonds were paid off as of May 1, 2012.

In 2016, legislation was adopted at the State level to authorize the creation of a program to assist homeowners affected by the national mortgage crisis who are either delinquent on their mortgage payments or in danger of going into default. The legislation created the New York State Community Restoration Fund as a new fund to be held by SONYMA and to be managed by a newly created subsidiary of SONYMA called the SONYMA Community Restoration Fund ("CRF"). Monies in this fund are not to be commingled with any other monies of SONYMA. The Agency currently owns 570 defaulted mortgage loans as a partner in a joint venture with New Jersey Community Capital (NJCC-NYS Community Restoration Fund, L.L.C.), a nationally recognized nonprofit specializing in assisting troubled homeowners. The Agency has received $22.4 million to date and has invested $10.5 million into the partnership. In addition, the Agency invested $1.3 million into a partnership with a nonprofit organization, the Center for New York City Neighborhoods, through its wholly owned subsidiary and CDFI, Sustainable Neighborhoods LLC, to establish a pilot program aimed to assist homeowners at risk of foreclosure by offering them a refinanced mortgage at affordable terms.

Single Family Operations Highlights

General

Fiscal 2021 saw continued uncertainty in the housing market due to the ongoing impact of the global outbreak of COVID-19, a respiratory disease declared to be a pandemic in 2020 ("COVID-19") by the World Health Organization, which continues to affect the capital markets and impact the New York State's housing market and its overall economy.

In addition, the lingering effects of the Federal Reserve's post-Financial Crisis monetary policy impacted SONYMA's ability to maintain its traditional interest rate advantage. Due in part to continued aggressive efforts to reduce the Agency's cost of funds and offer the most competitively priced mortgages in the market in the State at a time when New Yorkers faced with adversities from COVID-19 needed urgent help in being able to afford homeownership, SONYMA's loan production increased from the levels seen in fiscal year 2019 and 2020.

During fiscal year 2021, SONYMA assisted 1,651 low and moderate-income households (compared to 1,322 households in fiscal 2020 and 1,597 households in fiscal 2019) by purchasing $376.4 million in mortgage loans (compared to $289.5 million in fiscal 2020 and $331.9 million in fiscal 2019). In fiscal year 2021, the Agency funded 30.0% more in mortgage loans than during fiscal 2020 and 13.4% more than during fiscal 2019. The majority of the bond financed loans were purchased under SONYMA's two primary programs - Low Interest Rate and Achieving the Dream.

During fiscal 2021, the Low Interest Rate Program provided financing to 364 households (compared to 366 households in fiscal 2020 and 292 in fiscal 2019), and the Achieving the Dream Program, which assists lower-income homebuyers (80% of area median income or less), provided financing for 1,287 households (compared to 934 in fiscal 2020 and 1,130 households in fiscal 2019). The continuing success of the Achieving the Dream Program, which continues to outperform the Low Interest Rate Program in terms of production, evidences the success of the Agency, even in a period of market volatility, in assisting borrowers who would otherwise find it difficult to attain homeownership.

Of the loans purchased under all of the Agency's programs, 1,252 borrowers (75.83%) received down payment assistance totaling $14.38 million in fiscal year 2021, compared to 888 borrowers, totaling $6.6 million in fiscal year 2020 and 934 borrowers, totaling $6.9 million in fiscal 2019.

SONYMA continues to provide financing to underserved populations and communities. In fiscal year 2021, 1,302 loans were made to low-income households and 561 loans were made to minorities, compared to 930 and 454 respectively in fiscal 2020, and 1,181 and 537 respectively in fiscal 2019. In addition, 246 loans were made to households buying in Federally designated target areas, up from 171 in fiscal 2020 and 169 in fiscal 2019.

During fiscal 2021, SONYMA continued to better serve its borrowers and industry partners by:

- Focusing its efforts on Low-Income and Minority Homebuyers: 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 under the Achieving the Dream Program, which assists lower-income homebuyers. In fiscal year 2021, 1,287 of the Agency's mortgages were originated under this program, which was more than the 934 originations in 2020 and 1,130 in 2019.

- Launching the Down Payment Assistance Loan Plus Program which provides assistance to very Low-Income households. In April 2021, SONYMA announced a limited enhanced down payment assistance program, the Down Payment Assistance Loan Plus Program, which leverages $10 million in funds received by SONYMA from settlements entered into by financial institutions in the State in various actions initiated by the State, to aid very low income households earning less than 60% of area median income in the purchase of homes priced lower than $175,000. Under this program, 79 mortgages totaling $8.77 million in total principal and $2.18 million in Down Payment Assistance were originated in fiscal year 2021. In addition, as of October 31, 2021, the Agency had 283 mortgages totaling $35.5 million in total principal and $7.6 million in Down Payment Assistance Loan Plus in its pipeline subsequent to a program expansion.

- Continuing to promote and expand the reach of the Conventional Plus Program in fiscal 2021: 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 product is available for home purchases and for limited cash-out refinances. Under Conventional Plus, 50 mortgages with an aggregate of $5.87 million in total principal amount and $36.3 thousand in Down Payment Assistance were originated in fiscal year 2021. In addition, as of October 31, 2021, the Agency had 29 mortgages totaling $4.1 million in total principal and $16.8 thousand 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. Under this program, 372 mortgages in an aggregate principal amount of $83.9 million and $2.5 million in Down Payment Assistance were originated in fiscal year 2021. In addition, as of October 31, 2021, the Agency had 138 mortgages of $27.9 million in total principal and $848 thousand in Down Payment Assistance in its pipeline.

- The Agency has continued to enhance the SONYMA Express® automated system that was developed to assist participating lenders by providing expedited decisions on SONYMA loan eligibility. The system has: (a) streamlined the Agency's loan origination process and dramatically reduced the time it takes participating lenders to originate SONYMA loans; (b) eliminated uncertainty of a borrower's eligibility early in the mortgage application process; (c) lowered overall lender costs; and (d) provided lenders with the capacity to submit electronic loan files to the Agency, thus eliminating the need to submit paper files. In 2021, the system enabled a rapid transition to remote operations in response to the COVID-19 outbreak with minimal impact to participating lenders. It is anticipated that approximately 97% of the SONYMA volume will come through SONYMA Express® in fiscal year 2022, with continued efforts to provide greater functionality and improved user experience.

- 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 while simultaneously providing a forum for knowledge-sharing and relationship building among different members of SONYMA's distribution and supply-networks. Due to the pandemic, the on-site Advisory Council meetings were canceled, but monthly subcommittee meetings continue virtually.

- Continuing Outreach Efforts to Industry Partners by participating in over 100 events across the state with homeownership counseling organizations, realtors, lenders, not-for profits, veterans' groups, community groups and others in 2020 and 2021. All events since March 1, 2019 have been attended virtually. 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.

- Continuing the Neighborhood Revitalization Program (NRP). In June 2016, SONYMA announced a program that leverages $22 million in Chase settlement dollars to aid in the purchase and renovation of vacant/abandoned homes in neighborhoods hard hit by the foreclosure crisis. The program was originally launched in Kingston, Middletown, Troy, Rochester, certain parts of New York City and all of Long Island due to their high level of impact from the foreclosure crisis; subsequently, the program was expanded into all of Orange County, Rensselaer County, Schenectady County, Staten Island, the Bronx and Buffalo. In 2019, SONYMA added Broome, Clinton, Dutchess, Essex, Montgomery, Niagara, Oneida, Onondaga, Sullivan, Ulster, Warren and Washington Counties. SONYMA collaborated with various divisions of HCR, nonprofits based in the communities selected for this pilot program, local government, realtors and SONYMA participating lenders. NRP enables borrowers to purchase a vacant home and receive down payment assistance, a subsidized interest rate, and $20,000 toward property repairs with the ability to finance any additional necessary repairs into the loan. In fiscal 2021, SONYMA funded 188 NRP properties investing over $52.1 million in the effort, compared to fiscal 2020 when SONYMA funded 338 NRP properties investing over $84.6 million.

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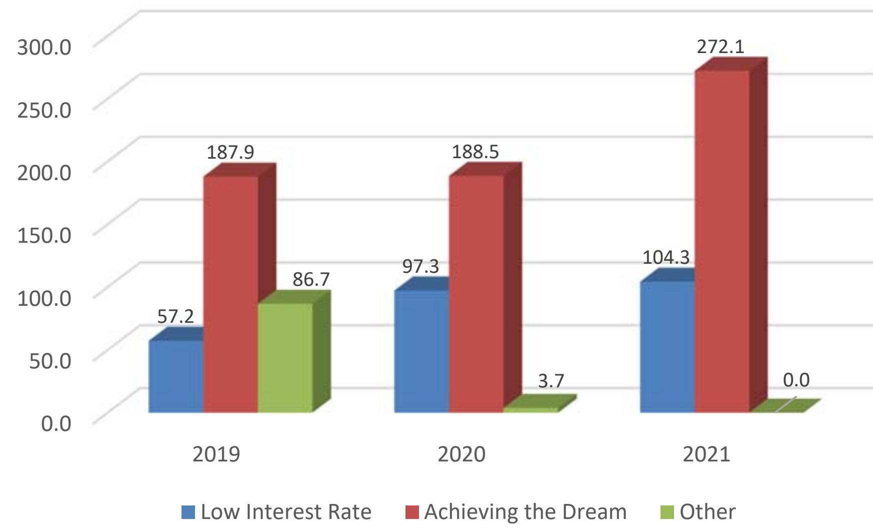
- The CRF was intended to be a vehicle through which SONYMA can purchase delinquent notes from various sources in order to help borrowers modify their loans and remain in their homes. Since inception, the SONYMA CRF, in partnership with New Jersey Community Capital, a nonprofit organization specializing in this work, leveraged $10.5 million in settlement dollars against $112 million in private financing to purchase the mortgages for 570 homes in a strategic effort to bring owners out of foreclosure and keep the homes from abandonment. The 570 homes in the CRF program are in 37 of the State's 62 counties, with the majority of the homes located on Long Island and in the Mid-Hudson Valley. Of the 570 non-performing loans purchased 32% resulted in affordable loan modifications for the existing homeowners; an additional 8% of the portfolio avoided foreclosure through negotiated short sales; and 18% of the portfolio was acquired by the fund, renovated and sold to new low and moderate income homebuyers. Also, 9% of the portfolio were sold to non-profit community development organizations for rehabilitation and will eventually be sold to low and moderate income homebuyers; 15% were sold to 3rd party purchasers; and 15% of the portfolio is still working through the disposition process.

- We have continued to offer webinars through SONYMA University using content with topics coming from attendee feedback and the SONYMA Advisory Council. To date, more than 4,500 attendees, from our lender, nonprofit and realtor partners, have participated in web-based training on SONYMA programs. Trainings were offered bi-monthly until March 1, 2020 when the frequency increased to offset the decrease in onsite trainings. The course content has also been used to create consistent presentations for onsite trainings that are given by our two Business Development Officers throughout the State. We also offered 3 Regional Learnings Days throughout New York State in 2019 (Rochester, Saratoga Springs and Plainview) to provide lenders with an opportunity for face-to-face interaction with key SONYMA staff with open dialogue and training in the morning. Regional Learning Days will resume once the public health concerns can be eliminated. We offered a NYS Accredited Course for realtor continuing education on SONYMA in the afternoon and trained approximately 120 realtors. This course has been offered in person and virtually, throughout 2020 to 2021.

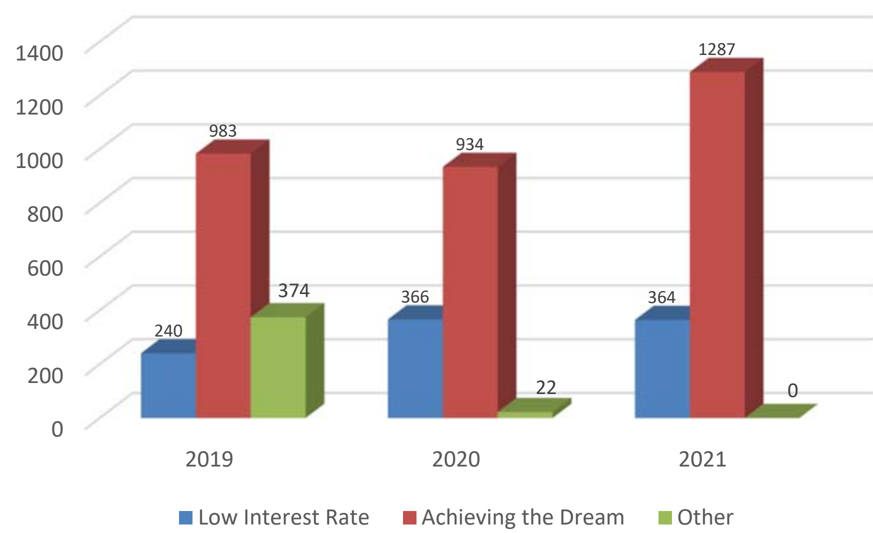
- Continuing to promote the enhanced Remodel New York Program ("Remodel NY"). As the existing housing stock continues to age, many homebuyers are faced with the need to complete renovations to properties they are purchasing. This can be burdensome to first-time homebuyers adjusting to homeownership and can keep homebuyers from being able to purchase properties in need of significant repair. During fiscal year 2021, SONYMA purchased approximately $3.88 million in Remodel NY loans compared to $4.65 million in fiscal year 2020, with another $2.10 million in the pipeline for purchase in late 2021 and early 2022. The program continues to assist first time homebuyers purchasing homes in need of repair.

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

At the end of fiscal 2021, SONYMA's 60 days or more delinquencies were 4.04% (based on the number of loans). This compares to the New York State and national averages of 6.10% and 3.93%, respectively. As of the end of fiscal year 2020, the percentage of 60 days or more delinquencies was 5.33%.

Since the end of fiscal year 2009, the percentage of the Agency's delinquencies has increased by 199% (from 2.02% as of October 31, 2009 to 4.01% as of October 31, 2021). The increase is primarily due to two factors - the significant increases in the elapsed time to complete a foreclosure proceeding; and most recently, legislative action taken in response to the COVID19 pandemic. Foreclosure timeframes have increased in New York since the State requires judicial intervention prior to foreclosure completion. There are a number of steps required, such as mandatory settlement conferences that prolong the process in the State. Burdens on the court system caused the time for a foreclosure completion in the State to average over 3 years. Additionally, on December 28, 2020 New York State passed legislation halting foreclosure proceedings related to the COVID-19 pandemic. Effective May 1, 2021, this moratorium was extended to August 31, 2021.

With respect to mortgage loans foreclosed between January 1, 2021 and October 31, 2021, an average of 1,551 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, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, an average of, respectively, 502 days, 644 days, 803 days, 931 days, 1,071 days, 1,171 days, 1,247 days, 1,292 days, 1,441 days, 1,374 days, 1,320 days, and 1,666 days elapsed between such dates.

COVID Impact

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, acts of war or terrorism or other circumstances, could potentially disrupt SONYMA's ability to conduct its business. A prolonged disruption of SONYMA's operations could have an adverse effect on SONYMA's financial condition and results of operations.

One such external event is the global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, which is affecting the capital markets and which to an unknown extent may negatively impact the New York State's housing market and its overall economy. The threat from the Pandemic is being addressed on national, federal, state and local levels in various forms, including executive orders, and legislative and regulatory actions.

Federal, State and local bodies are continuing to contemplate and enact legislative actions, regulations and/or other administrative directives and guidance to mitigate the impacts of COVID-19 on the general population and the economy. The United States Congress ("Congress") has approved several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed into law on March 27, 2020, which provided over $2 trillion of direct financial aid to American families, payroll and operating expense support for small businesses, and loan assistance for distressed industries, as well as providing funds to and directing the Federal Reserve System to support the capital markets.

Congress passed a second stimulus package under the Consolidated Appropriations Act of 2021, signed into law December 27, 2020, to provide $900 billion in direct financial aid to American households, payroll and operating expense support for small businesses and nonprofits, as well as funding for distressed industries such as hospitals, school systems, transportation, performance venues, independent theaters, and cultural institutions.

