

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 213 Bonds and the Series 214 Bonds (collectively, the "Tax-Exempt Bonds") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) interest on the Series 213 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax; and (iii) interest on the Series 214 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and, for tax years beginning before January 1, 2018, on corporations under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Agency in connection with the Tax-Exempt Bonds, and Bond Counsel has assumed compliance by the Agency with certain ongoing tax covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code. In the opinion of Bond Counsel, interest on the Series 215 Bonds and Series 216 Bonds is included in gross income for Federal income tax purposes pursuant to the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Offered Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), and the Offered Bonds are exempt from all taxation directly imposed thereon by or under the authority of said State except for estate or gift taxes or taxes on transfers. See "Tax Matters."

\$217,260,000

**STATE OF NEW YORK MORTGAGE AGENCY
 HOMEOWNER MORTGAGE REVENUE BONDS**

Fixed Rate Bonds

**\$116,125,000 Series 213 (Non-AMT)
 \$31,135,000 Series 214 (AMT)**

Variable Rate Bonds

**\$45,000,000 Series 215 (Federally Taxable)
 \$25,000,000 Series 216 (Federally Taxable)**

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

The Series 213 Bonds (the "Series 213 Bonds"), the Series 214 Bonds (the "Series 214 Bonds"), the Series 215 Bonds (the "Series 215 Bonds"), the Series 216 Bonds (the "Series 216 Bonds" and, together with the Series 215 Bonds, while they bear interest at variable rates, the "Variable Rate Bonds") referred to above (collectively, the "Offered Bonds") will bear interest from their dated date to their maturity or prior redemption. Each maturity of the Series 213 Bonds and Series 214 Bonds (collectively, the "Fixed Rate Bonds") will bear interest at the applicable rate set forth on the inside cover page. The Variable Rate Bonds will be issued initially bearing interest at variable rates determined on a weekly basis, as described herein. Interest on the Fixed Rate Bonds is payable on April 1, 2019 and thereafter on each October 1 and April 1. Interest on the Variable Rate Bonds is payable on April 1, 2019 and thereafter on each October 1 and April 1.

The Offered Bonds are issuable only in fully-registered form and will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal and interest will be made. Purchases of the Fixed Rate Bonds may be made in the principal amount of \$5,000 or any integral multiple thereof, while the Variable Rate Bonds may be purchased in the principal amount of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. Purchasers of the Offered Bonds will not receive physical delivery of bond certificates representing their beneficial ownership interests. The Bank of New York Mellon, New York, New York (the "Trustee"), is the Trustee under the Homeowner Mortgage Revenue Bonds General Resolution (the "General Resolution").

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

The Variable Rate Bonds are subject to optional or mandatory tender for purchase at par as described under "The Offered Bonds — Description of the Variable Rate Bonds" herein. The Agency has obtained an initial liquidity facility with respect to the Series 215 Bonds which will be a standby bond purchase agreement (the "Bank of America Liquidity Facility") by and between the Agency and Bank of America, N.A. ("Bank of America"). The Agency has obtained an initial liquidity facility with respect to the Series 216 Bonds which will be a standby bond purchase agreement (the "Barclays Liquidity Facility") by and among the Agency and Barclays Bank PLC ("Barclays"), the Tender Agent (as defined herein) and the Trustee. Each of the Bank of America Liquidity Facility and the Barclays Liquidity Facility (each, an "Initial Liquidity Facility") requires, as applicable, Bank of America or Barclays (each, an "Initial Liquidity Facility Provider"), subject to the satisfaction of certain conditions precedent, to provide funds for the related Series of Variable Rate Bonds tendered but not remarketed by the applicable Remarketing Agent. The stated expiration date of the Bank of America Liquidity Facility is November 15, 2023. The stated expiration date of the Barclays Liquidity Facility is November 14, 2022. Each Initial Liquidity Facility may be terminated or suspended prior to its stated expiration date under certain circumstances, and, in some circumstances, such termination or suspension may be immediate and without notice to holders of the related Series of Variable Rate Bonds and with no right to tender such Series of Variable Rate Bonds for purchase in connection with such termination or suspension. In such event, no funds will be available under such Initial Liquidity Facility to purchase the applicable Series of Variable Rate Bonds. Wells Fargo Bank, National Association will serve as the initial Remarketing Agent with respect to the Series 215 Bonds. RBC Capital Markets, LLC will serve as the initial Remarketing Agent with respect to the Series 216 Bonds.

This Official Statement describes each Series of the Variable Rate Bonds only during the period they bear interest at either the Daily Rate or the Weekly Rate (each as defined herein) and only while they are the subject of the applicable Initial Liquidity Facility.

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

The Offered Bonds are offered for delivery when, as, and if issued and received by the respective Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Agency, and to certain other conditions. D. Seaton and Associates, P.A., P.C., New York, New York, is serving as Disclosure Counsel to the Agency. Certain legal matters will be passed upon by Harris Beach PLLC, New York, New York, as counsel to the Underwriters for the Fixed Rate Bonds and as counsel to the Underwriter of the Variable Rate Bonds. Certain legal matters will be passed upon for Bank of America by its counsel, Nixon Peabody LLP, New York, New York. Certain legal matters will be passed upon for Barclays by its counsel, McDermott Will & Emery LLP, New York, New York. It is expected that the Offered Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about November 15, 2018.

Wells Fargo Bank, National Association	RBC Capital Markets
Academy Securities	Blaylock Van, LLC
Citigroup	George K. Baum & Company
Janney Montgomery Scott	Morgan Stanley
Raymond James	Siebert Cisneros Shank & Co., L.L.C.
Stern Brothers & Co.	The Williams Capital Group, L.P.
BofA Merrill Lynch	
Fidelity Capital Markets	
J.P. Morgan	
Roosevelt & Cross Incorporated	
UBS Financial Services Inc.	
Wells Fargo Bank, National Association	
Sole Underwriter and Remarketing Agent for the Series 215 Bonds	
RBC Capital Markets	
Sole Underwriter and Remarketing Agent for the Series 216 Bonds	

MATURITY SCHEDULE

FIXED RATE BONDS

\$116,125,000 Series 213 Bonds (Non-AMT)

\$25,425,000 Series 213 Serial Bonds

Price: 100%

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u> [†]
April 1, 2027	\$1,360,000	3.150%	6498835C5
October 1, 2027	2,445,000	3.200	6498835D3
April 1, 2028	2,515,000	3.350	6498835E1
October 1, 2028	2,565,000	3.375	6498835F8
April 1, 2029	2,625,000	3.450	6498835G6
October 1, 2029	2,680,000	3.500	6498835H4
April 1, 2030	2,745,000	3.600	6498835J0
October 1, 2030	2,800,000	3.650	6498835K7
April 1, 2031	2,815,000	3.700	6498835L5
October 1, 2031	2,875,000	3.750	6498835M3

\$12,185,000 3.850% Series 213 Term Bonds due October 1, 2033 @ 100% CUSIP[†]: 6498835N1

\$26,220,000 4.100% Series 213 Term Bonds due October 1, 2038 @ 100% CUSIP[†]: 6498835P6

\$27,830,000 4.200% Series 213 Term Bonds due October 1, 2043 @ 100% CUSIP[†]: 6498835Q4

\$24,465,000 4.250% Series 213 PAC Term Bonds due October 1, 2047 @ 105.499% CUSIP[†]: 6498835R2

\$31,135,000 Series 214 Bonds (AMT)

\$27,200,000 Series 214 Serial Bonds

Price: 100%

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u> [†]
April 1, 2019	\$ 805,000	2.100%	6498835S0
October 1, 2019	1,645,000	2.200	6498835T8
April 1, 2020	1,690,000	2.400	6498835U5
October 1, 2020	1,730,000	2.500	6498835V3
April 1, 2021	1,765,000	2.650	6498835W1
October 1, 2021	1,810,000	2.750	6498835X9
April 1, 2022	1,860,000	2.850	6498835Y7
October 1, 2022	1,895,000	2.900	6498835Z4
April 1, 2024	2,040,000	3.100	6498836B6
October 1, 2024	2,090,000	3.200	6498836C4
April 1, 2025	2,135,000	3.250	6498836D2
October 1, 2025	2,190,000	3.300	6498836E0
April 1, 2026	2,240,000	3.450	6498836F7
October 1, 2026	2,285,000	3.500	6498836G5
April 1, 2027	1,020,000	3.550	6498836H3

\$3,935,000 3.000% Series 214 Term Bonds due October 1, 2023 @ 100% CUSIP[†]: 6498836A8

VARIABLE RATE BONDS

Price: 100%

Interest Rate: Variable

Initial Reset: Weekly

\$45,000,000 Series 215 Bonds (Federally Taxable)

\$45,000,000 Series 215 Bonds due October 1, 2048 CUSIP[†]: 6498834Y8

\$25,000,000 Series 216 Bonds (Federally Taxable)

\$25,000,000 Series 216 Bonds due October 1, 2048 CUSIP[†]: 6498835A9

[†] CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included solely for the convenience of the holders of the Offered Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Offered Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Offered Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Offered Bonds.

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

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

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

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

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof.

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

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OFFICIAL STATEMENT PART 1

STATE OF NEW YORK MORTGAGE AGENCY

Homeowner Mortgage Revenue Bonds, Series 213, 214, 215 and 216

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

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STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 1

\$217,260,000 Homeowner Mortgage Revenue Bonds

FIXED RATE BONDS

\$116,125,000 Series 213 (Non-AMT)
\$31,135,000 Series 214 (AMT)

VARIABLE RATE BONDS

\$45,000,000 Series 215 (Federally Taxable)
\$25,000,000 Series 216 (Federally Taxable)

INTRODUCTION

This Official Statement consists of Part 1 and Part 2. The purpose of this Part 1, which includes the cover to this Part 1, the cover page and inside cover page to the Official Statement, and the appendices to this Part 1, is to set forth certain information concerning the State of New York Mortgage Agency (the “Agency”), a political subdivision and public benefit corporation of the State of New York (the “State”) created by the State of New York Mortgage Agency Act, Chapter 612 of the Laws of New York, 1970, as amended (the “Act”), its Homeowner Mortgage Revenue Bond Forward Commitment Program (the “Program”), its Homeowner Mortgage Revenue Bonds, and, more particularly, its Homeowner Mortgage Revenue Bonds, Series 213 (the “Series 213 Bonds”), its Homeowner Mortgage Revenue Bonds, Series 214 (the “Series 214 Bonds” and, together with the Series 213 Bonds, the “Tax-Exempt Bonds”), its Homeowner Mortgage Revenue Bonds, Series 215 (the “Series 215 Bonds”) and its Homeowner Mortgage Revenue Bonds, Series 216 (the “Series 216 Bonds” and, together with the Series 215 Bonds, the “Taxable Bonds”). The Tax-Exempt Bonds and the Taxable Bonds are referred to collectively as the “Offered Bonds.” The Series 213 Bonds and the Series 214 Bonds bear interest at fixed rates to their maturity (or prior redemption) and are referred to herein, collectively, as the “Fixed Rate Bonds.” The Series 215 Bonds and the Series 216 Bonds initially bear interest at variable rates, determined on either a daily or a weekly basis and, during the period they bear interest at variable rates, are referred to herein as the “Variable Rate Bonds.” Part 2 sets forth additional information concerning the Agency, the Act, the Program, additional Agency programs, and the Outstanding Bonds (as both such terms are defined below). Capitalized terms used in this Part 1 and not otherwise defined shall have the respective meanings ascribed thereto in Part 2.

Except as otherwise described herein, the owners of any Variable Rate Bonds are entitled to tender such Variable Rate Bonds at a price equal to 100% of the principal amount thereof plus accrued interest (the “Purchase Price”). The Variable Rate Bonds are also subject to mandatory tender for purchase under certain circumstances. See “*The Offered Bonds — Description of the Variable Rate Bonds*” herein.

The issuance of each Series of the Offered Bonds is conditioned upon the issuance of the other Series of the Offered Bonds. The Agency has executed a purchase contract with the respective Underwriters for the purchase of the Fixed Rate Bonds and expects to execute a purchase contract for each series of the Variable Rate Bonds with the applicable Underwriter by November 14, 2018.

This Official Statement provides information regarding each Series of Variable Rate Bonds only during the period they bear interest at either the Daily Rate or the Weekly Rate (each as defined herein) and only while each Series of Variable Rate Bonds are the subject of the applicable Initial Liquidity Facility (as such term is defined below).

The Offered Bonds are being issued pursuant to the Act, the Agency’s Homeowner Mortgage Revenue Bonds General Resolution, adopted on September 10, 1987, as amended and restated on July 28, 2005, and as

supplemented on December 13, 2006 and September 17, 2008 (collectively, the “General Resolution”) and the Homeowner Mortgage Revenue Bonds Series Resolution authorizing the Offered Bonds (the “Offered Bonds Series Resolution”). The General Resolution, any Series Resolution that has terms applicable to all Bonds generally, and the Offered Bonds Series Resolution are referred to collectively as the “Resolution.” Reference is made to the Resolution for a more complete description of the Offered Bonds and the covenants and agreements made for the security of the Offered Bonds. The Bank of New York Mellon is the Trustee under the Resolution, and shall also be the Tender Agent for the Variable Rate Bonds. The Bank of New York Mellon, in its capacity as Tender Agent, and its successors and assigns, or any other entity appointed in accordance with the Offered Bonds Resolution, is referred to as the “Tender Agent.”