The American Rescue Plan Act of 2021 ("ARP Act"), signed into law on March 11, 2021, is the third stimulus package to be passed by Congress. The ARP Act strengthens existing programs under the previous stimulus packages while providing $1.9 trillion in additional direct financial aid to American families, economic relief for businesses, states and local governments, as well as funding for the pandemic response and the public health workforce.

On June 17, 2020, after having issued prior Executive Orders dealing with forbearance relief, Governor Andrew Cuomo signed legislation (the "June 17 Legislation") that expanded mortgage forbearance available for those experiencing financial hardship during the COVID -19 crisis who have mortgages with state-regulated financial institutions consistent with the Governor's Executive Orders. The law allowed for COVID-19 hardship forbearance for up to one year if the hardship persists and flexible payment options for the borrower.

On December 28, 2020 Governor Cuomo signed legislation (the "December 28, 2020 Legislation") preventing residential evictions, foreclosure proceedings, credit discrimination and negative credit reporting related to the COVID-19 pandemic.

On September 2, 2021, Governor Hochul signed legislation establishing a new moratorium on certain COVID-related residential and commercial evictions as well as certain residential and commercial foreclosures for New York State which is in effect until January 15, 2022.

Mortgage loans purchased by SONYMA are exempted from the provisions of the June 17 Legislation and of the December 28 Legislation, and SONYMA is providing forbearance assistance as outlined in its Bulletins to Servicers.

To provide guidance on assisting borrowers struggling to make their mortgage payments, SONYMA issued bulletins to its servicers on March 24, 2020 (the "March Bulletin")(which laid out an initial ninety (90) days forbearance period) and on June 5, 2020 (the "June Bulletin") (extending the forbearance period to September 30, 2020). The provisions of the March Bulletin and the June Bulletin are described in SONYMA's July 13, 2020 voluntary filing.

On September 16, 2020, SONYMA issued a bulletin to its servicers (the "September Bulletin") waiving certain documentary requirements relating to eligibility.

On October 1, 2020, SONYMA issued a bulletin (the "October Bulletin") in which it extended its forbearance policy to assist borrowers continuing to struggle to make their mortgage payments as a result of COVID. Under the October Bulletin, borrowers who were current on their mortgages as of March 1, 2020 and who become delinquent between October 1, 2020 and January 31, 2021 as a result of financial impact due to COVID, were offered six (6) months forbearance.

Under the March Bulletin and the June Bulletin, borrowers who became delinquent between March 1, 2020 and September 30, 2020 were eligible for six (6) months forbearance with an option to extend for an additional six (6) months upon the satisfaction of certain conditions.

On January 22, 2021, SONYMA issued a bulletin (the "January Bulletin") which updated the forbearance policy under the October Bulletin. Under the January Bulletin, borrowers who were current on their mortgage prior to March 1, 2020, and who request forbearance between February 1, 2021 and July 31, 2021 as a result of a financial impact due to COVID, were offered an additional six (6) months forbearance.

On May 24, 2021, SONYMA issued a bulletin (the "May Bulletin") which updated the forbearance policy under the January Bulletin. Under the May Bulletin, borrowers exiting forbearance, who were current as of March 1, 2020 were eligible for (1) a Repayment Plan of up to 12 months for the total forbearance amount; (2) an Extension Modification with a maximum extension of the total forbearance period; and (3) a Deferral of the forbearance amount due upon at loan maturity.

On October 19, 2021, SONYMA issued a bulletin (the "October 2021 Bulletin") which updated the forbearance policy under the January Bulletin. Under the October 2021 Bulletin, borrowers unable to resume their payments upon a forbearance expiration on or after September 1, 2021, were granted an additional forbearance extension until January 31, 2022. No forbearance extension was granted to borrowers with forbearance expiring after January 1, 2022.

HOMEOWNER MORTGAGE REVENUE BOND RESOLUTION

As of September 30, 2021, SONYMA has received and approved requests for forbearance with respect to 237 mortgage loans with an aggregate outstanding principal balance of $42,255,798 where borrowers are not current on their loans. This represents 1.14% of the outstanding mortgage loans, and 1.78% of the outstanding aggregate principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds General Resolution.

As of September 30, 2021, an additional 103 mortgage loans with an aggregate outstanding principal balance of $15,536,149 had been approved for forbearance but have not yet entered into forbearance, as the loans remain current. This represents 3.38% of the outstanding mortgage loans, and 4.26% of the outstanding aggregate principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds General Resolution.

Over time, mortgage loans in forbearance may shift from "not paying" to "paying", and some mortgage loans are paid off.

MORTGAGE REVENUE BONDS RESOLUTION

As of September 30, 2021, SONYMA has received and approved requests for forbearance with respect to 30 mortgage loans with an aggregate outstanding principal balance of $4,202,171 where borrowers are not current on their loans. This represents 2.24% of the outstanding mortgage loans, and 3.20% of the outstanding aggregate principal balance of mortgage loans under the Mortgage Revenue Bonds General Resolution.

As of September 30, 2021, an additional 11 mortgage loans with an aggregate outstanding principal balance of $1,977,947 had been approved for forbearance but have not yet entered into forbearance, as the loans remain current. This represents 4.53% of the outstanding mortgage loans, 6.15% of the outstanding aggregate principal balance of mortgage loans under the Mortgage Revenue Bonds General Resolution.

As noted above, over time, mortgage loans in forbearance may shift from "not paying" to "paying", and some mortgage loans are paid off.

DELINQUENCY DATA BY RESOLUTION

HOMEOWNER MORTGAGE REVENUE BONDS RESOLUTION

As of September 30, 2021, 432 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were newly delinquent (representing payment arrearages of 30 days) in the aggregate principal balance of $42,360,605 which represents 1.78% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease of 0.85% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 30 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 125 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were 60 days delinquent in the aggregate principal balance of $14,014,232 which represents 0.59% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease of 0.73% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 60 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 50 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were 90 days delinquent in the aggregate principal balance of $4,782,054 which represents 0.20% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease 0.84% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 90 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 441 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were 120+ days delinquent in the aggregate principal balance of $71,022,885 which represents 2.99% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease of 0.63% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 120+ days delinquent when compared to September 30, 2020.

As of September 30, 2021, 205 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were 150+ days delinquent in the aggregate principal balance of $26,994,806 which represents 1.13% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease of 0.14% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 150+ days delinquent when compared to September 30, 2020.

MORTGAGE REVENUE BONDS RESOLUTION

As of September 30, 2021, 56 mortgage loans under the Mortgage Revenue Bond Resolution were newly delinquent (representing payment arrearages of 30 days) in the aggregate principal balance of $6,119,648 which represents 1.68% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents a decrease of 0.92% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 30 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 16 mortgage loans under the Mortgage Revenue Bond Resolution were 60 days delinquent in the aggregate principal balance of $2,279,894 which represents 0.63% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents a decrease of 0.72% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 60 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 10 mortgage loans under the Mortgage Revenue Bond Resolution were 90 days delinquent in the aggregate principal balance of $969,758 which represents 0.27% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution.

This represents an increase of 0.22% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 90 days delinquent when compared to September 30, 2020.

As of September 30, 2020, 69 mortgage loans under the Mortgage Revenue Bond Resolution were 120+ days delinquent in the aggregate principal balance of $9,963,927 which represents 2.74% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents a decrease of 0.44% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 120+ days delinquent when compared to September 30, 2020.

As of September 30, 2021, 39 mortgage loans under the Mortgage Revenue Bond Resolution were 150+ days delinquent in the aggregate principal balance of $4,500,742 which represents 1.22% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents an increase of 0.12% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 150+ days delinquent when compared to September 30, 2020.

SONYMA's MIF is providing advance claim payments in an amount equal to the monthly principal and interest payments on each SONYMA mortgage loan subject to pool insurance coverage by the MIF (as described in the succeeding paragraph) which has become two or more payments past due.

The MIF will pay advance claims for up to twelve (12) months for those loans whose borrowers requested forbearance during the Qualified Period between March 1, 2020 and September 30, 2020. The twelve months of advance claim payments will begin on the date that is two (2) months after the date on which the requested forbearance begins and ends twelve (12) months thereafter. For example, if a loan entered forbearance in September 2020, the MIF paid advance claims commencing in November 2020 through August 2021.

The payments are made in an amount equal to all principal and interest payments that are delinquent and are paid by the MIF to SONYMA and pledged under the applicable bond resolution. Such advance claim payments are not for the benefit of the mortgagor but are advances against MIF policy claims that may be filed. The coverage available under the advance claims procedure equals the limit of coverage provided under the applicable MIF Policy. Unreimbursed advance claims payments reduce the amounts available under the applicable MIF Policy.

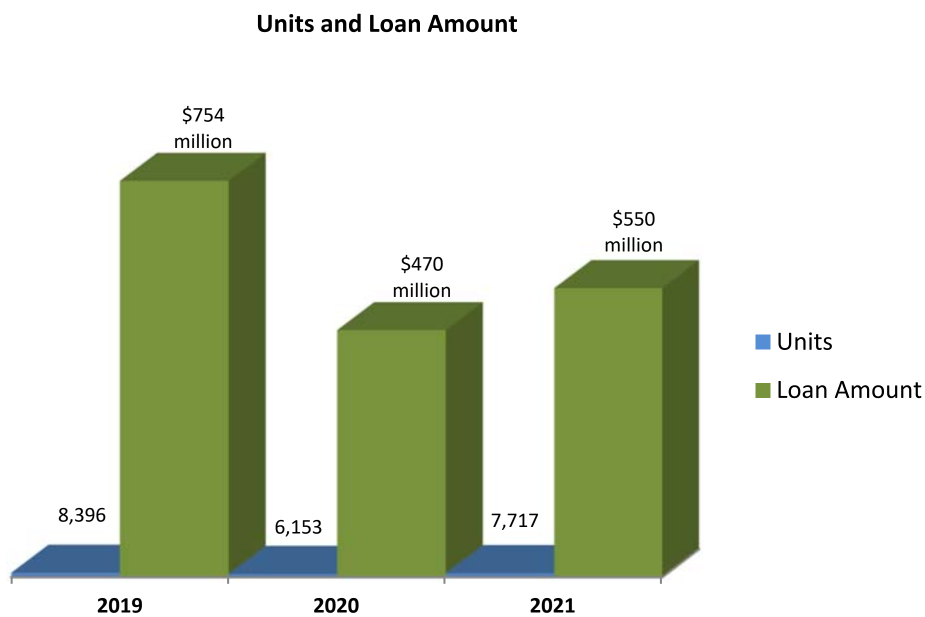
The MIF will not pay advance claims on loans covered by (i) the October Bulletin, or (ii) the January Bulletin, or (iii) the May Bulletin, or (iv) the October 2021 Bulletin.

The MIF will continue to pay advance claims for loans that requested forbearance during the Qualified Period between March 1, 2020 and September 30, 2020, as set forth above.

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.

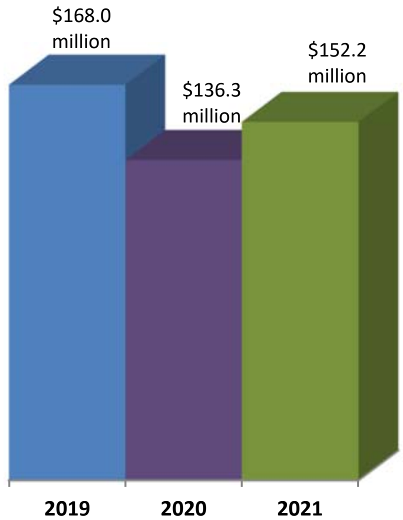
The following graph highlights the MIF's project insurance commitments for the fiscal years indicated.



The loan amount increased from $470 million in fiscal 2020 to $550 million in fiscal 2021 while the number of units increased from 6,153 in fiscal 2020 to 7,717 in fiscal 2021. The increased loan amount was due to a increase in the percentage of HFA loans in New York City resulting in a higher average loan amount per unit.

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

New York State Mortgage Recording Surtax Receipts



New York State Mortgage Recording Surtax Receipts were $152.2 million during fiscal 2021, $136.3 million during fiscal 2020 and $168.0 million during fiscal 2019. The increase was due to an increased rate of mortgage recordings throughout the state. The MIF also received $20.6 million in insurance recoveries, application fees and insurance premiums during fiscal 2021 as compared with $20.1 million during fiscal 2020 and $19.2 million during fiscal 2019. Interest earned on investments by the MIF during fiscal years 2021, 2020 and 2019 was $39.9 million, $48.7 million and $47.1 million, respectively.

Moody's Investors Service rates the claims paying ability of the MIF's Project Pool Insurance Account and the Single Family Pool Insurance. Fitch Ratings rates the claims paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account. As of August 20, 2020, 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," with stable outlooks, respectively, by Moody's Investor Service and "AA+" and "AA-," with negative outlook, respectively, by Fitch, Inc. ("Fitch").

Condensed Financial Information

STATE OF NEW YORK MORTGAGE AGENCY

Statement of Net Position
(in thousands)

	October 31,			% Change	
	2021	2020	2019	2021-2020	2020-2019
		(in thousands)			
Assets					
Cash	$ 80,182	$ 48,095	$ 19,280	67%	149%
Investments	3,161,763	3,179,970	2,880,715	(1%)	10%
Mortgage and student loans receivables	2,735,779	2,884,881	2,954,118	(5%)	(2%)
Interest receivable due on loans	18,496	19,910	22,364	(7%)	(11%)
Other assets	19,351	21,243	23,180	(9%)	(8%)
Total assets	6,015,571	6,154,099	5,899,657		
Deferred outflows of resources					
Accumulated decrease in fair value of hedging derivatives	23,613	43,491	28,691	(46%)	52%
Deferred loss on refunding	3,874	4,151	4,428	(7%)	-
Deferred outflows relating to pension and other post retirement benefits	16,496	14,282	3,389	16%	321%
Total deferred outflows of resources	43,983	61,924	36,508		
Liabilities					
Bonds payable	2,691,791	2,879,619	2,830,610	(7%)	2%
Derivative instruments - interest rate swaps	36,679	56,557	41,758	(35%)	35%
Interest payable	5,644	6,764	7,548	(17%)	(10%)
Allowance for anticipated claims	65,388	59,118	13,133	11%	350%
Unearned income, accounts payable and other liabilities	32,285	28,375	13,748	14%	106%
Other postemployment retirement benefits	48,959	43,239	42,205	13%	2%
Total liabilities	2,880,746	3,073,672	2,949,002		
Deferred inflows of resources					
Deferred inflows relating to pension and other post retirement benefits	23,870	13,983	7,943	71%	76%
Total deferred inflows of resources	23,870	13,983	7,943		
Net position					
Restricted for bond obligations	692,846	696,642	686,608		
Restricted by enabling legislation	2,500,985	2,460,997	2,315,570		
Unrestricted (deficit)	(38,894)	(29,271)	(22,957)		
Total net position	$ 3,154,937	$ 3,128,368	$ 2,979,221		

"-" Indicates a % < 1%

Assets

Investments

Investments held by the Agency vary throughout the year as funds are received or disbursed. Investments decreased from $3.18 billion as of October 31, 2020 to $3.16 billion as of October 31, 2021. A decrease of approximately $18 million or 1%. Investments increased from fiscal 2019 to fiscal 2020 with a balance of $3.18 billion at October 31, 2020 and $2.88 billion at October 31, 2019.

Mortgage and Student Loans Receivable

Mortgage receivables are the primary assets of the Agency's Single Family operation constituting 45% of the Agencies total assets at October 31, 2021, 47% as of October 31, 2020 and 50% as of October 31, 2019.

Mortgage and student loans receivable decreased from $2.88 billion at October 31, 2020 to $2.74 billion at October 31, 2021, an decrease of approximately $149 million or 5%. The decrease was primarily due to an increased payoff on loans and the write-off and subsequent discharge of Student Loans receivable in the amount of $2.3 million in March 2021. This compares to a decrease from $2.95 billion at October 31, 2019 to $2.88 billion at October 31, 2020, a decrease of approximately $69.2 million or 2%.