Prior to the date of this Official Statement, the Agency has issued 212 Series of Homeowner Mortgage Revenue Bonds pursuant to the General Resolution, designated Series AA through Series ZZ and Series 27 through Series 212. When referred to individually, each Series of Homeowner Mortgage Revenue Bonds is referred to by its respective double-letter or double-digit or triple-digit designation; collectively, the Homeowner Mortgage Revenue Bonds issued prior to this date are referred to as the “Prior Series Bonds.” Proceeds of the Prior Series Bonds were used to finance mortgage loans through the Agency’s single-family programs. See Part 2 — “The Program.”

A portion of the proceeds of the Series 213 Bonds and all of the proceeds of the Series 215 Bonds and the Series 216 Bonds (the “New Money Bonds”), and certain available amounts under the Resolution, are expected to be available on their date of issuance (i) to purchase recently originated mortgage loans financed on a temporary basis with Agency funds (which will become Mortgage Loans upon acquisition), (ii) to purchase new Mortgage Loans, (iii) to finance Second Lien DPALs (as defined below), (iv) to pay certain program costs and (v) to pay costs of issuance.

A portion of the proceeds of the Series 213 Bonds and all of the proceeds of the Series 214 Bonds (collectively, the “Replacement Refunding Bonds”) are expected to be treated for Federal tax purposes as being used within 90 days of the date of issuance of the Replacement Refunding Bonds to refund and replace certain of the Agency’s outstanding bonds (including Prior Series Bonds). Proceeds attributable to the Replacement Refunding Bonds are expected to be available (from and after such replacement and refunding, which will occur within 90 days of the date of issuance of the Replacement Refunding Bonds) for the same uses as the New Money Bonds proceeds described in the previous paragraph. Each newly or recently originated mortgage loan or portion of mortgage loan financed with proceeds attributable to any Series of the Offered Bonds (including Second Lien DPALs, as defined below, financed with Offered Bonds proceeds (“Offered Bonds DPALs”)) is referred to as an “Offered Bonds Mortgage Loan.”

A portion of the proceeds of the Series 213 Bonds are expected to be used to refund Outstanding Series 162 Bonds, or certain other outstanding bonds of the Agency (including Prior Series Bonds) (collectively, the “Refunded Bonds”). Certain Mortgage Loans originally financed by the Refunded Bonds will be reallocated for certain Federal income tax purposes to the Series 213 Bonds and such Mortgage Loans, following such reallocation, are referred to herein as the “Reallocated Mortgage Loans.”

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

The Agency makes no representation, guaranty or assurance as to whether a purchaser of the Offered Bonds is eligible to receive credits under the Community Reinvestment Act of 1977 (the “CRA”) or as to the level of CRA credits, if any, that will be received from such purchase. Prospective purchasers considering an investment in the Offered Bonds for CRA credit are advised to consult with their CRA compliance officers and the CRA regulators from their applicable federal financial supervisory agency.

The Agency may issue additional Series of Bonds pursuant to and secured under the General Resolution (the “Additional Bonds”). See Part 2 — “Summary of Certain Provisions of the General Resolution — Issuance of Bonds.” The Offered Bonds will be secured on a parity with the Prior Series Bonds, with each other, and with any Additional Bonds, *unless* such Additional Bonds are made expressly subordinate to the Offered Bonds. The Offered Bonds, the Prior Series Bonds, and any Additional Bonds that are not subordinated are referred to collectively as the “Bonds.” The General Resolution also authorizes the Agency to enter into other arrangements (such as counterparty payments under interest rate exchange agreements and reimbursement obligations under letters of credit) where certain of the Agency’s payment obligations are secured on a parity with the Bonds. See Part 2 “Sources of Payment and Security for the Bonds — Interest Rate Swap Agreements” and Part 2 “Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest” for information regarding the Agency’s current such arrangements. Also see Part 2 “Sources of Payment and Security for the Bonds — Pledge of the Resolution.”

The Offered Bonds are subject to redemption, including redemption at par, under certain circumstances, at the times, at the prices, and upon the conditions, all as described herein. See “The Offered Bonds — Description of the Fixed Rate Bonds — Redemption” and “— Description of the Variable Rate Bonds — Redemption.” In addition, the Variable Rate Bonds are subject to optional or mandatory tender for purchase at par as described herein. See “The Offered Bonds — Description of the Variable Rate Bonds — Optional and Mandatory Tender and Remarketing.”

The Agency may issue Bonds and apply the proceeds, among other things, to refund outstanding obligations of the Agency, to finance single family loans, DPALs and CCALs (each as defined herein), qualifying rehabilitation loans, and home improvement loans, and to acquire any instrument evidencing an ownership interest in such single family loans, qualified rehabilitation loans and home improvement loans. A loan financed with the proceeds of the Bonds or other moneys available under the General Resolution is to be evidenced by a mortgage note and secured by a mortgage or, with respect to a loan related to a cooperative dwelling unit, secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises. Mortgage Loans are not required by the General Resolution to be secured by first lien mortgages and may include home improvement loans. The Series Resolution authorizing the issuance of a Series of Bonds establishes the eligibility criteria for the mortgage loans to be purchased with proceeds of or attributable to such Series of Bonds, including whether such mortgage loans must be secured by first liens. See Part 2 “Sources of Payment and Security for the Bonds — Mortgage Loans — Requirements of the Series Resolutions.” Under the General Resolution, a “Mortgage Loan” is defined as (i) any loan financed with amounts deposited in the Funds and Accounts (other than the Collateral Mortgage Loan Fund or other Funds and Accounts so specified in a Series Resolution) and pledged under the General Resolution by the Agency in accordance with the Act, evidenced by a mortgage note and secured by a mortgage (or, with respect to loans related to cooperative dwelling units, evidenced by a promissory note and secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises) and (ii) any instrument evidencing an ownership interest in such loans. The balance of mortgage loans financed in part with proceeds attributable to any Series of Bonds may be financed with proceeds attributable to any Series of the Offered Bonds, the Prior Series Bonds or Additional Bonds or other sources. Certain ownership interests in mortgage loans (“participation interests”) may bear rates of interest substantially different from those of other participation interests in the same Mortgage Loan. Principal repayments (including principal prepayments) of each such mortgage loan will be allocated between the sources of funding of such mortgage loan on a pro rata basis. Down Payment Assistance Loans (“DPALs”) secured by a second lien and financed with the proceeds of Bonds on or after January 1, 2010 are also Mortgage Loans (“Second Lien DPALs”) under the General Resolution. See Part 2 “The Program — Second Lien Loans.” However, Closing Cost Assistance Loans (“CCALs”) provided by the Agency prior to January 1, 2010 (“Pledged CCALs”) are not Mortgage Loans. See Part 2 “Sources of Payment and Security for the Bonds — Pledged CCALs.”

For information concerning Mortgage Loans and participation interests see Part 2 Appendix D — “Certain Agency Financial Information and Operating Data — Mortgage Loans.”

The Bonds are secured by and payable from (a) the proceeds of the sale of the Bonds, (b) payments of principal of and interest on (i) the Mortgage Loans (which include Second Lien DPALs), and (ii) Pledged CCALs (including, in each case, prepayments and other recoveries of principal in advance of their due date or proceeds received upon the liquidation of Pledged CCALs or defaulted Mortgage Loans, Collateral Mortgage Loans (as defined below) or the sale of Mortgage Loans, Collateral Mortgage Loans, or Pledged CCALs by the Agency), and (c) all other moneys pledged under the Resolution. The Bonds are also secured by mortgage loans credited by the Agency to the Collateral Mortgage Loan Fund (“Collateral Mortgage Loans”). The Pledged CCALs and the Second Lien DPALs are interest-free loans and the Agency will recover a declining portion of the principal amount of any Pledged CCAL or any such Second Lien DPAL only if the borrower sells the related property or refinances at a gain during the first ten years of the loan term. Absent such sale or refinancing, the principal balance of a Pledged CCAL and a Second Lien DPAL is forgiven after ten years. See “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — Mortgages.” Also see “Sources of Payment and Security for the Bonds” herein and in Part 2. The Bank of America Liquidity Facility is not a source for payment of scheduled principal and interest on the Series 215 Bonds. The Barclays Liquidity Facility is not a source for payment of scheduled principal and interest on the Series 216 Bonds. Payments received in connection with Pledged CCALs are treated as Revenues, but not Principal Prepayments, under the Resolution.

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

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

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SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

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

Debt Reserve Fund and Loan Loss Fund

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

Mortgage Pool Insurance

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

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SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Offered Bonds, after providing moneys for certain replacements and redemptions described above and exclusive of accrued interest, are expected to be approximately as set forth below:

Sources

Par Amount of Offered Bonds	\$217,260,000.00
Bond Premium	1,345,330.35
Available Amounts under the Resolution	<u>1,570,130.92</u>
Total	<u>\$220,175,461.27</u>

Uses

Redemption of Refunded Bonds	\$23,605,000.00
Deposit in Series Acquisition Account [†]	195,000,330.35
Deposit in Cost of Issuance Fund	519,982.00
Underwriting Compensation	<u>1,050,148.92</u>
Total	<u>\$220,175,461.27</u>

[†] Approximately \$7,319,541.38 will be deposited into the DPAL Fund.

THE OFFERED BONDS

General

The registered owner of each Offered Bond will be the owner thereof as shown in the bond register maintained by or on behalf of the Agency on each Record Date. Unless otherwise set forth in an Agency Request, the “Record Date” with respect to the Offered Bonds will be (i) with respect to scheduled payments of principal (including any redemptions resulting from the application of Sinking Fund Requirements) and interest on the Offered Bonds, the fifteenth calendar day prior to each payment of principal and interest, (ii) with respect to any redemption (other than a sinking fund redemption) of Offered Bonds, the fifteenth calendar day prior to the date of the first mailing of a notice of redemption, and (iii) with respect to the payment of the Purchase Price of any Variable Rate Bonds tendered or deemed tendered as described under “Description of the Variable Rate Bonds — Optional and Mandatory Tender and Remarketing” below, fifteen calendar days prior to the date of the first mailing of the required tender notice.

Description of the Fixed Rate Bonds

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

Redemption

Also see “General Redemption Provisions Applicable to Offered Bonds” below.

Special Redemption. The Fixed Rate Bonds are subject to redemption, at the option (*except* as otherwise described below) of the Agency, from amounts on deposit in the Special Redemption Account, in

whole or in part, at any time, in accordance with the provisions of the General Resolution described under “General Provisions as to Purchase or Redemption of Bonds” below, upon notice as provided in the Resolution. Each such redemption shall be at a Redemption Price equal to the principal amount of each such Bond or portion thereof to be redeemed, without premium (*except* that Series 213 Bonds maturing October 1, 2047 (the “PAC Bonds”) redeemed pursuant to clause (i) below are to be redeemed at a Redemption Price of 105.499% of the principal amount thereof), together with accrued interest to the date of redemption. Such redemptions may be made in an amount not exceeding the following:

(i) moneys on deposit in the Series 213, 214, 215 and 216 Acquisition Account and the DPAL Fund representing unexpended amounts allocable to the Fixed Rate Bonds that are New Money Bonds and Replacement Refunding Bonds and fees, if any, paid by developers, Mortgage Lenders, or mortgagors. Amounts referred to in this clause (i) related to the Tax-Exempt Bonds may be applied by the Agency to redeem Fixed Rate Bonds of either Series, interest rate and maturity, *except* that, upon any such redemption, the PAC Bonds must be redeemed on a pro rata basis, based upon the ratio of the original principal amount of the PAC Bonds to the original principal amount of the Offered Bonds (excluding the Series 216 Bonds);

(ii) moneys attributable to the portion of the Series 213 Bonds expected to be used to refund the Refunded Bonds not utilized to refund the Refunded Bonds within 90 days of the date of issuance of the Series 213 Bonds. Amounts referred to in this clause (ii) may be applied by the Agency to redeem Series 213 Bonds *except* that, upon any such redemption, the Series 213 Bonds of each maturity must be redeemed on a pro rata basis, based upon the original principal amount of the Series 213 Bonds;

(iii) Principal Prepayments (defined below) of Mortgage Loans and Collateral Mortgage Loans, if any, *except* as described below in the third and fourth sentences under “General Redemption Provisions Applicable to Offered Bonds — Principal Prepayments.” Amounts referred to in this clause (iii) may be applied, *subject* to the provisions of each Series Resolution, by the Agency to redeem any Bond of any Series, interest rate and maturity, *except* as otherwise required for compliance with the Agency’s tax covenants and *except* that certain Principal Prepayments of certain Offered Bonds Mortgage Loans and the Reallocated Mortgage Loans shall be applied only to redeem PAC Bonds, and that PAC Bonds can be redeemed from Principal Prepayments only as described below under “Special Mandatory Redemption of PAC Bonds”; and

(iv) Revenues (other than Principal Prepayments), including investment earnings transferred from other Funds held under the Resolution derived in connection with the Prior Series Bonds, the Offered Bonds, and any Additional Bonds. Amounts referred to in this clause (iv) may be applied, *subject* to the provisions of each Series Resolution, by the Agency to redeem any Bond of any Series, interest rate and maturity, *except* as otherwise required for compliance with the Agency’s tax covenants, and *except* that certain principal repayments of certain Offered Bonds Mortgage Loans and the Reallocated Mortgage Loans shall be applied only to redeem PAC Bonds, and that PAC Bonds can be redeemed from Revenues only as described below under “Special Mandatory Redemption of PAC Bonds.”