Interest Receivable

Interest receivable due on mortgage loans decreased as a result of the decrease of loans outstanding from $19.9 million to $18.5 million at October 31, 2021, a decrease in the amount of $1.4 million or 7%. This compares with $22.4 million in fiscal 2019.

Other Assets

Other assets are primarily comprised of owned real estate held by the Agency's Single Family operations and the CRF program which has invested $10.5 million initially into a non-profit partnership to assist with foreclosure and abandoned home mitigation. This program was funded from settlement fees from the Attorney General's office during fiscal 2016.

Other assets decreased from $21.2 million at October 31, 2020 to $19.5 million at October 31, 2021 a decrease of $1.7 million or 8%. This compares to a decrease from $23.2 million at October 31, 2019 to $21.2 million at October 31, 2020.

Liabilities

Bonds Payable

At approximately 93% of total liabilities at October 31, 2021 (94% at October 31, 2020 and 96% at October 31, 2019), 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. Mortgage loan payments together with interest earnings thereon, are the sources of funds used to pay scheduled principal and interest due on bonds payable.

Bonds payable decreased from $2.88 billion at October 31, 2020, to $2.69 billion at October 31, 2021, a decrease of approximately $187.8 million or 7%. This compares with an increase from $2.83 billion at October 31, 2019, to $2.88 billion at October 31, 2020, an increase of approximately of $49 million or 2%. The change in bonds payable during both periods is the net result of bonds issued, redeemed and amortized.

Derivative Instruments - Interest Rate Swaps and Deferred Outflows of Resources

The Agency has entered into various interest rate swap contracts in order to manage risk associated with interest on its variable rate 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 of resources if deemed an effective hedge (see note 9). For fiscal 2021, 2020 and 2019, all 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 of resources.

Due primarily to a decline in interest rates over the course of 2021, there was a decrease in fair value from $56.6 million at October 31, 2020 to $36.7 million at October 31, 2021, a decrease of $19.8 million or 35%. This compares to an increase in fair value from $41.8 million at October 31, 2019 to $56.6 million at October 31, 2020, an increase of $14.8 million or 35%.

Interest Payable

As a result of lower interest rates due on bonds interest payable decreased from $6.8 million at October 31, 2020 to $5.6 million at October 31, 2021, a decrease of approximately $1.1 million or 17%. This compares with a decrease from $7.5 million at October 31, 2019 to $6.8 million at October 31, 2020, an decrease of approximately $784 thousand, or 10%.

Allowance for Anticipated Claims

Allowance for anticipated claims increased from $59.1 million at October 31, 2020 to $65.4 million at October 31, 2021, an increase of approximately $6.3 million or 11%. This compares to an increase from $13.1 million at October 31, 2019 to $59.1 million at October 31, 2020. An increase of approximately $46 million or 350%. 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 2021, 2020 and 2019 the MIF made claim payments in the amounts of $6.2 million, $6.8 million and $8.7 million respectively.

Unearned Income, Accounts Payable and Other Liabilities

Unearned income, accounts payable and other liabilities increased from $28.4 million at October 31, 2020 to $32.3 million at October 31, 2021, an increase of $3.9 million or 14%. This compares to an increase from $13.8 million at October 31, 2019 to $28.4 million at October 31, 2020, an increase of approximately $14.6 million or 106%. The continued fluctuation year over year is primarily due to MIF transfer requirements and changes in insurance requirements and mortgage record surtax received.

Other Postemployment Benefits ("OPEB")

The Agency provides certain group health care benefits to eligible retirees (and for eligible dependents and survivors of such retirees). The balance in other postemployment benefits represents the accumulated unfunded actuarial liability required to pay the cost of retiree health care benefits. An actuarial calculation is performed on a bi-annual basis and is rolled forward to the next fiscal year. The accumulated amount of other postemployment benefits increased from $43.2 million in fiscal 2020 to $49.0 million in fiscal 2021, an increase of approximately $5.7 million, or 13%. The increase in the liability was primarily a result of a decrease in the discount rate over the reporting periods.

STATE OF NEW YORK MORTGAGE AGENCY

Statement of Revenues, Expenses and Changes in Net Position
(in thousands)

	October 31,			% Change	
	2021	2020	2019	2021-2020	2020-2019
		(in thousands)			
Operating Revenues					
Interest on loans	$ 114,622	$ 127,167	$ 132,094	(10%)	(4%)
Recoveries	822	—	2,335	100%	(100%)
Investment Income	43,398	56,918	62,052	(24%)	(8%)
Net change in fair value of investments	(63,663)	78,305	135,375	(181%)	(42%)
Other operating revenues	25,154	28,264	25,428	(11%)	11%
Total operating revenues	120,333	290,654	357,284		
Operating Expenses					
Interest expense and amortization of discount on debt	80,424	87,146	86,740	(8%)	0%
Provision for estimated claims	13,682	53,974	8,710	(75%)	520%
Pool insurance	928	922	835	1%	10%
Expenditures related to federal grants	—	—	11	—	N/A
Other operating expenses	57,104	50,308	50,537	14%	(0%)
Total operating expenses	152,138	192,350	146,833		
Net operating (loss) revenue	(31,805)	98,304	210,451	(132%)	(53%)
Non-operating revenues (expenses)					
Mortgage insurance reserves retained	136,602	93,870	184,288	46%	(49%)
Federal grants	—	—	11	—	N/A
Transfers from/to New York State and its Agencies	(78,228)	(43,027)	(1,850)	82%	(2,226%)
Total non-operating revenues (expenses)	58,374	50,843	182,449		
Increase in net position	26,569	149,147	392,900		
Net positon, beginning of fiscal year	3,128,368	2,979,221	2,586,321		
Total net position- end of fiscal year	$ 3,154,937	$ 3,128,368	$ 2,979,221		

N/A - Not applicable

Operating Revenues

Interest on Loans

Interest on Single Family mortgage loans receivable represents the primary source of funds available for the Agency to pay scheduled interest due on the Agencies' outstanding bonds payable. Interest on loans decreased from $127.2 million in fiscal 2020 to $114.6 million in fiscal 2021, a decrease of approximately $12.6 million or 10%. This compares to a decrease from $132.1 million in fiscal 2019 to $127.2 million in fiscal 2020 a decrease of approximately $4.9 million or 4%. The decreases are primarily due to a decrease in mortgage loans outstanding and interest rates on those loans held by the agency.

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 zero at October 31, 2020 to $822 thousand at October 31, 2021. This compares to a decrease from $2.3 million in fiscal year 2019 to zero in fiscal year 2020, a decrease of approximately $2.3 million, or 100%.

Investment Income and Net Change in Fair Value of Investments

During fiscal 2021, the Agency recognized $43.4 million in net investment income from maturities, sales and investments amortization (compared with $56.9 million and $62.1 million during fiscal years 2020 and 2019, 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 recorded mark to market adjustments as follows: a decline in fiscal 2021 of $63.7 million, $78.3 and $135.3 million for fiscal 2020 and 2019 respectively. These amounts take into account all changes in fair value (including purchases, maturities and sales) that occurred during the year.

Other Operating Revenues

Other operating revenues primarily consist of commitment fees, insurance premiums and application fees earned by the MIF. Other operating revenues decreased from $28.3 million at October 31, 2020 to $25.2 million at October 31, 2021, a decrease of approximately $3.1 million or 11%. This compares to an increase from $25.4 million at October 31, 2019 to $28.3 million at October 31, 2020, an increase of approximately $2.8 million or 11%. The variances are primarily due to fluctuations in the level of insurance commitments issued by the MIF during fiscal years 2021, 2020 and 2019.

Expenses

Interest Expense and Amortization of Discount on Debt

Interest expense and amortization of discount on debt decreased from $87.1 million in fiscal 2020 to $80.4 million in fiscal 2021, a decrease of approximately $6.7 million or 8%. This compares with an increase from $86.7 million in fiscal 2019 to $87.1 million in fiscal 2020, an increase of approximately $406 thousand or .5%. The fluctuation in interest was due primarily to variations in outstanding debt.

Provision for Estimated Claims

The MIF sets aside provisions for potential insurance claims on the MIF insured multi-family loans and the special needs facilities that are non-performing. This account fluctuates as loans are moved to and from performing status or as periodic claims are paid. The provision for estimated claims decreased from approximately $54.0 million in fiscal year 2020 to $13.7 million in fiscal year 2021, a decrease of approximately $40.3 million, or 75%. This compares to an increase from approximately $8.7 million in fiscal year 2019 to $54.0 million in fiscal year 2020, an increase of approximately $45.2 million, or 520%.

In fiscal 2021, 2020 and 2019, provisions were set aside for multi-family loans 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 2021 and 2020, see Note 8 to the financial statements.

Other Operating Expenses

Other operating expenses primarily consist of bond issuance costs, retiree healthcare expenses, general expenses and the cost recovery fee charged by the State. During fiscal 2021 other operating expenses increased from $50.3 million at October 31, 2020 to $57.1 million at October 31, 2021, an increase of approximately $6.8 million or 14%. Other operating expenses in both fiscal 2020 and fiscal 2019 remained relatively unchanged at approximately $50.3 million and $50.5 million respectively. The variation was primarily the result of fluctuations in rent expense.

Non-Operating Revenues (Expenses)

Mortgage Insurance Reserves Retained

Mortgage insurance reserves retained totaled $136.6 million during fiscal 2021 as compared to $93.9 million during fiscal 2020 and $184.3 million during fiscal 2019. Such reserves are funded by mortgage recording surtax receipts. Mortgage surtax receipts for fiscal years 2021, 2020 and 2019 were received in the amounts of $152.2 million, $136 million and $168.1 million. The change in reserves retained was due to the varying levels of commitments to insure policies originated by the MIF.

Transfers to/from New York State and its Agencies, net

During fiscal 2021, 2020 and 2019 the MIF was directed by the State to make transfers from the Project Pool Account to the General Fund, municipalities and authorities in the approximate amount of $78.2 million in fiscal 2021, $43.0 million in fiscal 2020 and $1.9 million in fiscal 2019. The transfers are made in accordance with the requirements listed in the Article 7 of the budget legislation.

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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, 2021	October 31, 2020
	(in thousands)	
Assets		
Current assets:		
Cash-demand deposits unrestricted	$ 3,906	$ 4,183
Cash-demand deposits restricted	70,763	40,192
Cash-custodian deposits	5,513	3,720
Investments unrestricted	10,082	18,408
Investments restricted	1,615,257	1,585,766
Total cash and investments	1,705,521	1,652,269
Mortgage loans receivable	93,346	99,106
Accrued interest receivable:		
Mortgage and student loans	7,471	8,005
Investments	11,025	11,905
Other assets	18,549	20,286
Total current assets	**1,835,912**	**1,791,571**
Non-current assets:		
Investments restricted	1,536,424	1,575,796
Mortgage loans receivable	2,642,433	2,783,466
Student loans receivable	—	2,309
Capital assets - internal use software	802	957
Total non-current assets	**4,179,659**	**4,362,528**
Total assets	**6,015,571**	**6,154,099**
Deferred outflows of resources		
Accumulated decrease in fair value of hedging derivatives	23,613	43,491
Deferred loss on refunding	3,874	4,151
Pension	9,211	7,271
Other post retirement benefits	7,285	7,011
Total deferred outflows of resources	**43,983**	**61,924**
Liabilities		
Current liabilities:		
Bonds payable, net	127,350	134,817
Interest payable	5,644	6,764
Allowance for anticipated claims	65,388	59,118
Unearned income, accounts payable and other	30,938	16,024
Amounts due to New York State and its Agencies	1,304	1,266
Total current liabilities	**230,624**	**217,989**
Non-current liabilities:		
Bonds payable, net	2,564,441	2,744,802
Derivative instruments - interest rate swaps	36,679	56,557
Other postemployment benefits payable	48,959	43,239
Net pension liability	43	11,085
Total non-current liabilities	**2,650,122**	**2,855,683**
Total liabilities	**2,880,746**	**3,073,672**
Deferred inflows of resources		
Pension	12,530	202
Other postemployment retirement benefits	11,340	13,781
Total deferred inflows of resources	**23,870**	**13,983**
Net position		
Restricted for bond obligations	692,846	696,642
Restricted by enabling legislation	2,500,985	2,460,997
Unrestricted deficit	(38,894)	(29,271)
Total net position	**$ 3,154,937**	**$ 3,128,368**

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,	
	2021	2020
	(in thousands)	
Operating revenues		
Interest earned on loans	$ 114,622	$ 127,167
Recoveries	822	—
Investment income	43,398	56,918
Net change in fair value of investments	(63,663)	78,305
Commitment fees, insurance premiums and application fees earned	24,530	27,201
Other income	624	1,063
Total operating revenues	**120,333**	**290,654**
Operating expenses		
Interest and amortization of discount on debt	80,424	87,146
Bond issuance costs	3,597	4,166
Postemployment retirement benefits expense	3,003	2,189
General expenses	27,486	25,464
Overhead assessment by State of New York	6,194	5,357
Pool insurance	928	922
Provision for estimated claims	13,682	53,974
Other	16,824	13,132
Total operating expenses	**152,138**	**192,350**
Operating (loss) income	**(31,805)**	**98,304**
Non-operating revenues (expenses)		
Mortgage insurance reserves retained	136,602	93,870
Transfers to/from New York State and its Agencies (net)	(78,228)	(43,027)
Total non-operating revenues (expenses)	**58,374**	**50,843**
Increase in net position	**26,569**	**149,147**
Total net position, beginning of fiscal year	**3,128,368**	**2,979,221**
Total net position, end of fiscal year	**$ 3,154,937**	**$ 3,128,368**

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, 2021	2020
	(in thousands)	
Cash flows from operating activities		
Interest received on loans	$ 114,548	$ 127,318
Principal payment on loans	724,052	876,556
Purchase of loans	(645,457)	(1,036,388)
Commitment fees, insurance premium and application fees earned	20,592	20,071
General expenses	(59,805)	(46,280)
Transfers	324	19,039
Other	130,547	28,616
Net cash provided by (used in) operating activities	**284,800**	**(11,068)**
Cash flows from non-capital financing activities		
Interest paid on bonds	(80,098)	(107,857)
Mortgage recording surtax receipts	152,239	136,691
Payments to New York State and its Agencies	(78,231)	(66,390)
Bond proceeds	544,706	545,627
Retirement and redemption of bonds	(660,629)	(250,059)
Net cash (used in) provided by non-capital financing activities	**(122,013)**	**258,012**
Cash flows from investing activities		
Earnings on investments	48,359	62,504
Proceeds from the sale or maturities of investments	7,243,139	8,738,974
Purchase of investments	(7,422,198)	(9,019,607)
Net cash used in investing activities	**(130,700)**	**(218,129)**
Net change in cash	32,087	28,815
Cash at beginning of fiscal year	48,095	**19,280**
Cash at end of fiscal year	**$ 80,182**	**$ 48,095**
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:		
Operating (loss) income	$ (31,805)	$ 98,304
Adjustment to reconcile operating (loss) income to net cash provided by (used in) operating activities:		
Investment income	(43,410)	(56,918)
Interest payments and amortization	80,395	87,146
Net change in fair market value	63,664	(78,305)
Other	226,553	21,206
Transfers	27	—
Changes in assets and liabilities		
Mortgage loans and other loans, net	(70,351)	(133,946)
Interest, fees and other receivables	1,639	1,300
Unearned income, accounts payable and other	75,825	59,430
Postemployment retirement benefits payable	(11,085)	(1,034)
Net pension liability	(6,653)	(8,251)
Net cash provided by (used in) operating activities	**$ 284,800**	**$ (11,068)**
Non-cash investing activities		
Net (decrease) Increase in fair value of investments	**$ (63,664)**	**$ 78,305**

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 bonds issued by the Agency to fund the Student Loan Program were redeemed in full on March 26, 2021. 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.

In 2016, legislation was adopted at the State level to authorize the creation of a program to assist homeowners affected by the national mortgage crisis who are either delinquent on their mortgage payments or in danger of going into default. The legislation created the New York State Community Restoration Fund as a new fund to be held by SONYMA and to be managed by a newly-created subsidiary of SONYMA called the SONYMA Community Restoration Fund ("CRF"). Monies in this fund are not to be commingled with any other monies of SONYMA.

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, the CRF 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

1. Organization and Basis of Presentation (continued)

limitations. The Agency is authorized, however, and has issued obligations, the interest on which is federally taxable.

Acquired mortgage loans are collateralized by first liens, or in the case of certain down payment assistance loans, second 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.

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 position 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.

As of October 31, 2021, and 2020, the MIF has outstanding mortgage insurance policies of approximately $4.6 billion and $4.4 billion, respectively, of which at least 20% has been provided and reported as restricted for insurance requirements and is a component of 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

1. Organization and Basis of Presentation (continued)

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 had set aside $34.4 million for this purpose. Approximately $40.6 million and $39.6 million remains on deposit for this purpose as of October 31, 2021 and 2020 respectively.

c. State of New York Mortgage Agency Community Restoration Fund

The Agency operates the CRF pursuant to amendments to the Agency statute in 2016 to authorize the creation of a program to assist homeowners affected by the national mortgage crises who are either delinquent on their mortgage payments or in danger of going into default. The legislation authorized the Agency to deposit monies received from grants, gifts or from other sources in the Fund.

The monies in the Fund are eligible to be used by the Agency under program guidelines established by the board of directors of the Agency, in consultation with an advisory council to be created by the Agency comprised of a minimum of seven members, where a majority of the membership of the council will be comprised of representatives from non-profit members of the community with knowledge of foreclosures, housing, or community development needs in communities hard hit by foreclosures. The guidelines include, among other things, requirements to ensure that fund monies are expended based upon demonstrable community needs, for the purposes set forth in the legislation.

d. General Operating Fund

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

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"). The Agency's operating revenues consist of interest earned on loans, investment income, insurance premiums, application fees and commitment fees. All other revenue, consisting primarily of mortgage insurance reserves retained, are considered non-operating. Operating expenses include interest and amortization of discount on debt, general expenses, the provision for estimated claims and bond issuance costs. All other expenses are considered non-operating.

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.

2. Significant Accounting Policies (continued)

c. Investments

Investments other than collateralized investment agreements are recorded at fair value, which is based on quoted market prices. 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 mortgage loans receivable because all loans have at least 20 percent equity at origination. Furthermore, all mortgages are covered by a pool insurance policy.

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 income / 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 was 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 U.S. generally accepted accounting principles 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.

2. Significant Accounting Policies (continued)

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.

k. Capital Assets – Internal Use Software

Expenditures for the purchase, development or licensing of computer software having a cost greater than $500 thousand are capitalized and amortized on a straight-line basis, generally over the license term (if applicable) or the estimated useful life of the software.

l. Recently Adopted Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* ("GASB No. 84"). The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this statement are effective for fiscal years beginning after December 15, 2019. The Agency adopted the pronouncement in fiscal year 2021 with no significant impact to the financial statements.

In August 2018, GASB issued Statement No. 90, Majority *Equity Interests* ("GASB No. 90"). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The provisions of this statement are effective for fiscal years beginning after December 15, 2019. The Agency adopted the pronouncement in fiscal year 2021 with no significant impact to the financial statements.

2. Significant Accounting Policies (continued)

m. Accounting Pronouncements Issued But Not Yet Adopted

In June 2017, GASB issued Statement No. 87, *Leases* ("GASB No. 87"). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this statement are effective for fiscal years beginning after June 15, 2021. The Agency is currently evaluating the impact this standard will have on its financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period (* "GASB No. 89"). The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements ("GASB No. 62"), which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The provisions of this statement are effective for fiscal years beginning after December 15, 2020. The Agency is currently evaluating the impact this standard will have on its financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* ("GASB No. 91"). The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement are effective for fiscal years beginning after December 15, 2021. The Agency is currently evaluating the impact this standard will have on its financial statements.

2. Significant Accounting Policies (continued)

In January 2020, GASB issued Statement No. 92, *Omnibus 2020* ("GASB No. 92"). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement improves the usefulness of information for users of state and local government financial statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of GASB No. 87, (2) the reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, (3) the applicability of GASB Nos. 73, 74, and 84, (4) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, (5) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, (6) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and (7) terminology used to refer to derivative instruments. The provisions of this statement are effective for fiscal years beginning after June 15, 2021. The Agency is currently evaluating the impact this standard will have on its financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB No. 93"). Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of GASB No. 93 is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR the removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of GASB No. 93 are effective for reporting periods beginning after June 15, 2021. The Agency is currently evaluating the impact this standard will have on its financial statements.

In March 2020, GASB issued Statement No. 94, *Public-private and Public-public Partnerships and Availability Payment Arrangements* ("GASB No. 94). The primary objective of GASB No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). GASB No. 94 requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. GASB No. 94 provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by GASB No. 94). GASB No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of GASB No. 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Agency is currently evaluating the impact this standard will have on its financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Agreements* (GASB No. 96). This primary objective of GASB No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB No. 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding

2. Significant Accounting Policies (continued)

a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of GASB No 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Agency is currently evaluating the impact this standard will have on its financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB No. 97). The primary objectives of GASB No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The Agency is currently evaluating the impact this standard will have on its financial statements.

In October 2021, GASB issued Statement No. 98*, The Annual Comprehensive Financial Report*. The primary objective of this statement is to establish the term annual *comprehensive financial report* and its acronym *ACFR*. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years beginning after December 15, 2021, and all reporting periods thereafter. The Agency is currently evaluating the impact this standard will have on its financial statements.

3. Investments

The Agency's investments at October 31, 2021 and October 31, 2020, excluding accrued interest, consisted of the following:

October 31, 2021:

Category		Collateralized investment agreements, Money Market and Trust Accounts/CDs		U.S. Treasury Obligations		Government Agencies		Total Fair Value
				(in thousands)				
Invested revenues	$	2,042	$	-	$	1,009	$	3,051
Mortgage insurance reserves		—		1,620,385		914,261		2,534,646
Mortgage acquisition and								
other bond proceeds		—		9,289		3,650		12,939
Bondholder reserves		36,160		574,967		—		611,127
Total	$	38,202	$	2,204,641	$	918,920	$	3,161,763

October 31, 2020:

Category		Collateralized investment agreements, Money Market and Trust Accounts/CDs		U.S. Treasury Obligations		Government Agencies		Total Fair Value
				(in thousands)				
Invested revenues	$	3,209	$	543,055	$	1,173	$	547,437
Mortgage insurance reserves		—		1,632,303		850,212		2,482,515
Mortgage acquisition and								
other bond proceeds		—		28,831		—		28,831
Bondholder reserves		36,161		85,026		—		121,187
Total	$	39,370	$	2,289,215	$	851,385	$	3,179,970

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 in the Agency's name.

Investment Maturities in Years at October 31, 2021 are as follows:

	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
			(in thousands)		
Collateralized investment Agreements	$ 36,160	$ 2,115	$ —	$ 7,181	$ 26,864
Trust Accounts/CDs	2,042	2,042	—	—	—
U.S. Treasury Bills	1,344,807	1,344,807	—	—	—
U.S. Treasury Notes	857,836	272,694	533,521	2,443	49,178
U.S. Government Agencies	920,918	4,888	200,834	711,998	3,198
Total	$ 3,161,763	$ 1,626,546	$ 734,355	$ 721,622	$ 79,240

Interest Rate Risk

The Agency's exposure to fair value losses arising from rising interest rates is limited by the short term duration of 51.4% and 9.6% of the Agency's investments for fiscal years ended 2021 and 2020, respectively.

Custodial Credit Risk

Custodial credit risk may arise from a bank failure resulting in deposits not being immediately available for Agency use. Through its guidelines and policies, the Agency has established minimum capitalization requirements for banks at $50 million and trustees at $250 million and ratings requirements of at least within the second highest ratings category without regards to gradations by Moody's Investor Services or Standard & Poor's for banks, and at least the third highest ratings category without regards to gradations by Moody's Investor Services or Standard & Poor's for trustees.

4. Fair Value Measurement

The Agency categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the evaluation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency had the following recurring fair value measurements as of October 31, 2021 and October 31, 2020 :
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Investment and Derivative Instruments Measured at Fair Value	October 31, 2021 Amount	Level	October 31, 2020 Amount	Level
	(in thousands)		(in thousands)	
Investments (debt securities):				
U.S. Treasury Notes	$ 857,836	2	$ 1,008,410	2
U.S. Treasury Bills	1,344,807	2	1,171,860	2
Government Agencies	920,918	2	960,331	2
Total	$ 3,123,561		$ 3,140,601	
Interest rate swaps	$ (36,679)	2	$ (56,557)	2

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates.

5. Mortgage and Student Loans Receivables

The principal balances of mortgage and student loans receivables for the years ended October 31, 2021 and October 31, 2020 were as follows:

October 31, 2021:

	Balance at October 31, 2020	Scheduled Principal Payments	Prepayments, Transfers and Other Credits	Purchase of New Loans	Balance at October 31, 2021
			(in thousands)		
Homeowner Mortgage Revenue	$ 2,462,846	$ (97,960)	$ (353,606)	$ 375,551	$ 2,386,831
Mortgage Revenue	418,327	(16,808)	(53,760)	—	347,759
Homeownership Program	1,399	(133)	(77)	—	1,189
Student Loan	2,309	—	(2,309)	—	0
Total Mortgage and Student Receivable	$ 2,884,881	$ (114,901)	$ (409,752)	$ 375,551	$ 2,735,779

October 31, 2020:

	Balance at October 31, 2019	Scheduled Principal Payments	Prepayments, Transfers and Other Credits	Purchase of New Loans	Balance at October 31, 2020
			(in thousands)		
Homeowner Mortgage Revenue	$ 2,302,286	$ (96,100)	$ (32,402)	$ 289,062	$ 2,462,846
Mortgage Revenue	646,860	(17,811)	(210,722)	—	$ 418,327
Homeownership Program	1,590	(144)	(47)	—	1,399
Student Loan	3,382	—	(1,073)	—	2,309
Total Mortgage and Student Receivable	$ 2,954,118	$ (114,055)	$ (244,244)	$ 289,062	$ 2,884,881

5. Mortgage and Student Loans Receivables (continued)

Mortgage loans outstanding were as follows at October 31, 2021 and October 31, 2020:

October 31, 2021:	Number of Mortgage Loans	Outstanding Principal Balance
		(in thousands)
Homeowner Mortgage Revenue:		
Uninsured	14,906	$ 1,277,948
Private mortgage insurance	5,701	1,098,264
Deferred Participation	—	10,619
	20,607	2,386,831
Mortgage Revenue:		
Uninsured	2,486	266,789
Private mortgage insurance	551	91,589
Participation	—	(10,619)
	3,037	347,759
Homeownership Program:		
Uninsured	23	1,189
Total	23,667	$ 2,735,779

October 31, 2020:	Number of Mortgage Loans	Outstanding Principal Balance
		(in thousands)
Homeowner Mortgage Revenue:		
Uninsured	16,378	$ 1,389,480
Private mortgage insurance	5,708	1,060,969
Deferred Participation	—	12,397
	22,086	2,462,846
Mortgage Revenue:		
Uninsured	2,669	290,061
Private mortgage insurance	827	140,663
Participation	—	(12,397)
	3,496	418,327
Homeownership Program:		
Uninsured	27	1,399
Total	25,609	$ 2,882,572

5. Mortgage and Student Loans Receivables (continued)

The principal balances of mortgage loans receivables in arrears for the years ended October 31, 2021 and October 31, 2020 were as follows:

October 31, 2021:

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	134	$ 14,615	0.62%
90 plus	690	101,251	4.26%
	824	115,866	4.88%
Mortgage Revenue:			
60	11	1,422	0.40%
90 plus	119	15,113	4.21%
	130	16,535	4.61%
Homeownership Program:			
60	1	15	1.32%
90 plus	2	104	8.72%
	3	119	10.04%
Combined:			
60	146	16,052	0.59%
90 plus	811	116,468	4.25%
	957	$ 132,520	4.84%

October 31, 2020:

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	202	$ 28,404	1.16%
90 plus	953	147,033	6.00%
	1,155	175,437	7.16%
Mortgage Revenue:			
60	38	5,150	1.20%
90 plus	163	22,136	5.13%
	201	27,286	6.33%
Homeownership Program:			
60	1	16	1.17%
90 plus	6	186	13.29%
	7	202	14.46%
Combined:			
60	241	33,570	1.16%
90 plus	1,122	169,355	5.88%
	1,363	$ 202,925	7.04%

6. Bonds Payable

Changes in bonds payable, net for the year ended October 31, 2021 and October 31, 2020 were as follows:

October 31, 2021:

	Bonds Outstanding at October 31, 2020	Matured/ Called/ Redeemed	Issued	Changes in Bond Premium and Discount (net)	Bonds Outstanding at October 31, 2021
			(in thousands)		
Homeowner Mortgage Revenue	$ 2,568,209	$ (642,445)	$ 524,060	$ 6,172	$ 2,455,996
Mortgage Revenue	309,195	(72,360)	—	(1,040)	235,795
NYHELPs (Student Loan program)	2,215	(2,215)	—	—	—
Total Bonds Outstanding	$ 2,879,619	$ (717,020)	$ 524,060	$ 5,132	$ 2,691,791

October 31, 2020:

	Bonds Outstanding at October 31, 2019	Matured/ Called/ Redeemed	Issued	Changes in Bond Premium and Discount (net)	Bonds Outstanding at October 31, 2020
			(in thousands)		
Homeowner Mortgage Revenue	$ 2,275,649	$ (238,160)	$ 527,100	$ 3,620	$ 2,568,209
Mortgage Revenue	551,327	(241,560)	—	(572)	309,195
NYHELPs (Student Loan program)	3,635	(1,420)	—	—	2,215
Total Bonds Outstanding	$ 2,830,610	$ (481,140)	$ 527,100	$ 3,048	$ 2,879,619

6. Bonds Payable (continued)

Homeowner Mortgage Revenue Bonds

Homeowner Mortgage Revenue Bonds have been issued between 1988 and 2021 in a total original amount of $13,143,873,000. At October 31, 2021, the interest rates for the fixed rate bonds outstanding ranged from 0.25% to 5.00% and the interest on the variable rate debt ranged from 0.01% to 0.10%.

The below table assumes the variable rate bonds at the October 31, 2021 rate for the calculation of future debt service costs.

The schedule of Total Annual Maturities as of October 31, 2021 was as follows:

Fiscal Year Ending Oct 31,		Interest Payable		Bonds Outstanding		Debt Service
				(in thousands)		
2022	$	59,006	$	119,125	$	178,131
2023		56,077		97,625		153,702
2024		53,617		101,270		154,887
2025		50,893		103,575		154,468
2026		48,287		99,210		147,497
2027-2031		202,913		459,340		662,253
2032-2036		147,407		435,900		583,307
2037-2041		104,146		389,445		493,591
2042-2046		54,435		398,490		452,925
2047-2051		9,808		221,030		230,838
Total Debt Service Requirement		786,589		2,425,010		3,211,599
Unamortized bond premium		—		30,986		—
Total	$	786,589	$	2,455,996	$	3,211,599

6. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds

At October 31, 2021, the interest rate for fixed rate Homeowner Mortgage Revenue Bonds outstanding ranged from 0.25% to 5.00%.