No Agency single-family housing bonds, including Prior Series Bonds, have been redeemed from unexpended loan acquisition proceeds or proceeds to be applied to the redemption of bonds for more than thirty years. During such period, the Agency has primarily used Principal Prepayments to redeem Bonds.

Special Mandatory Redemption of PAC Bonds. The PAC Bonds are subject to mandatory redemption on one or more days during each semiannual period ending on an April 1 or October 1, commencing with the period ending October 1, 2019 at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

Such mandatory redemptions shall be made from Directed Offered Bonds Principal Payments (as defined below) and may be made from other sources, in each case, only to the extent that, after giving effect to such redemption, the aggregate principal amount of PAC Bonds Outstanding on such redemption date is not less than the related PAC Bonds Outstanding Amount as set forth below (the “Applicable Outstanding Amount”), as such amount may have been adjusted due to a redemption of PAC Bonds from unexpended proceeds (as described under clauses (i) and (ii) under the subheading “Special Redemption” above). In addition, if no other

Offered Bonds are Outstanding then to the extent required for compliance with the Agency’s tax covenants, the PAC Bonds can be redeemed even if such redemption will reduce the principal amount of PAC Bonds Outstanding to an amount less than the Applicable Outstanding Amount.

As used in this Official Statement, the term “Directed Offered Bonds Principal Payments” shall apply only if and to the extent that principal repayments and Principal Prepayments on the Offered Bonds Mortgage Loans (other than the Mortgage Loans financed by the Series 216 Bonds) and the Reallocated Mortgage Loans (collectively the “PAC Attributable Mortgage Loans”) are actually received by the Agency and are not otherwise required to pay debt service on Bonds, replenish reserve funds, or pay Expenses. “Directed Offered Bonds Principal Payments” means, with respect to any semiannual period, an amount equal to (i) the sum of all principal repayments and Principal Prepayments on PAC Attributable Mortgage Loans, less (ii) the cumulative daily portion, as of the date of such principal prepayments and Principal Prepayments, of the principal amount of such Offered Bonds scheduled to mature or subject to sinking fund redemption during such semiannual period.

<u>Semiannual Period Ending</u>	<u>PAC Bond Outstanding Amounts</u>
Date of Issuance	\$24,465,000 [†]
April 1, 2019	24,465,000 [†]
October 1, 2019	23,950,000
April 1, 2020	23,060,000
October 1, 2020	21,810,000
April 1, 2021	20,215,000
October 1, 2021	18,310,000
April 1, 2022	16,365,000
October 1, 2022	14,495,000
April 1, 2023	12,715,000
October 1, 2023	10,995,000
April 1, 2024	9,355,000
October 1, 2024	7,795,000
April 1, 2025	6,305,000
October 1, 2025	4,890,000
April 1, 2026	3,555,000
October 1, 2026	2,295,000
April 1, 2027	1,105,000
October 1, 2027 and each April 1 and October 1 thereafter	0

[†] Original Principal Amount of the PAC Bonds.

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

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

Assumptions Used in Calculating the PAC Bond Outstanding Amounts. The PAC Bond Outstanding Amounts (subject to adjustment as described above) have been calculated based upon assumptions (the “PAC Bond Assumptions”) that include, among other assumptions, the receipt of Principal Prepayments with respect

to the Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans financed by the Series 216 Bonds and the Offered Bonds DPALs) and the Reallocated Mortgage Loans at a rate equal to 50% of Securities Industry and Financial Markets Association (“SIFMA”) (formerly the Public Securities Association) standard prepayment model for 30-year mortgage loans (“PSA”), as further described below and (ii) the receipt of no Principal Prepayments or principal repayments with respect to the Offered Bonds DPALs. Since Mortgage Loan prepayments cannot be predicted, the actual principal amount of and characteristics of the Offered Bonds Mortgage Loans and the Reallocated Mortgage Loans may differ from such assumptions.

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

PSA Model. Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The model represents an assumed monthly rate of prepayment of the then-outstanding principal balance of a pool of new 30-year mortgage loans, and does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the PAC Attributable Mortgage Loans.

One hundred percent PSA assumes prepayment rates of 0.2 percent per year of the then-unpaid principal balance of such pool of mortgage loans in the first month of the life of such mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans in such pool, 100 percent PSA assumes a constant prepayment rate of the mortgage loans in such pool of six percent per year. Multiples will be calculated from this prepayment rate sequence; e.g., 200 percent PSA assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter.

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

Set forth in the following table are the projected weighted average lives (in years) of the PAC Bonds based upon (i) various rates of prepayment of the Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans financed by the Series 216 Bonds and the Offered Bonds DPALs) and the Reallocated Mortgage Loans expressed as percentages of PSA and (ii) the assumption that no Principal Repayments or principal repayments with respect to the Offered Bonds DPALs will be received. The Agency has made no projections as to the weighted average lives of the Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans financed by the Series 216 Bonds and the Offered Bonds DPALs) and the Reallocated Mortgage Loans exceeding 500% of PSA or assuming the receipt of any Offered Bonds DPALs principal repayments or Principal Repayments. The table below assumes inter alia, that

- (i) approximately \$24,000,000 of Reallocated Mortgage Loans will be reallocated on or before November 15, 2018,
- (ii) approximately \$164,000,000 of Offered Bonds Mortgage Loans (which includes Offered Bonds DPALs)(excluding Offered Bonds Mortgage Loans and Offered Bonds DPALs financed by the Series 216 Bonds) will be acquired before January 1, 2019,

- (iii) no Principal Prepayments or principal repayments with respect to the Offered Bonds DPALs with be received,
- (iv) all Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans financed by the Series 216 Bonds and the Offered Bonds DPALs) and the Reallocated Mortgage Loans will be prepaid at the percentage of PSA indicated in the table,
- (v) all scheduled principal repayments, scheduled interest payments, and Principal Prepayments on the Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans and Offered Bonds DPALs financed by the Series 216 Bonds) and the Reallocated Mortgage Loans will be timely received and the Agency experiences no foreclosure losses on the Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans and Offered Bonds DPALs financed by the Series 216 Bonds), or the Reallocated Mortgage Loans,
- (vi) there will be no redemption of the PAC Bonds as described above under the subheading “Special Redemption,”
- (vii) there will be no optional redemption of the PAC Bonds as described below under the subheading “Optional Redemption,” and
- (viii) the PAC Bonds will be redeemed, as described under this subheading, semi-annually on the last day of each semi-annual period.

Notwithstanding such assumptions, the Agency has the right to redeem the PAC Bonds pursuant to the provisions described under “Special Redemption,” including redemption using moneys available under the Resolution (including moneys from the other Series of Bonds), and under “Optional Redemption,” and to redeem the PAC Bonds more frequently than semiannually and on days other than the last day of a semiannual period. Some or all of the assumptions used in preparing the table below are unlikely to reflect actual experience.

Prepayment Speed (expressed as a percentage of PSA)	PAC Bonds Projected Weighted Average Life (in years)
0	26.5
25	10.1
50	4.9
75	4.9
100	4.9
150	4.9
200	4.9
300	4.9
400	4.9
500	4.9

PSA does not purport to be a prediction of the anticipated rate of prepayment of the Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans and Offered Bonds DPALs financed by the Series 216 Bonds) and the Reallocated Mortgage Loans, and there is no assurance that such Principal Prepayments will conform to any of the assumed prepayment rates. The Agency makes no representation as to the percentage of the principal balance of the Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans and Offered Bonds DPALs financed by the Series 216 Bonds) or the Reallocated Mortgage Loans that will be paid as of any date or as to the overall rate of prepayments.

The projected weighted average lives reflect a projected average of the periods of time for which the PAC Bonds are Outstanding. They do not reflect the period of time which any one PAC Bond will remain

Outstanding. At each prepayment speed, some PAC Bonds will remain Outstanding for periods of time shorter than the projected weighted average life, while some will remain Outstanding for longer periods of time.

Optional Redemption. The Fixed Rate Bonds are subject to redemption at the option of the Agency on and after October 1, 2027, in whole or in part, at any time from any moneys (including the proceeds of the voluntary sale of Mortgage Loans and Collateral Mortgage Loans that may not be applied to redeem the Fixed Rate Bonds as described above under “Special Redemption”) made available for such purpose, at a Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus interest, if any, accrued to the redemption date.

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

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

Description of the Variable Rate Bonds

Each Series of the Variable Rate Bonds will bear interest as described under “Interest Rate Provisions” below, for the period from the date of delivery at a rate determined weekly (the “Weekly Mode”), payable on the dates set forth on the cover page. Interest on each Series of the Variable Rate Bonds in both the Daily Mode (as defined below) and the Weekly Mode will be calculated on the basis of a 365-day year or a 366-day year, as applicable, for the number of days actually elapsed. The Variable Rate Bonds will mature on the date and in the amount set forth on the inside cover page. Subject to the requirements of the Offered Bonds Series Resolution, the Agency may elect to change the manner in which the interest rate on any or all of the Variable Rate Bonds from a Weekly Mode to a period in which the interest rate is determined on a daily basis (the “Daily Mode”), monthly basis, quarterly basis, semiannual basis, or flexible basis (each a “Mode Change” with respect to the Variable Rate Bonds to which a change applies) or to convert all or part of the Variable Rate Bonds to bear interest at a fixed rate or a rate determined pursuant to an index (a “Conversion” with respect to the Variable Rate Bonds to which it applies). The Variable Rate Bonds will be subject to mandatory tender for purchase in the event of a Mode Change or a Conversion.

Wells Fargo Bank, National Association will act as the initial remarketing agent for the Series 215 Bonds. RBC Capital Markets, LLC will act as the initial remarketing agent for the Series 216 Bonds. Wells Fargo Bank, National Association and RBC Capital Markets, LLC, each, together with their respective successors and assigns, is referred to herein as a “Remarketing Agent.”

Liquidity support for the Series 215 Bonds will initially be in the form of a standby bond purchase agreement (the “Bank of America Liquidity Facility”) by and between the Agency and Bank of America, N.A. (“Bank of America”). Liquidity support for the Series 216 Bonds will initially be in the form of a standby bond purchase agreement (the “Barclays Liquidity Facility”) by and between the Agency and Barclays Bank PLC (“Barclays”), the Tender Agent and the Trustee. Each of the Bank of America Liquidity Facility and the Barclays Liquidity Facility (each an “Initial Liquidity Facility”) will provide for the purchase of the applicable Series of Variable Rate Bonds in the Daily Mode and the Weekly Mode (other than those Variable Rate Bonds of the applicable Series (i) that are Bank Bonds (as defined below), or (ii) owned by or held on behalf of, for the benefit of or for the account of, the Agency or any Affiliate (as defined in each Initial Liquidity Facility) of the Agency (collectively, the “Ineligible Bonds”)) tendered for purchase and not remarketed in accordance with the terms of

the Offered Bonds Series Resolution, subject to the satisfaction of the conditions precedent described below under “The Initial Liquidity Facilities — The Bank of America Liquidity Facility — General” and “The Initial Liquidity Facilities — The Barclays Liquidity Facility — General.” The Agency has no obligation to pay the Purchase Price of any Variable Rate Bonds tendered for purchase. References in this Official Statement to Variable Rate Bonds when discussing liquidity support provided by the applicable Initial Liquidity Facility refers to Variable Rate Bonds of the applicable Series other than Ineligible Bonds of such Series.

Each Series of the Variable Rate Bonds are subject to mandatory tender prior to the scheduled expiration of the applicable Initial Liquidity Facility. The stated expiration date of the Bank of America Liquidity Facility is November 15, 2023. The stated expiration date of the Barclays Liquidity Facility is November 14, 2022. Each Initial Liquidity Facility may be terminated or suspended prior to the stated expiration date under certain circumstances. **In some circumstances such termination or suspension may be immediate and without notice to owners of the applicable Variable Rate Bonds and with no right to tender such Variable Rate Bonds in connection with such termination or suspension. In such case, no funds will be available under the applicable Initial Liquidity Facility to purchase the related Series of Variable Rate Bonds that are tendered for purchase as described herein under “The Offered Bonds — Description of the Variable Rate Bonds.” Under such circumstances, there will be no opportunity for the Bondowners to receive principal except pursuant to a redemption, at final maturity, or from remarketing proceeds (if any) received in connection with a tender of the applicable Variable Rate Bonds. For additional information, see “The Initial Liquidity Facilities.”**

This Official Statement provides information regarding each Series of Variable Rate Bonds only during the period they bear interest at either the Daily Rate or the Weekly Rate (each as defined herein) and only while each Series of Variable Rate Bonds are the subject of the applicable Initial Liquidity Facility .

Redemption

The Variable Rate Bonds in the Daily Mode and in the Weekly Mode are subject to redemption at the option of the Agency, in whole or in part, on any date from any available money, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof to be redeemed, plus accrued interest, if any, to the date of redemption. The Trustee is required to give notice of any such redemption at least seven days before the date of redemption. A redemption as described in this paragraph may replace a mandatory tender on the applicable tender date. No additional notice is required in connection with any such redemption in lieu of mandatory tender.