The schedule of Homeowner Mortgage Revenue Bonds outstanding by series as of October 31, 2021 was as follows:

Series	Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
	(in thousands)			
171	$ 12,000	$ 12,000	3.40%	2022
175	82,660	54,610	3.419% - 4.116%	2028
176	66,835	40,915	2.5% - 3.75%	2042
177	33,200	5,460	2.5% - 3.05%	2027
178	79,370	2,955	3.50%	2043
180	33,405	3,345	3.9% - 3.95%	2022
182	25,385	1,210	4.40%	2034
183	96,480	26,130	3.5% - 3.8%	2024
185	12,000	3,650	3.95%	2029
186	80,190	32,125	3.4% - 3.95%	2025
188	27,920	15,905	3.6% - 3.85%	2044
189	88,850	47,615	2.75% - 3.85%	2034
190	60,000	43,380	3.45% - 3.85%	2045
191	72,935	16,125	2.55% - 3.5%	2034
192	45,410	2,500	3.80%	2031
193	20,640	9,120	4.10%	2040
194	85,020	39,670	2.75% - 3.8%	2035
195	66,185	43,895	3.0% - 4.0%	2046
196	38,595	20,755	2% - 3.7%	2037
197	100,715	73,525	1.4% - 3.5%	2044
198	23,095	850	1.75%	2022
199	50,000	50,000	Reset Weekly	2037
200	64,025	39,765	3.5% - 3.9%	2045
201	18,945	2,830	2.4% - 3.4%	2027
203	102,190	80,690	2.0% - 3.5%	2047
204	19,185	9,495	1.9% - 2.40%	2025
205	51,590	45,240	1.85% - 4.0%	2040
206	53,050	23,855	1.95% - 4.0%	2037
207	40,000	40,000	Reset Weekly	2047
208	85,135	56,635	3.1% - 4.0%	2048

6. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds (continued)

Series	Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
	(in thousands)			
209	$ 41,990	$ 30,630	2.45% - 3.35%	2029
210	40,590	40,590	Reset Weekly	2039
211	82,750	56,915	3.625% - 3.8%	2048
212	42,250	23,705	2.4% - 3.7%	2033
213	116,125	38,045	3.15% - 4.25%	2047
214	31,135	21,690	2.85% - 3.55%	2027
215	45,000	45,000	Reset Weekly	2048
216	25,000	23,525	Reset Weekly	2048
217	68,670	55,355	3.25% - 4.0%	2049
218	24,400	19,210	2.25% - 3.85%	2038
219	30,000	21,295	2.925% - 4.308%	2044
220	125,440	124,350	2.4% - 2.95%	2049
221	66,740	54,125	1.6% - 3.5%	2032
222	20,000	3,750	3.00%	2033
223	162,605	143,010	1.35% - 3.5%	2049
224	40,000	40,000	Reset Weekly	2041
225	100,630	98,410	0.95% - 2.55%	2050
226	46,685	43,830	1.125% - 3.5%	2050
227	102,935	102,635	2.1% - 3.25%	2050
228	19,245	18,585	0.5% - 2.15%	2031
229	25,000	23,520	0.759% - 2.63%	2035
230	30,000	29,490	0.759% - 3.2%	2050
231	96,780	96,780	2% - 3%	2050
232	34,015	33,050	1.85% - 5%	2032
233	149,765	149,765	1.35% - 3.0%	2045
234	48,990	48,990	Reset Weekly	2051
235	67,090	67,090	0.25% - 1.55%	2028
236	31,180	31,180	Reset Weekly	2039
237	45,865	45,865	1.041% - 2.115%	2030
238	50,375	50,375	Reset Weekly	2045
Unamortized bond premium	—	30,986		
Total	$ 3,446,260	$ 2,455,996		

6. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds (continued)

As of October 31, 2021, 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)				
2022	$	1,450	$	9,866	$	(378)	$	9,488
2023		1,775		9,809		(373)		9,436
2024		1,870		9,745		(368)		9,377
2025		2,055		9,682		(362)		9,320
2026		920		9,606		(356)		9,250
2027-2031		223,795		35,533		(1,425)		34,108
2032-2036		115,155		7,137		(381)		6,756
2037		55		1		-		1
Total	$	347,075	$	91,379	$	(3,643)	$	87,736

The above amounts assume that current interest rates on October 31, 2021 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.

6. Bonds Payable (continued)

Mortgage Revenue Bonds

Mortgage Revenue Bonds have been issued between 1984 and 2017 in a total original amount of $4,617,539,000. At October 31, 2021, the interest rates for the fixed rate bonds outstanding ranged from 2.25% to 4.00%.

The Schedule of Total Annual Maturities at October 31, 2021 was as follows:

Fiscal Year Ending Oct 31,	Interest Payable	Bonds Outstanding	Debt Service
		(in thousands)	
2022	$ 7,908	$ 8,225	$ 16,133
2023	7,702	9,270	16,972
2024	7,442	10,810	18,252
2025	7,148	10,780	17,928
2026	6,842	10,760	17,602
2027-2031	28,475	59,985	88,460
2032-2036	17,747	66,315	84,062
2037-2041	5,615	48,110	53,725
2042-2046	1,272	8,255	9,527
2047	37	1,830	1,867
Total Debt Service Requirement	90,188	234,340	324,528
Unamortized bond premium	—	1,582	—
discount	—	(127)	—
Total	$ 90,188	$ 235,795	$ 324,528

6. Bonds Payable (continued)

Outstanding Mortgage Revenue Bonds

At October 31, 2021, the interest rate for fixed rate Mortgage Revenue Bonds outstanding ranged from 2.25% to 4.00%.

The schedule of Mortgage Revenue Bonds outstanding by series as of October 31, 2021 as follows:

Series	Originally Issued (in thousands)	Currently Outstanding (in thousands)	Range of Interest Rates	Remaining Maturity
48	$ 110,905	$ 86,220	2.625% - 3.75%	2041
49	54,755	36,050	2.45% - 3.8%	2038
50	33,165	5,455	2.35% - 3.15%	2027
51	75,180	43,195	2.25% - 3.75%	2040
52	40,220	9,655	3.50%	2030
53	20,135	6,390	2.625% - 3.069%	2023
54	80,070	39,180	2.45% - 4.0%	2047
55	22,375	8,195	2.25% - 2.8%	2024
Unamortized bond				
premium	—	1,582		
discount	—	(127)		
Total	$ 436,805	$ 235,795		

7. Other Assets

At October 31, 2021 and October 31, 2020 other assets consisted primarily of owned real estate and CRF for which the balances were as follows:

October 31, 2021:

Bondholder Funds	Number of Loans	Book Value	Appraised Value
		($ in thousands)	
Homeowner Mortgage Revenue	59	$ 4,054	$ 7,909
Mortgage Revenue	10	446	1,751
Prepaid Mortgage Insurance	—	864	—
Sub Total bondholder funds	69	$ 5,364	$ 9,660
Community Restoration Fund		13,185	
Total Other Assets		$ 18,549	

October 31, 2020:

Bondholder Funds	Number of Loans	Book Value	Appraised Value
		($ in thousands)	
Homeowner Mortgage Revenue	96	$ 5,779	$ 13,206
Mortgage Revenue	22	1,136	3,779
Prepaid Mortgage Insurance	—	692	—
Accounts Receivable	—	747	—
Sub Total bondholder funds	118	$ 8,354	$ 16,985
Community Restoration Fund		11,932	
Total Other Assets		$ 20,286	

8. Allowance for Anticipated Claims

The Mortgage Insurance Fund claim activity for the fiscal years ended October 31, 2021 and October 31, 2020 was as follows:

October 31, 2021:

	Project Insurance	Pool Insurance	Primary Insurance	Total Insurance
		(in thousands)		
Allowance, beginning of year	$ 59,118	$ —	$ —	$ 59,118
Current year provision for estimated claims	8,275	5,407	—	13,682
Current year adjustment to claims status	(1,183)			(1,183)
Claims paid and recoveries, net	(822)	(5,407)	—	(6,229)
Allowance, end of year	$ 65,388	$ —	$ —	$ 65,388

October 31, 2020:

	Project Insurance	Pool Insurance	Primary Insurance	Total Insurance
		(in thousands)		
Allowance, beginning of year	$ 13,133	$ -	$ —	$ 13,133
Current year provision for estimated claims	47,201	6,314	459	53,974
Current year adjustment to claims status	(1,186)	-	-	(1,186)
Claims paid and recoveries, net	(30)	(6,314)	(459)	(6,803)
Allowance, end of year	$ 59,118	$ —	$ —	$ 59,118

9. Synthetic Fixed Rate Swaps

As of October 31, 2021, the Agency has entered into three negotiated and four competitive swaps as part of its risk management program, serving to increase financial flexibility and reduce interest costs. These swaps were entered into with four financial institutions (the "Counterparties") for a current total notional principal of $347,075,000. 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, 2021 are within level 2 category of the fair value hierarchy. The changes in fair value of such derivative instruments from the year then ended as reported in the 2021 financial statements are as follows:

	Changes in fair value		Fair value at October 31, 2021		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedge	Deferred outflow	$19,878,056	Debt	($36,679,459)	$347,075,000

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, 2021, 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 199/207/210/216/ 236/238*	$28,075	11/17/05	10/01/35	3.5870%	($5,658,491)	Wells Fargo Bank NA
HMB Series 199/207/216/236/238*	$34,000	03/09/06	04/01/37	3.4783%	($7,771,850)	JPMorgan Chase Bank NA
HMB Series 216/238/236/234**	$70,000	10/01/18	10/01/33	2.5025%	($7,038,164)	The Bank of New York Mellon
HMB Series 207/236**	$40,000	10/01/18	10/01/33	2.4890%	($3,982,642)	Wells Fargo Bank NA
HMB Series 199/210/238***	$90,000	10/12/18	10/01/28	2.7855%	($4,267,897)	Royal Bank of Canada
HMB Series 215****	$45,000	10/01/19	10/01/30	3.1820%	($6,947,059)	Wells Fargo Bank NA
HMB Series 224****	$40,000	04/01/20	10/01/34	2.0410%	($1,013,356)	The Bank of New York Mellon

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

** Variable rate payment received from counterparties is 75% of 1 month LIBOR with a 10 year Optional Termination

*** Variable rate payment received from counterparties SIFMA with a 5 year Optional Termination

**** Variable rate payment received from counterparties is 1 month LIBOR with a 9 year Optional Termination.

COUNTERPARTY RATINGS

Counterparty Name	**Moody's/S&P/Fitch**
JPMorgan Chase Bank N.A.	Aa2/A+/AA
The Bank of New York Mellon	Aa2/AA-/AA
Royal Bank of Canada	Aa2/AA-/AA-
Wells Fargo Bank, NA	Aa2/A+/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, 2021, the weighted-average interest rate on the Agency's hedged variable-rate debt is 0.075%, while the applicable 63% of one month LIBOR plus 0.25%, 75% of one month LIBOR, one month LIBOR and SIFMA were 0.305%, 0.065%, .087% 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.

9. Synthetic Fixed Rate Swaps (Continued)

Contingencies

Four 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.

One of the four 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, 2021, the Agency would be required to post $7,771,850 in collateral to these counterparties ($10,170,954 at October 31, 2020).

Three of the four 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, 2021, the Agency would have been required to post zero 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, 2021, the Agency would have been required to post $13,907,609 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, 2021, the Agency would have been required to post $25,907,609 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, 2021, the Agency would have been required to post $28,907,609 in collateral to these counterparties.

10. OTHER POSTEMPLOYMENT BENEFITS

PLAN DESCRIPTION AND BENEFITS PROVIDED

The Agency provides postemployment healthcare benefits (including Medicare Part B reimbursement) and prescription drug coverage through participation in the New York State Health Insurance Program ("NYSHIP"), as sponsored and administered by the State of New York to eligible retirees and eligible dependents and survivors of retirees. The State has the authority to establish and amend the benefit provisions offered and contribution requirements. The plan is considered a single employer defined benefit plan for financial reporting purposes. The Agency has elected to fund postretirement health benefits on a pay-as-you-go basis. Therefore, no plan assets exist in a trust that meets the specified criteria in paragraph 4 of GASB No. 75.

Under the plan, eligible retired employees receive health care benefits with retirees 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.

Contributions towards part of the costs of these benefits are required of the retirees.

EMPLOYEES COVERED BY BENEFIT TERMS

The following employees were covered by the benefit terms utilized in the actuarial valuation used to record the October 31, 2021 and October 31, 2020 OPEB liability:

	2019
Actives	150
Retirees	31
Vestees	0
Beneficiaries	7
Spouses of Retirees	22
Total	210

TOTAL OPEB LIABILITY

The Agency's reported total OPEB liability was $49.0 million and $43.2 million as of October 31, 2021 and 2020, respectively. The liability amounts as of October 31, 2021 and 2020 were determined by an actuarial valuation measured as of October 31, 2020 and 2019, respectively.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the October 31, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate: 2.46% per annum as of October 31, 2020 and 2.79% per annum as of October 31, 2019 (The discount rate was based on the Fidelity GO AA 20- year municipal index).

10. OTHER POSTEMPLOYMENT BENEFITS (continued)

Inflation: 3.0% per annum, compounded annually.

Salary Scale: 3.5% per annum, compounded annually.

Other Key Actuarial Assumptions: The actuarial assumptions used in the October 31, 2019 valuation were based on a review of plan experience during the period October 31,2017 – October 31, 2019.

Valuation date	October 31, 2019
Measurement date	October 31, 2020
Actuarial cost method	Entry Age Normal

Health Cost Trend: The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2017 utilizing the baseline assumptions included in the model. Further adjustments are made for changes due to the Affordable Care Act ("ACA"), aging, percentage of costs associated with administrative expenses, and inflation on administrative costs. The trend assumption for the Medicare Part B reimbursement is based on the lessor of 4.5% and the rates contained in the table below beginning in 2019. The health cost trend assumption at sample years is as follows:

Calendar Year	< Age 65 Trend	>= Age 65 Trend
2020-2023	3.5%	3.5%
2024-2069	5.20%	3.5%
2070+	4.00%	3.5%

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the first calendar year shown in the table above is based on the ultimate rate, which is 3.5% for costs prior to age 65 and 3.5% of costs at age 65 and later.

Retiree's Share of Benefit-Related Costs: 25% of dependent coverage costs and 10% of individual employee costs.

Mortality Rates: Healthy Lives: Rates vary by gender. These rates are from the Clerk Service Pensioner Mortality Tables in the New York State and Local Retirement System annual report to the Comptroller, on actuarial assumptions issued in August of 2020.

10. OTHER POSTEMPLOYMENT BENEFITS (continued)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability	
	Fiscal Year Ended	
	2021	2020
Balance as of the beginning of the year	$ 43,239,291	$ 42,205,000
Changes for the year:		
Service cost	3,433,773	2,230,904
Interest on total OPEB liability	1,290,373	1,893,731
Effect of economic/demographic gains or losses	—	(9,214,699)
Effect of assumptions changes or inputs	1,847,644	(6,924,055)
Benefit payments	(852,110)	(779,511)
Implicit rate subsidy payments	—	(20,189)
Net changes	5,719,680	(1,034,291)
Balance as of the end of the year	$ 48,958,971	$ 43,239,291

SENSITIVITY OF THE OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the Agency, calculated using the discount rate of 2.46%, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.46%) or one percentage point higher (3.46%) than the current rate.

	1% Decrease 1.46%	Discount Rate 2.46%	1% Increase 3.46%
Total OPEB liability	$56,931,029	$48,958,971	$42,260,643

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the total OPEB liability of the Agency, calculated using the current healthcare cost trend rates as well as what the Agency's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

	1% Decrease	**Healthcare Cost Trend Assumption**	**1% Increase**
Total OPEB liability	$40,220,547	$48,958,971	$60,499,268

10. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the years ended October 31, 2021 and 2020, the Agency recognized OPEB expense of $3.4 million and $2.2 million, respectively.