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

In any redemption, the Agency will redeem Bank Bonds (as hereinafter defined) prior to redeeming the Variable Rate Bonds. In addition, the Agency has agreed to redeem Bank Bonds in accelerated installments during the five years following their purchase. For the Series 215 Bonds, the first of such installments is payable on the 367th day after such Bonds become Bank Bonds, and, for the Series 216 Bonds, the first of such installments is payable on the 366th day after such Bonds become Bank Bonds, with each of the subsequent installments being payable quarterly or semi-annually, as applicable, although any such redemption is payable only if and to the extent certain limited funds are available. See below “Optional and Mandatory Tender and Remarketing — Remarketing — Agency Not Responsible to Bondowners for Failed Purchase or Remarketing of Variable Rate Bonds; Rate Upon Failed or Cancelled Conversion or Mode Change or Upon Failed Remarketing.”

Also see “General Redemption Provisions Applicable to Offered Bonds” below.

Interest Rate Provisions

The Variable Rate Bonds in the Weekly Mode will bear interest at an initial rate determined on the business day prior to the date of delivery and remaining in effect until the next Tuesday. Thereafter, the Variable Rate Bonds in the Weekly Mode (other than Variable Rate Bonds purchased with funds provided pursuant to the applicable Initial Liquidity Facility (“Bank Bonds”)) will bear interest at a rate (the “Weekly Rate”) that will take effect on Wednesday of each week (the “Weekly Effective Rate Date”) and remain in effect until the next Tuesday or earlier Conversion Date. The Weekly Rate for each Series will be determined by the applicable Remarketing Agent by 11:00 a.m., New York City time, on each Wednesday or, if such Wednesday is not a Business Day, on the immediately preceding Business Day (each a “Weekly Rate Determination Date”).

In the event Variable Rate Bonds are converted to a Daily Mode, such Variable Rate Bonds in the Daily Mode (other than Bank Bonds) will bear interest at a rate (the “Daily Rate”) that will be determined on each Business Day. On any day that is not a Business Day, the Daily Rate will be the Daily Rate determined on the last Business Day (the “Daily Effective Rate Date and collectively with the Weekly Rate Effective Date, each an “Effective Rate Date”). The Daily Rate for each Series will be determined by the applicable Remarketing Agent by 10:00 a.m., New York City time, on each Business Day (each a “Daily Rate Determination Date” and collectively with the Weekly Rate Determination Date, each a “Rate Determination Date”).

The Trustee will provide monthly statements to DTC setting forth, as applicable, the Daily Rates or the Weekly Rates for the prior month within seven Business Days of the end of each calendar month. “Business Day” with respect to a Series of the Variable Rate Bonds means any day on which: (i) banks are open for business (a) in the city in which the principal corporate trust office of the Trustee is located, (b) in the city in which the office of Bank of America or Barclays (each an “Initial Liquidity Facility Provider”), as applicable, at which demands for payment under the applicable Initial Liquidity Facility are to be honored is located, (c) in the city in which the corporate trust office of the Tender Agent at which the Bonds may be tendered for purchase by the holders thereof is located, and (d) in the city in which the principal office of the applicable Remarketing Agent is located, (ii) the offices of the Agency are generally open for business and (iii) on which The New York Stock Exchange is open.

Except as described below, the Daily Rate and the Weekly Rate will be the lowest rate, not exceeding the Maximum Rate, which, in the determination of the applicable Remarketing Agent, as of the Rate Determination Date and under prevailing market conditions, would result as nearly as practicable in the market value of the Variable Rate Bonds on the Effective Rate Date being 100% of the principal amount thereof. In no event will the Variable Rate Bonds bear interest at a rate in excess of the lesser of 15% or the maximum allowable interest rate for the Variable Rate Bonds permitted under State law (the “Maximum Rate”).

The determination by the applicable Remarketing Agent of the Daily Rate or the Weekly Rate to be borne by any Variable Rate Bonds will be conclusive and binding on the Owners of the Variable Rate Bonds. Failure by the applicable Remarketing Agent or the Trustee to give any notice required under the Offered Bonds Resolution, or any defect in such notice, will not affect the interest rate borne by any Variable Rate Bonds or the rights of the Bondowners thereof.

Bank Bonds will bear interest at the Bank Rate (as defined under “The Initial Liquidity Facilities — The Bank of America Liquidity Facility — Defined Terms” or “The Initial Liquidity Facilities — The Bank of America Liquidity Facility — Defined Terms” as applicable). The Agency expects that the Bank Rate will be substantially higher than the rates borne by the related Series of Variable Rate Bonds that are not Bank Bonds.

If for any reason the position of applicable Remarketing Agent is vacant or the applicable Remarketing Agent does not establish a rate, the Daily Rate or the Weekly Rate on the Variable Rate Bonds shall be the interest rate as determined or caused to be determined on each applicable Rate Determination Date, at the expense of the Agency, by the Trustee, to be the lesser of (i) the Index Rate or (ii) the Maximum Rate.

The “Index Rate” is LIBOR, as defined in the next succeeding paragraph, plus 0.30%, or, if LIBOR is not available at such time for any reason, the lesser of (i) 100% of the interest rate applicable to 13-week United States Treasury Bills (or then comparable United States Treasury obligations) determined on the basis of the average per annum discount rate at which such 13-week United States Treasury Bills (or then comparable United States Treasury obligations) have been sold at the most recent Treasury auction (or the comparable United States Treasury marketing transaction) or (ii) the Secured Overnight Financing Rate (“SOFR”), plus 0.40%. If the Trustee is unable to determine such Index Rate, the Daily Rate or Weekly Rate to take effect on an Effective Rate Date shall be the interest rate in effect on the preceding day. Notwithstanding the foregoing, if the Trustee is unable to determine the applicable Daily Rate or Weekly Rate for a period of 30 consecutive days, on the first applicable Rate Determination Date following such 30 day period, the applicable Daily Rate or Weekly Rate shall be the Maximum Rate.

“LIBOR” means, on any date of determination for an applicable interest rate period, the offered rate (rounded up to the next highest one-thousandth of one percent (0.001%)) for deposits in U.S. dollars for a one-month period that appears on the Bloomberg Screen as of 11:00 a.m., London time, on the day that is two London banking days preceding the Rate Determination Date.*

Optional and Mandatory Tender and Remarketing

Mode Changes; Conversion

The Agency may elect with respect to all or a portion of the Variable Rate Bonds, subject to the conditions set forth in the Offered Bonds Resolution, (1) to designate a date on which a Mode Change will take effect (a “Mode Change Date”) or (2) to designate a date on which a Conversion will take effect (a “Conversion Date”). The Trustee will give notice to the Bondowners affected by a Mode Change or a Conversion not less than 7 days before, as applicable, the Mode Change Date or the Conversion Date. On each Mode Change Date or Conversion Date, the Variable Rate Bonds to which such Mode Change or Conversion applies will be subject to mandatory tender for purchase.