At October 31, 2021 and 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	—	($7,061,811)
Changes in assumptions or other inputs	$7,285,138	($4,277,822)
Total	$7,285,138	($11,339,633)

In accordance with GASB No. 75, the Agency reported $852,110 as deferred outflows of resources related to the Agency's OPEB contribution
subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ending October 31, 2021.
Amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be
recognized in OPEB expense as follows:

Year ended October 31:	Deferred Outflow of Resources *	Deferred Inflow of Resources *
2022	$ 1,573,232	($2,441,413)
2023	1,537,533	(2,440,240)
2024	1,216,275	(2,429,697)
2025	1,216,275	(2,124,086)
2026	1,216,275	(1,525,514)
2027	525,548	(378,683)
2028	0	0

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

11. 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 on December 6, 2018 for and terminates on July 31, 2040.

The leases obligate the Agency to pay for escalations in excess of the minimum annual rental (ranging from $2.8 million to $3.7 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 all office locations for both fiscal years ended October 31, 2021 and October 31, 2020 was $5.9 million and $1.5 million respectively, net of allocations to certain State-related agencies.

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 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.

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, 2021, and 2020, the Mortgage Insurance Fund's net position represents the reserve for policies in force of $4.7 billion and $4.3 billion, respectively. Included within policies in force are single family mortgage primary and pool policies (total aggregate loss limit) totaling $570 million and $555 million in 2021 and 2020, respectively. Commitments outstanding as of fiscal years ended 2021 and 2020 were $1.84 billion and $1.80 billion, respectively. The Agency provided $15.9 billion and $15.5 billion during fiscal 2021 and 2020 for potential claims on mortgages insured by the Mortgage Insurance Fund.

The Agency has determined the excess tax collections received during fiscal 2021 to have been $9 million. The excess amount collected during fiscal 2020 was $4 million. The Agency was instructed to transfer to the State, Municipalities and Agencies from the project insurance account $63.3 million for fiscal year 2021 and $80.6 million for fiscal 2020.

13. New York State and Local Employees' Retirement System Pension Plans

Plan Description & Benefits Provided

The Agency participates in the New York State and Local Employees' Retirement System (ERS) which together with the New York State and Local Police and Fire Retirement System (PFRS) is collectively referred to as New York State and Local Retirement System (NYSLRS). These are cost-sharing multiple-employer retirement systems. The NYSLRS provides retirement benefits as well as death and disability benefits. The net position of the NYSLRS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the NYSLRS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2018, he was elected for a new term commencing January 1, 2019. NYSLRS benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the NYSLRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The NYSLRS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Employee Contributions

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the system uses a tier concept, ranging from Tier 1 to 6, to distinguish these groups. Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Employee contributions for employees of the Agency for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year 2021	$350,729
Year 2020	$320,317
Year 2019	$296,297

13. New York State and Local Employees' Retirement System Pension Plans (Continued)

- Chapter 260 of the Laws of 2004 of the State of New York allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:
- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of employees' covered pensionable salaries

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008. The Agency has made all required payments on a current basis.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At October 31, 2021 and 2020, the Agency reported a liability of $43,101 and $11,085,318 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021 and 2020 respectively and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020 and April 1, 2019, respectively. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2021 and 2020, the Agency's proportion was 0.0432850% and 0.0418621% respectively.

For the years ended October 31, 2021 and 2020, the Agency recognized pension expense of $1,332,826 and $4,099,634 respectively. At October 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$526,375	$ —
Changes of Assumptions	7,924,810	149,464
Net difference between projected and actual earnings on pension plan investments	—	12,381,030
Changes in proportion and differences between Agency contributions and proportionate share of contributions	759,902	—
Total	$9,211,087	$12,530,494

13. New York State and Local Employees' Retirement System Pension Plans (Continued)

There were no amounts reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date. The cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended October 31:	
2022	($424,809)
2023	($46,063)
2024	($536,776)
2025	($2,311,759)

Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuations for NYSLRS used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation rate	2.7%
Salary scale	4.4% in ERS, 6.2% in PFRS, indexed by service
Investment rate of return, including inflation	5.9% compounded annually, net of investment expenses
Cost of living adjustments	1.4% annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2015 – March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020

13. New York State and Local Employees' Retirement System Pension Plans
(Continued)

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32%	4.05%
International Equity	15	6.30
Private Equity	10	6.75
Real Estate	9	4.95
Opportunistic/ARS Portfolio	3	4.50
Credit	4	3.63
Real Assets	3	5.95
Fixed Income	23	0.00
Cash	1	0.50
	100%	

The real rate of return is net of the long-term inflation assumption of 2.50%

Discount Rate

The discount rate used to calculate the total pension liability as of March 31, 2021, and 2020 was 5.9% and 6.8% respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the NYSLRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

13. New York State and Local Employees' Retirement System Pension Plans (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption (EPS)

The following presents the collective net pension liability of participating employers calculated using a discount rate assumption of 5.9%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate (in thousands):

	1% Decrease	Current Assumption	1% Increase
		(in thousands)	
October 31, 2021	**4.90%**	**5.90%**	**6.90%**
EPS pension liability	$11,963	$43	($10,950)
October 31, 2020	**5.80%**	**6.80%**	**7.80%**
EPS pension liability	$20,345	$11,085	$2,557

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 $650 thousand and $649 thousand during fiscal 2021 and fiscal 2020, respectively.

13. New York State and Local Employees' Retirement System Pension Plans (Continued)

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 program. The VDC Program provides benefits that are based on contributions made by both the Agency and the participant. Employee contribution rates range from 4.5% 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. Employees may choose either the New York State and Local Employees' Retirement System or the VDC Program, but not both. As of October 31, 2021, there were seven Agency employees enrolled in the VDC Program.

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Required Supplementary Information

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State of New York Mortgage Agency

(A Component Unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	Year Ending October 31				
	2021	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability					
Service cost	$ 3,433,773	$ 2,230,904	$ 2,472,600	$ 2,321,523	$ 2,049,816
Interest on total OPEB liability	1,290,373	1,893,731	1,671,596	1,537,835	1,495,693
Effect of economic/demographic (gains) or losses	0	(9,214,699)	(197,639)	(504,754)	(80,839)
Effect of assumption changes or inputs	1,847,644	6,924,055	(4,672,000)	(3,264,435)	2,463,000
Benefit payments	(852,110)	(799,700)	(781,234)	(748,492)	(740,948)
Net change in total OPEB liability	5,719,680	1,034,291	(1,506,677)	(658,323)	5,186,722
Total OPEB liability - beginning of year	43,239,291	42,205,000	43,711,677	44,370,000	39,183,278
Total OPEB liability - end of year	$ 48,958,971	$ 43,239,291	$ 42,205,000	$ 43,711,677	$ 44,370,000
Covered payroll	13,178,576	8,604,588	13,567,380	12,336,391	9,619,848
Total OPEB liability as a % of covered payroll	371.50%	502.51%	311.08%	354.33%	461.23%

This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO SCHEDULE

Changes in Benefit Terms: None.

Changes in Assumptions: The changes listed below reflect differences in actuarial assumptions used in measuring the liability as of October 31, 2020 versus the measurement as of October 31, 2019:

- A change in the discount rate from 2.79% as of October 31, 2019 to 2.46% as of October 31, 2020.
- The per capita claim cost assumption and health cost trend assumption have been updated since the prior valuation.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75 to pay related benefits.

State of New York Mortgage Agency

(a component unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE
NYSLRS PENSION PLAN
LAST 10 FISCAL YEARS

October 31,	2021	2020	2019	2018	2017
			($ in thousands)		
Contractually required contribution	$ 1,321	1,855	$ 1,770	$ 1,548	$ 1,321
Contributions in relation to the contractually required contribution	1,321	1,321	1,770	1,548	1,321
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 14,773	14,005	$ 13,597	$ 10,923	$ 9,104
Contributions as a percentage of covered payroll	9%	9%	13%	14%	15%

October 31,	2016	2015	2014	2013	2012
			($ in thousands)		
Contractually required contribution	$ 1,656	1,500	$ 1,300	$ 1,600	$ 992
Contributions in relation to the contractually required contribution	1,656	1,500	1,300	1,600	992
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 9,614	9,000	$ 8,300	$ 7,400	$ 7.9
Contributions as a percentage of covered payroll	17%	17%	16%	0%	13%

NOTES TO SCHEDULE

Valuation Date: Actuarially determined contribution rates are calculated as of April 1, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine to actuarially determined employer contributions are as follows:

Actuarial cost method	Entry age normal
Inflation rate	2.50%
Salary scale	3.8% in ERS, 4.5% in PFRS, indexed by service
Investment rate of return, including inflation	6.8% compounded annually, net of investment expenses
Cost of living adjustments	1.3% annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 — March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

State of New York Mortgage Agency

(a component unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE STATE OF NEW YORK MORTGAGE AGENCY'S PROPORTIONATE SHARE OF THE NYSLRS NET PENSION LIABILITY
October 31,2021

	2021	2020	2019	2018
The Agency's portion of the net pension liability	0.0418621%	0.0039993%	0.0301605%	0.0301605%
The Agency's proportionate share of the net pension liability	11,085,318	2,833,621	1,182,101	$ 2,833,944
The Agency's covered payroll	$ 14,005,000	13,567,000	10,923,000	$ 9,104,000
The Agency's proportionate Share of the net pension liability as a percentage of its covered payroll	79.2%	20.9%	10.8%	31.1%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	94.7%	94.7%	94.7%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Supplementary Information

State of New York Mortgage Agency
(A Component Unit of the State of New York)
Schedules of Net Position
October 31, 2021
with comparative totals for 2020

	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
		(in thousands)	
Assets			
Current assets:			
Cash-demand deposits restricted	$ —	$ 56,211	$ 1,507
Cash-demand deposits unrestricted	3,906	—	—
Cash-custodian deposits	—	4,794	719
Investments unrestricted	10,082	—	—
Investments restricted	—	441,618	96,354
Total cash and investments	13,988	502,623	98,580
Mortgage loans receivable	—	81,068	12,278
Accrued interest receivable:			
Mortgage and student loans	—	6,543	925
Investments	—	593	61
Other assets		4,759	604
Total current assets	**13,988**	**595,586**	**112,448**
Non-current assets:			
Investments restricted	—	46,159	8,500
Mortgage loans receivable	—	2,305,763	335,481
Student loans receivable	—	—	—
Capital assets- internal use software	802	—	—
Total non-current assets	**802**	**2,351,922**	**343,981**
Total assets	**14,790**	**2,947,508**	**456,429**
Deferred outflows of resources			
Accumulated decrease in fair value of hedging derivatives	—	23,613	—
Deferred loss on refunding	—	3,874	—
Defferred outflows Other postemployment benefits	7,285	—	—
Deferred outflows related to pension	9,211	—	—
Total deferred outflows of resources	16,496	**27,487**	—
Liabilities			
Current liabilities:			
Bonds payable, net	—	119,125	8,225
Interest payable	—	4,981	663
Allowance for anticipated claims	—	—	—
Unearned income, accounts payable and other	3,939	17,400	1,161
Amounts due to New York State and its Agencies	1,304	—	—
Interfund payables	(7,935)	1,948	246
Total current liabilities	**(2,692)**	**143,454**	**10,295**
Non-current Liabilities:			
Bonds payable, net	—	2,336,871	227,570
Derivative instruments - interest rate swaps	—	36,679	—
Other postemployment benefits payable	48,959	—	—
Net pension liability	43	—	—
Total non-current liabilities	**49,002**	**2,373,550**	**227,570**
Total liabilities	**46,310**	**2,517,004**	**237,865**
Deferred inflows of resources			
Defferred inflows Other postemployment benefits	11,340	—	—
Deferred inflows relating to pensions	12,530	—	—
Total deferred inflows of resources	**23,870**	-	—
Net position			
Restricted for bond obligations	—	457,991	218,564
Restricted by legislation	—	—	—
Unrestricted (deficit)	(38,894)	—	—
Total net position	**$ (38,894)**	**$ 457,991**	**$ 218,564**

Homeownership Program	Single Family Programs Total	Community Restoration Fund	Student Loan Program	Mortgage Insurance Fund	Total All Funds October 31, 2021	Total All Funds October 31, 2020
			(in thousands)			
$ —	$ 57,718	$ 373	154	$ 12,518	$ **70,763**	$ **40,192**
—	3,906	—	—	—	**3,906**	**4,183**
—	5,513	—	—	—	**5,513**	**3,720**
—	10,082	—	—	—	**10,082**	**18,408**
—	537,972	9,289	14,923	1,053,073	**1,615,257**	**1,585,766**
—	615,191	9,662	15,077	1,065,591	**1,705,521**	**1,652,269**
	93,346	—	—	—	**93,346**	**99,106**
3	7,471	—	—	—	**7,471**	**8,005**
—	654	—	—	10,371	**11,025**	**11,905**
1	5,364	13,185	—	—	**18,549**	**20,286**
4	**722,026**	**22,847**	**15,077**	**1,075,962**	**1,835,912**	**1,791,571**
—	54,659	—	—	1,481,765	**1,536,424**	**1,575,796**
1,189	2,642,433	—	—	—	**2,642,433**	**2,783,466**
—	-	—	—	—	**—**	**2,309**
—	802	—	—	—	**802**	**957**
1,189	**2,697,894**	**—**	**-**	**1,481,765**	**4,179,659**	**4,362,528**
1,193	**3,419,920**	**22,847**	**15,077**	**2,557,727**	**6,015,571**	**6,154,099**
—	23,613	—	—	—	**23,613**	**43,491**
—	3,874	—	—	—	**3,874**	**4,151**
—	7,285	—	—	—	**7,285**	**7,011**
—	9,211	—	—	—	**9,211**	**7,271**
—	**43,983**	**—**	**—**	**—**	**43,983**	**61,924**
—	127,350	—	—	—	**127,350**	**134,817**
—	5,644	—	—	—	**5,644**	**6,764**
—	-	—	—	65,388	**65,388**	**59,118**
(2)	22,498	—	—	8,440	**30,938**	**16,024**
—	1,304	—	—	—	**1,304**	**1,266**
(19)	(5,760)	6	—	5,755	**—**	**—**
(21)	**151,036**	**6**	**—**	**79,583**	**230,624**	**217,989**
—	2,564,441	—	—	—	**2,564,441**	**2,744,802**
—	36,679	—	—	—	**36,679**	**56,557**
—	48,959	—	—	—	**48,959**	**43,239**
—	43	—	—	—	**43**	**11,085**
—	**2,650,122**	**—**	**—**	**—**	**2,650,122**	**2,855,683**
(21)	**2,801,158**	**6**	**—**	**79,583**	**2,880,746**	**3,073,672**
—	11,340	—	—	—	**11,340**	**13,781**
—	12,530	—	—	—	**12,530**	**202**
—	**23,870**	**—**	**—**	**—**	**23,870**	**13,983**
1,214	677,769	—	15,077	—	**692,846**	**696,642**
—	—	22,841	—	2,478,144	**2,500,985**	**2,460,997**
—	(38,894)	—	—	—	**(38,894)**	**(29,271)**
$ 1,214	**$ 638,875**	**$ 22,841**	**15,077**	**$ 2,478,144**	**$ 3,154,937**	**$ 3,128,368**

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, 2021
with comparative totals for 2020

	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
		(in thousands)	
Operating revenues			
Interest earned on loans	$ —	$ 99,443	$ 15,104
Recoveries	—	—	—
Investment Income	(4)	3,030	411
Net change in fair market value of investments	—	(1,189)	(67)
Commitment fees, insurance premiums and application fees earned	—	—	—
Other income	420	220	—
Total operating revenues	**416**	**101,504**	**15,448**
Operating expenses			
Interest and amortization of discount on debt	—	71,881	8,514
Bond issuance costs	—	3,597	—
Postemployment retirement benefits expense	3,003	—	—
General expenses	18,422	2,685	450
Overhead assessment by State of New York	4,607	—	—
Pool insurance	—	717	68
Provision for estimated claims	—	—	—
Expenditures related to federal grants	—	—	—
Other	293	14,889	(394)
Total operating expenses	**26,325**	**93,769**	**8,638**
Operating (loss) income	**(25,909)**	**7,735**	**6,810**
Non-operating revenues (expenses)			
Mortgage insurance reserves retained	—	—	—
Federal grants	—	—	—
Transfers to/from New York State and its Agencies (net)	—	—	—
Interfund transfers	16,264	(6,000)	(10,000)
Total non-operating revenues (expenses)	**16,264**	—	—
(Decrease) Increase in net position	**(9,623)**	**1,735**	**(3,190)**
Net positon, beginning of fiscal year	**(29,271)**	**456,256**	**221,754**
Total net position, end of fiscal year	**$ (38,894)**	**$ 457,991**	**$ 218,564**

Homeownership Program	Single Family Programs Total	Community Restoration Fund	Student Loan Program	Mortgage Insurance Fund	Total All Funds Fiscal year ended October 31, 2021	2020
			(in thousands)			
$ 75	$ 114,622	$ —	—	$ —	$ **114,622**	$ **127,167**
—	—	—	—	822	822	—
—	3,437	6	4	39,951	**43,398**	**56,918**
—	(1,256)	—	—	(62,407)	**(63,663)**	**78,305**
—	—	—	—	24,530	**24,530**	**27,201**
—	640	—	(16)	—	**624**	**1,063**
75	**117,443**	**6**	**(12)**	**2,896**	**120,333**	**290,654**
—	80,395	—	29	—	**80,424**	**87,146**
—	3,597	—	—	—	**3,597**	**4,166**
—	3,003	—	—	—	**3,003**	**2,189**
—	21,557	3	52	5,874	**27,486**	**25,464**
—	4,607	—	—	1,587	**6,194**	**5,357**
1	786	—	—	142	**928**	**922**
—	—	—	—	13,682	**13,682**	**53,974**
—	—	—	—	—	—	—
—	14,788	—	2,035	1	**16,824**	**13,132**
1	**128,733**	**3**	**2,116**	**21,286**	**152,138**	**192,350**
74	**(11,290)**	**3**	**(2,128)**	**(18,390)**	**(31,805)**	**98,304**
—	—	—	—	136,602	**136,602**	**93,870**
—	—	—	—	—	—	—
—	—	—	—	(78,228)	(78,228)	**(43,027)**
(286)	—	—	—	—	—	**—**
(286)	—	**—**	—	**58,374**	58,374	**50,843**
(212)	**(11,290)**	**2**	**(2,128)**	**39,985**	**26,569**	**149,147**
1,426	**650,165**	**22,839**	**17,205**	**2,438,159**	**3,128,368**	**2,979,221**
$ 1,214	**$ 638,875**	**$ 22,841**	**$ 15,077**	**$ 2,478,144**	**$ 3,154,937**	**$ 3,128,368**

State of New York Mortgage Agency
(A Component Unit of the State of New York)
Schedules of Cash Flows
Fiscal Year Ended October 31, 2021 with comparative totals for 2020

(in thousands)	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
Cash flows from operating activities			
Interest received on loans	$ —	$ 99,443	$ 15,103
Principal payment on loans	—	649,112	72,631
Purchase of mortgage loans	—	(573,097)	(72,360)
Commitment fees, insurance premium and application	—	—	—
fees earned	—	—	—
Operating expenses	(37,553)	(21,788)	(518)
Expenditures related to federal grants	—	—	—
Transfers	16,324	(6,000)	(10,000)
Other	20,952	113,895	6,418
Net cash provided by (used in) operating activities	**(277)**	**261,565**	**11,274**
Cash flows from non-capital financing activities			
Interest paid on bonds	—	(71,979)	(8,119)
Mortgage recording surtax receipts	—	—	—
Payments to New York State and its Agencies	—	—	—
CRF funds received	—	—	—
Bond proceeds	—	544,706	—
Retirement and redemption of bonds	—	(656,919)	—
Net cash provided by (used in) non-capital financing activities		**(184,192)**	**(8,119)**
Cash flows from investing activities			
Transfer of mortgage loans	—	—	—
Earnings on investments	—	1,841	478
Proceeds from the sale or maturities of investments	3	4,198,246	526,416
Purchase of investments	(3)	(4,253,465)	(530,597)
Net cash (used in) provided by investing activities	**(0)**	**(53,378)**	**(3,703)**
Net (decrease) increase in cash	(277)	23,995	(548)
Cash, beginning of fiscal year	**4,183**	**37,010**	**2,774**
Cash, end of fiscal year	$ **3,906**	$ **61,005**	$ **2,226**
Reconciliation of operating revenues (expenses) to net cash (used in) provided by operating activities:			
Net operating revenues (expenses)	$ (25,909)	$ 7,735	$ 6,810
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Investment income	4	(3,030)	(411)
Interest payments and amortization	—	71,881	8,514
Net change in fair market value	—	1,190	67
Other	30,844	260,566	6,538
Transfers	16,286	(6,000)	(10,000)
Changes in assets and liabilities			
Mortgage loans and other loans, net	—	(72,394)	(266)
Interest, fees and other receivables	—	1,617	22
Student loans	—	—	—
Unearned income, accounts payable and other	(3,764)	—	—
Postemployment retirement benefits payable	(11,085)	—	—
Net pension liability	(6,653)	—	—
Net cash provided by (used in) operating activities	$ **(277)**	$ **261,565**	$ **11,274**
Non-cash investing activities			
Net increase (decrease) in fair value of investments	$ —	$ (1,190)	$ (67)

Homeownership Program	Single Family Programs Total	Community Restoration Fund	Student Loan Program	Mortgage Insurance Fund	Total All Funds Fiscal year ended October 31,	
					2021	2020
			(in thousands)			
$ —	$ 114,546	$ —	2	$ —	$ 114,548	$ 127,318
—	721,743	—	2,309	—	724,052	876,556
—	(645,457)	—	—	—	(645,457)	(1,036,388)
—	—	—	—	20,592	20,592	20,071
—	—	—	—	—		—
—	(59,859)	3	51	—	(59,805)	(46,280)
—	—	—	—	—		—
—	324	—	—	—	324	19,039
—	141,265	1,208	(723)	(11,203)	130,547	28,616
—	272,562	1,211	1,638	9,389	284,800	(11,068)
—	(80,098)	—	—	—	(80,098)	(107,857)
—	—	—	—	152,239	152,239	136,691
—	—	—	—	(78,231)	(78,231)	(66,390)
—	—	—	—	—		—
—	544,706	—	—	—	544,706	545,627
—	(656,919)	—	(3,710)	—	(660,629)	(250,059)
—	(192,311)	—	(3,710)	74,008	(122,013)	258,012
—	-		—	—	—	—
—	2,319	16	—	46,024	48,359	62,504
—	4,724,665	44,848	219,573	2,254,054	7,243,139	8,738,974
—	(4,784,065)	(46,083)	(218,188)	(2,373,862)	(7,422,198)	(9,019,607)
—	(57,081)	(1,220)	1,385	(73,784)	(130,700)	(218,129)
—	23,170	(9)	(687)	9,613	32,087	28,815
—	43,967	382	841	2,905	48,095	19,280
$ —	$ 67,137	$ 373	154	$ 12,518	$ 80,182	$ 48,095
$ 74	$ (11,290)	$ 3	$ (2,128)	$ (18,390)	$ (31,805)	$ 98,304
—	(3,437)	(16)	(6)	(39,951)	(43,410)	(56,918)
—	80,395	—	—	—	80,395	87,146
—	1,257	—	—	62,407	63,664	(78,305)
(74)	297,874	1,223	1,463	(74,007)	226,553	21,206
—	286	—	—	(259)	27	—
—	(72,660)	—	2,309	—	(70,351)	(133,946)
—	1,639		—	—	1,639	1,300
—	—	—	—	—	—	—
—	(3,764)	—	—	79,589	75,825	59,430
—	(11,085)	—	—	—	(11,085)	(1,034)
—	(6,653)		—	—	(6,653)	(8,251)
$ —	$ 272,562	$ 1,211	1,638	$ 9,389	$ 284,800	$ (11,068)
$ —	$ (1,257)	$ —	—	$ (62,407)	$ (63,664)	$ 78,305

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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*

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

We have audited, 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, 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, 2021, 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 February 1, 2022.

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) as a basis for designing 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.

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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 financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of 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

February 1, 2022

Section B

Other Supplementary Section

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

Fiscal Year Ended October 31, 2021

Contents

STATE OF NEW YORK MORTGAGE AGENCY

Voluntary Notice – COVID-19

On July 13, 2020, on August 24, 2020, on October 30, 2020, February 9, 2021, and on June 14, 2021, the State of New York Mortgage Agency ("SONYMA") provided voluntary notices regarding its response to the COVID-19 pandemic, certain actions taken by the Federal government and New York State to address such pandemic, and the impact on SONYMA of such actions.

SONYMA is hereby providing additional voluntary disclosure on such matters. The voluntary disclosure is as of the date of this filing. SONYMA may provide additional voluntary disclosure on such matters from time to time; however, SONYMA is not obligated to do so.

Business Disruption Risk; COVID-19

As previously noted, certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, acts of war or terrorism or other circumstances, could potentially disrupt SONYMA's ability to conduct its business. A prolonged disruption of SONYMA's operations could have an adverse effect on SONYMA's financial condition and results of operations.

One such external event is the global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, which is affecting the capital markets and which to an unknown extent may negatively impact the New York State's housing market and its overall economy. The threat from the Pandemic is being addressed on national, federal, state and local levels in various forms, including executive orders, and legislative and regulatory actions.

Federal, State and local bodies are continuing to contemplate and enact legislative actions, regulations and/or other administrative directives and guidance to mitigate the impacts of COVID-19 on the general population and the economy. The United States Congress ("Congress") has approved several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed into law on March 27, 2020, which provided over $2 trillion of direct financial aid to American families, payroll and operating expense support for small businesses, and loan assistance for distressed industries, as well as providing funds to and directing the Federal Reserve System to support the capital markets.

Congress passed a second stimulus package under the Consolidated Appropriations Act of 2021, signed into law December 27, 2020, to provide $900 billion in direct financial aid to American households, payroll and operating expense support for small businesses and nonprofits, as well as funding for distressed industries such as hospitals, school systems, transportation, performance venues, independent theaters, and cultural institutions.

The American Rescue Plan Act of 2021 ("ARP Act"), signed into law on March 11, 2021, is the third stimulus package to be passed by Congress. The ARP Act strengthens existing programs under the previous stimulus packages while providing $1.9 trillion in additional direct financial aid to American families, economic relief for businesses, states and local governments, as well as funding for the pandemic response and the public health workforce.

On June 17, 2020, after having issued prior Executive Orders dealing with forbearance relief, Governor Andrew Cuomo signed legislation (the "June 17 Legislation") that expanded mortgage forbearance available for those experiencing financial hardship during the COVID-19 crisis who have mortgages with state-regulated financial institutions consistent with the Governor's Executive Orders. The law allowed for COVID-19 hardship forbearance for up to one year if the hardship persists and flexible payment options for the borrower.

On December 28, 2020 Governor Cuomo signed legislation (the "December 28, 2020 Legislation") preventing residential evictions, foreclosure proceedings, credit discrimination and negative credit reporting related to the COVID-19 pandemic.

On September 2, 2021, Governor Hochul signed legislation establishing a new moratorium on certain COVID-related residential and commercial evictions as well as certain residential and commercial foreclosures for New York State which is in effect until January 15, 2022.

Mortgage loans purchased by SONYMA are exempted from the provisions of the June 17 Legislation and of the December 28 Legislation, and SONYMA is providing forbearance assistance as outlined in its Bulletins to Servicers.

SONYMA BULLETINS TO SERVICERS

To provide guidance on assisting borrowers struggling to make their mortgage payments, SONYMA issued bulletins to its servicers on March 24, 2020 (the "March Bulletin")(which laid out an initial ninety (90) days forbearance period) and on June 5, 2020 (the "June Bulletin") (extending the forbearance period to September 30, 2020). The provisions of the March Bulletin and the June Bulletin are described in SONYMA's July 13, 2020 voluntary filing.

On September 16, 2020, SONYMA issued a bulletin to its servicers (the "September Bulletin") waiving certain documentary requirements relating to eligibility.

On October 1, 2020, SONYMA issued a bulletin (the "October Bulletin") in which it extended its forbearance policy to assist borrowers continuing to struggle to make their mortgage payments as a result of COVID. Under the October Bulletin, borrowers who were current on their mortgages as of March 1, 2020 and who become delinquent between October 1, 2020 and January 31, 2021 as a result of financial impact due to COVID, were offered six (6) months forbearance.

Under the March Bulletin and the June Bulletin, borrowers who became delinquent between March 1, 2020 and September 30, 2020 were eligible for six (6) months forbearance with an option to extend for an additional six (6) months upon the satisfaction of certain conditions.

On January 22, 2021, SONYMA issued a bulletin (the "January Bulletin") which updated the forbearance policy under the October Bulletin. Under the January Bulletin, borrowers who were current on their mortgage prior to March 1, 2020, and who request forbearance between February

1, 2021 and July 31, 2021 as a result of a financial impact due to COVID, were offered an additional six (6) months forbearance.

On May 24, 2021, SONYMA issued a bulletin (the "May Bulletin") which updated the forbearance policy under the January Bulletin. Under the May Bulletin, borrowers exiting forbearance, who were current as of March 1, 2020 were eligible for (1) a Repayment Plan of up to 12 months for the total forbearance amount; (2) an Extension Modification with a maximum extension of the total forbearance period; and (3) a Deferral of the forbearance amount due upon at loan maturity.

On October 19, 2021, SONYMA issued a bulletin (the "October 2021 Bulletin") which updated the forbearance policy under the January Bulletin. Under the October 2021 Bulletin, borrowers unable to resume their payments upon a forbearance expiration on or after September 1, 2021, were granted an additional forbearance extension until January 31, 2022. No forbearance extension was granted to borrowers with forbearance expiring after January 1, 2022.

Below is an update of the forbearance data provided in the June 14, 2021 voluntary filing updated to September 30, 2021 (<u>please note that mortgage loans approved for forbearance (with borrowers not paying currently) are included in the delinquency data set forth elsewhere in this Voluntary Notice</u>).

<u>FORBEARANCE DATA BY RESOLUTION</u>

<u>NOTE: THE BELOW FORBEARANCE DATA IS ALSO PRESENTED IN CHART FORM IN ATTACHMENT A.</u>

<u>HOMEOWNER MORTGAGE REVENUE BOND RESOLUTION</u>

As of September 30, 2021, SONYMA has received and approved requests for forbearance with respect to 237 mortgage loans with an aggregate outstanding principal balance of $42,255,798 <u>where borrowers are not current on their loans.</u> This represents 1.14% of the outstanding mortgage loans, and 1.78% of the outstanding aggregate principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds General Resolution.

As of September 30, 2021, an additional 103 mortgage loans with an aggregate outstanding principal balance of $15,536,149 had been approved for forbearance but have not yet entered into forbearance, <u>as the loans remain current</u>. This represents 3.38% of the outstanding mortgage loans, and 4.26% of the outstanding aggregate principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds General Resolution.

Over time, mortgage loans in forbearance may shift from "not paying" to "paying", and some mortgage loans are paid off.

In our June 14, 2021 voluntary filing, we reported a total of 1400 Homeowner Mortgage Revenue Bond Resolution mortgage loans in forbearance, comprised of 489 mortgage loans that were not current and 911 mortgage loans that were in forbearance but current on payment obligations.

In this filing, we are reporting a total of 340 Homeowner Mortgage Revenue Bond Resolution mortgage loans in forbearance, comprised of 237 mortgage loans that were not current and 103 mortgage loans that were in forbearance but current on payment obligations.

MORTGAGE REVENUE BONDS RESOLUTION

As of September 30, 2021, SONYMA has received and approved requests for forbearance with respect to 30 mortgage loans with an aggregate outstanding principal balance of $4,202,171 where borrowers are not current on their loans. This represents 2.24% of the outstanding mortgage loans, and 3.20% of the outstanding aggregate principal balance of mortgage loans under the Mortgage Revenue Bonds General Resolution.

As of September 30, 2021, an additional 11 mortgage loans with an aggregate outstanding principal balance of $1,977,947 had been approved for forbearance but have not yet entered into forbearance, as the loans remain current. This represents 4.53% of the outstanding mortgage loans, 6.15% of the outstanding aggregate principal balance of mortgage loans under the Mortgage Revenue Bonds General Resolution.

As noted above, over time, mortgage loans in forbearance may shift from "not paying" to "paying", and some mortgage loans are paid off.

In our June 14, 2021 voluntary filing, we reported a total of Mortgage Revenue Bond Resolution mortgage loans in forbearance of 221 mortgage loans, comprised of 73 mortgage loans that were not current and 148 mortgage loans that were in forbearance but current on payment obligations.

In this filing, we are reporting a total of 41 Mortgage Revenue Bond Resolution mortgage loans in forbearance comprised of 30 mortgage loans that were not current and 11 mortgage loans that were in forbearance but current on payment obligations.

Below is an update of certain delinquency data provided in the June 14, 2021 voluntary filing.

DELINQUENCY DATA BY RESOLUTION

NOTE: THE BELOW INFORMATION ON DELINQUENCIES IS ALSO PRESENTED IN CHART FORM IN ATTACHMENT A.

HOMEOWNER MORTGAGE REVENUE BONDS RESOLUTION

As of September 30, 2021, 432 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were newly delinquent (representing payment arrearages of 30 days) in the aggregate principal balance of $42,360,605 which represents 1.78% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease of 0.85% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 30 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 125 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were 60 days delinquent in the aggregate principal balance of $14,014,232 which represents 0.59% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease of 0.73% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 60 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 50 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were 90 days delinquent in the aggregate principal balance of $4,782,054 which represents 0.20% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease 0.84% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 90 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 441 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were 120+ days delinquent in the aggregate principal balance of $71,022,885 which represents 2.99% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease of 0.63% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 120+ days delinquent when compared to September 30, 2020.

As of September 30, 2021, 205 mortgage loans under the Homeowner Mortgage Revenue Bond Resolution were 150+ days delinquent in the aggregate principal balance of $26,994,806 which represents 1.13% of the outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution. This represents a decrease of 0.14% in outstanding principal balance of mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution that were 150+ days delinquent when compared to September 30, 2020.

MORTGAGE REVENUE BONDS RESOLUTION

As of September 30, 2021, 56 mortgage loans under the Mortgage Revenue Bond Resolution were newly delinquent (representing payment arrearages of 30 days) in the aggregate principal balance of $6,119,648 which represents 1.68% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents a decrease of 0.92% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 30 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 16 mortgage loans under the Mortgage Revenue Bond Resolution were 60 days delinquent in the aggregate principal balance of $2,279,894 which represents 0.63% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents a decrease of 0.72% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 60 days delinquent when compared to September 30, 2020.

As of September 30, 2021, 10 mortgage loans under the Mortgage Revenue Bond Resolution were 90 days delinquent in the aggregate principal balance of $969,758 which represents 0.27% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents an increase of 0.22% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 90 days delinquent when compared to September 30, 2020.

As of September 30, 2020, 69 mortgage loans under the Mortgage Revenue Bond Resolution were 120+ days delinquent in the aggregate principal balance of $9,963,927 which represents 2.74% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents a decrease of 0.44% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 120+ days delinquent when compared to September 30, 2020.

As of September 30, 2021, 39 mortgage loans under the Mortgage Revenue Bond Resolution were 150+ days delinquent in the aggregate principal balance of $4,500,742 which represents 1.22% of the outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution. This represents an increase of 0.12% in outstanding principal balance of mortgage loans under the Mortgage Revenue Bonds Resolution that were 150+ days delinquent when compared to September 30, 2020.

Below is an update of certain advance claims information provided in the June 14, 2021 voluntary filing.

ADVANCE CLAIMS PAYMENTS BY THE SONYMA MORTGAGE INSURANCE FUND

SONYMA's MIF is providing advance claim payments in an amount equal to the monthly principal and interest payments on each SONYMA mortgage loan subject to pool insurance coverage by the MIF (as described in the succeeding paragraph) which has become two or more payments past due.

The MIF will pay advance claims for up to twelve (12) months for those loans whose borrowers requested forbearance during the Qualified Period between March 1, 2020 and September 30, 2020. The twelve months of advance claim payments will begin on the date that is two (2) months after the date on which the requested forbearance begins and ends twelve (12) months thereafter. For example, if a loan entered forbearance in September 2020, the MIF paid advance claims commencing in November 2020 through August 2021.

The payments are made in an amount equal to all principal and interest payments that are delinquent and are paid by the MIF to SONYMA and pledged under the applicable bond resolution. Such advance claim payments are not for the benefit of the mortgagor but are advances against MIF policy claims that may be filed. The coverage available under the advance claims procedure equals the limit of coverage provided under the applicable MIF Policy. Unreimbursed advance claims payments reduce the amounts available under the applicable MIF Policy.

The MIF will not pay advance claims on loans covered by (i) the October Bulletin, or (ii) the January Bulletin, or (iii) the May Bulletin, or (iv) the October 2021 Bulletin.

The MIF will continue to pay advance claims for loans that requested forbearance during the Qualified Period between March 1, 2010 and September 30, 2020, as set forth above.

The MIF is funded primarily by a surtax on the New York State mortgage recording tax. Mortgage recording taxes have been collected in New York State for more than 75 years. 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. As of August 20, 2020, 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," with stable outlooks, respectively, by Moody's Investor Service and "AA+" and "AA-," with negative outlook, respectively, by Fitch, Inc. ("Fitch"). On August 13, 2020, Fitch affirmed its rating of both accounts but revised the outlooks from "stable" to "negative."

Tax receipts paid to the Mortgage Insurance Fund from May through December 2020 were approximately $74.8 million; tax receipts paid to the Mortgage Insurance Fund from May through December 2019 were approximately $107.9 million. Tax receipts paid to the Mortgage Insurance Fund from January through October 2021 were approximately $127.5 million; tax receipts paid to the Mortgage Insurance Fund from January through October 2020 were approximately $108.7 million.

On the date hereof, SONYMA cannot determine the overall impact that the Pandemic, including the ongoing federal and State regulatory and legislative responses thereto, will have on the operations and overall financial condition of the MIF, including the impact on mortgage recording tax receipts and the impact of increased mortgage insurance claims under policies in force.

ADVANCE CLAIMS PAYMENTS FOR HOMEOWNER MORTGAGE REVENUE BOND RESOLUTION

As of September 30, 2021, approximately 934 mortgage loans under the Homeowner Mortgage Revenue Bonds Resolution have been billed for advance claims to the MIF. The cumulative advance claims payments billed total approximately $5,610,523.

ADVANCE CLAIMS PAYMENTS FOR MORTGAGE REVENUE BOND RESOLUTION

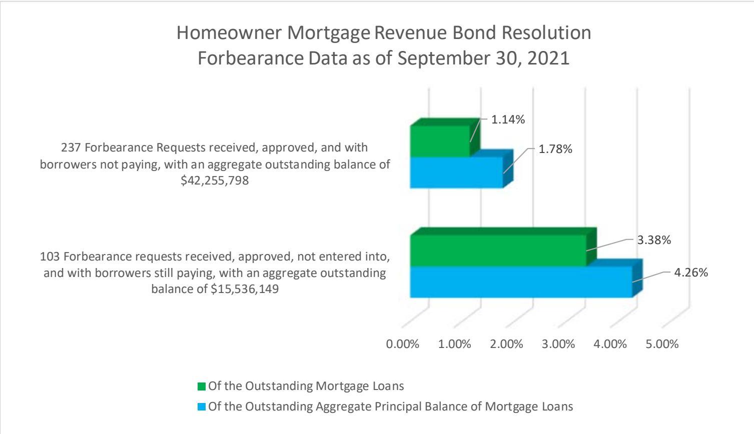
As of September 30, 2021, approximately 161 mortgage loans under the Mortgage Revenue Bonds Resolution have been billed for advance claims to the MIF. The cumulative advance claims payments billed total approximately $805,972.

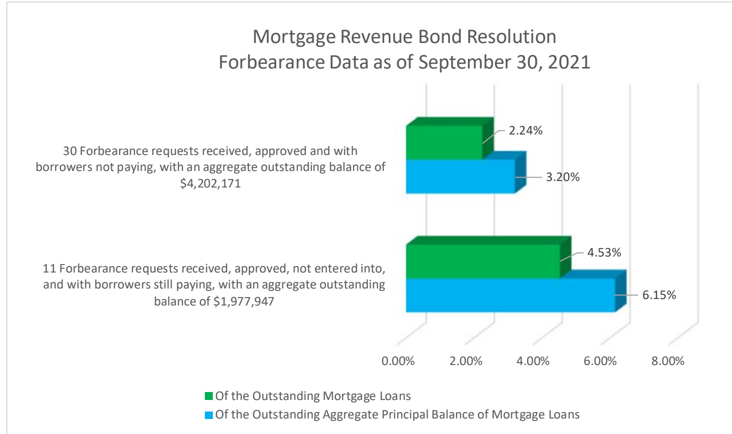
CONCLUDING STATEMENT:

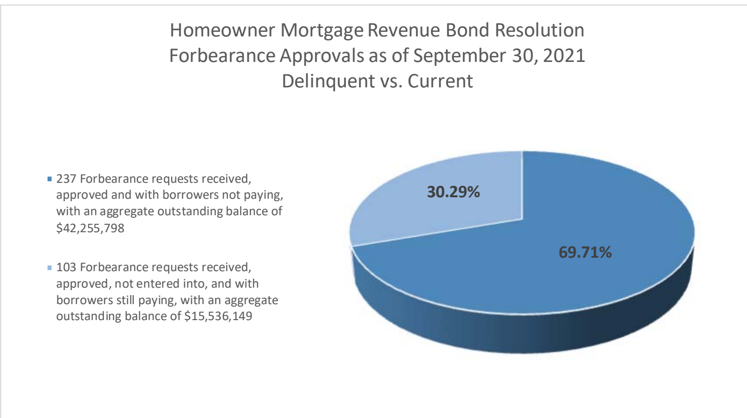
The Pandemic is an ongoing situation, and the Federal and State regulatory and legislative responses also are ongoing. On the date hereof, SONYMA cannot determine the overall impact that the Pandemic, including the Federal and State responses thereto, will have on its programs and operations, including its ability to finance the purchase of Mortgage Loans, or to collect payments owed on such Mortgage Loans. However, the continuation of the Pandemic and the resulting containment and mitigation efforts and forbearance and similar actions could have a material adverse effect on SONYMA, its programs, its operations and its financial condition.

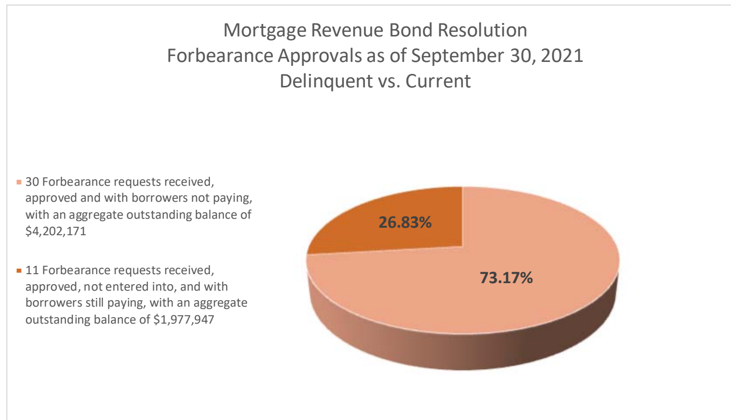
Dated: October 29, 2021

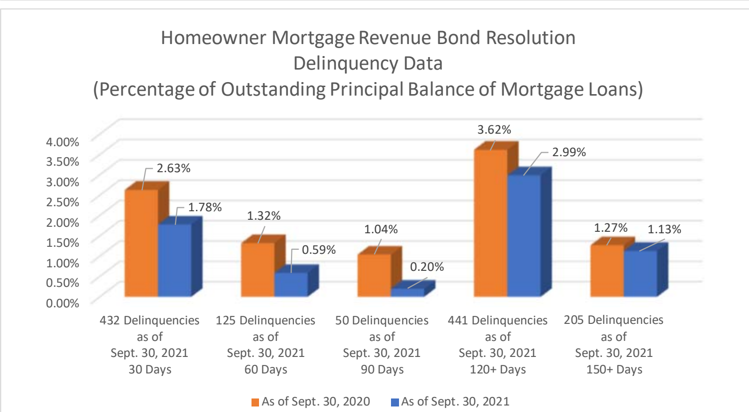
ATTACHMENT A

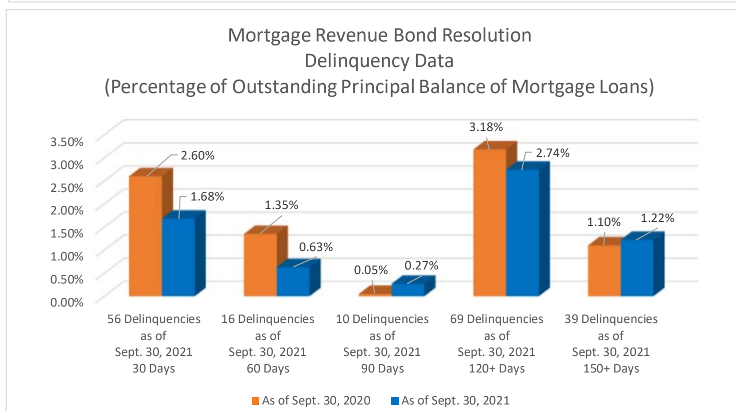


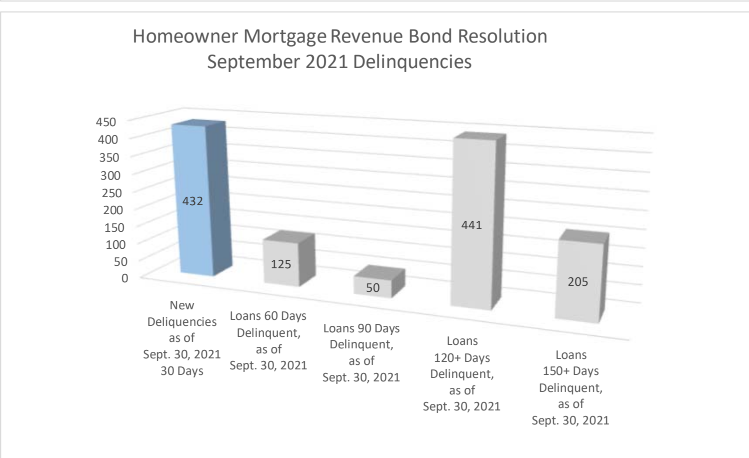


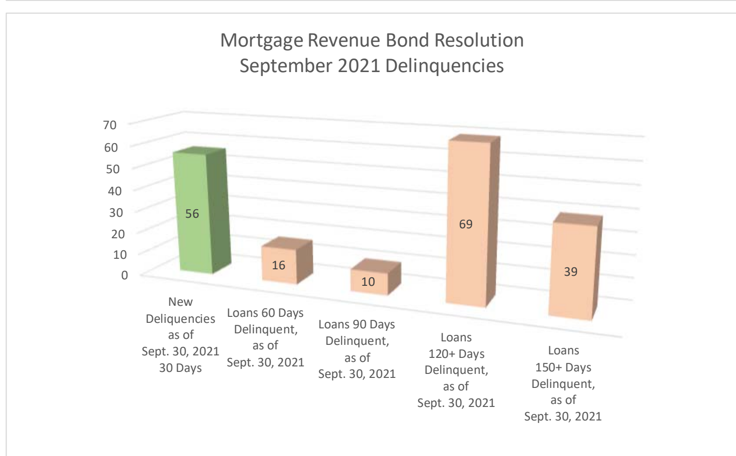












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