The Agency has the right to select whether Variable Rate Bonds or Bank Bonds, and the respective principal amounts of each, will be the subject of any Conversion or Mode Change.

Optional Tender

Borrowers of Variable Rate Bonds in the Daily Mode may elect to tender their Variable Rate Bonds to the applicable Remarketing Agent or the Tender Agent for purchase, by providing written notice to the applicable Remarketing Agent and the Tender Agent not later than 11:00 a.m. New York City time on any Business Day, which Business Day will be the tender and purchase date. Borrowers of Variable Rate Bonds in the Weekly Mode may elect to tender their Variable Rate Bonds for purchase, by providing written notice to the applicable Remarketing Agent and the Tender Agent not later than 5:00 p.m. New York City time on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in such tender notice. Such Variable Rate Bonds will be purchased on the purchase date specified in the notice at the applicable Purchase Price, subject to the conditions set forth below under “Remarketing — Agency Not Responsible to Borrowers for Failed Purchase or Remarketing of Variable Rate Bonds; Rate Upon Failed or Cancelled Conversion or Mode Change or Upon Failed Remarketing.” Such notice of optional tender for purchase of Variable Rate Bonds by the Borrowers thereof will be irrevocable once such notice is given to the applicable Remarketing Agent and the Tender Agent.

* The Agency notes that the United Kingdom’s Finance Conduct Authority (“FCA”), a regulator of financial services firms and financial markets in the United Kingdom, has stated that they will plan for a phase out of LIBOR with a target end to the indices in 2021. It is not possible to predict the effect of the FCA announcement or any changes in the method in which LIBOR rates are determined, and any other reforms to LIBOR that will be enacted in the United Kingdom and elsewhere, which may adversely affect the trading market for LIBOR based securities or result in the phasing out of LIBOR as a reference rate for securities.

Mandatory Tender

Each Series of the Variable Rate Bonds or any portion thereof are subject to mandatory tender for purchase at the Purchase Price (subject to the conditions set forth below under “Remarketing — Agency Not Responsible to Bondowners for Failed Purchase or Remarketing of Variable Rate Bonds; Rate Upon Failed or Cancelled Conversion or Mode Change or Upon Failed Remarketing”), (with no right to retain) (1) on a Mode Change Date for such Series of Variable Rate Bonds, (2) if either (i) the Agency has determined to terminate the applicable Initial Liquidity Facility in accordance with its terms (which includes termination in connection with substituting a new liquidity facility for the applicable Initial Liquidity Facility) or (ii) the Trustee has not received notice from the applicable Initial Liquidity Facility Provider prior to the scheduled expiration of the applicable Initial Liquidity Facility that the applicable Initial Liquidity Facility will be extended or renewed (a “Liquidity Expiration Event”) for such Series of Variable Rate Bonds, on a date not less than 5 days prior to the scheduled expiration or earlier termination of the applicable Initial Liquidity Facility, (3) on any Conversion Date for such Series of Variable Rate Bonds, (4) upon receipt of a notice of termination (as described in the applicable Initial Liquidity Facility) by the Trustee following the occurrence of certain events of default under the applicable Initial Liquidity Facility, on a date not less than five days prior to the date on which the applicable Initial Liquidity Facility will terminate, and (5) upon the Agency obtaining a new liquidity facility when the applicable Initial Liquidity Facility is no longer in effect (each a “Mandatory Tender Date”). In connection with any mandatory tender of a Series of Variable Rate Bonds, the Trustee will deliver a notice of mandatory tender to owners of the such Variable Rate Bonds, at least 7 days prior to the Mandatory Tender Date, stating the reason for the mandatory tender, the date of mandatory tender, that all Bondowners of such Variable Rate Bonds subject to such mandatory tender will be deemed to have tendered their Variable Rate Bonds on such date, and the directions for delivery of tendered Variable Rate Bonds to the Tender Agent or the applicable Remarketing Agent. If the Agency cancels a Conversion or Mode Change, the Trustee shall give notice of such cancellation to the applicable Bondowners at least three days prior to the proposed Conversion Date or Mode Change Date.

If less than all of a Series of Variable Rate Bonds are subject to mandatory tender, the Agency can direct the particular Bonds of a Series of Variable Rate Bonds that are to be subject to such mandatory tender. If no Agency direction is given, the Trustee shall make such selection by lot.

Remarketing

In the event the applicable Remarketing Agent is unable to remarket the applicable Series of Variable Rate Bonds so tendered while the applicable Initial Liquidity Facility is in effect, the applicable Initial Liquidity Facility Provider will, subject to the satisfaction of certain conditions precedent, purchase such Variable Rate Bonds in accordance with the applicable Initial Liquidity Facility. The applicable Remarketing Agent will not be required to remarket the applicable Variable Rate Bonds under certain conditions, including after the occurrence and continuation of an Event of Default under the Resolution or an event of default under the applicable Initial Liquidity Facility. The Agency will enter into a Remarketing Agreement with respect to each Series of Variable Rate Bonds with the applicable Remarketing Agent pursuant to which the applicable Remarketing Agent will undertake the duties of Remarketing Agent, including remarketing of tendered Variable Rate Bonds of such Series and determination of interest rates. The Resolution and each Remarketing Agreement provide that the applicable Remarketing Agent may at any time resign and be discharged of its duties, by giving 30 days’ written notice, and that the Agency may remove the Remarketing Agent upon 30 days’ written notice, except that such resignation or removal of the Remarketing Agent shall not take effect until the appointment of a successor Remarketing Agent.

Agency Not Responsible to Bondowners for Failed Purchase or Remarketing of Variable Rate Bonds; Rate Upon Failed or Cancelled Conversion or Mode Change or Upon Failed Remarketing. The Offered Bonds Resolution states that the Purchase Price of each Series of Variable Rate Bonds shall be payable from moneys (if any) furnished in connection with the remarketing of such Variable Rate Bonds or from the applicable Initial Liquidity Facility. The Agency is not responsible for any failure by the applicable Initial Liquidity Facility Provider to purchase Bonds tendered at the option of the Bondowner or subject to mandatory tender for purchase

pursuant to the Offered Bonds Resolution, or for the applicable Remarketing Agent's failure to remarket the applicable Variable Rate Bonds. Failure to purchase a Bond tendered at the option of the Bondowner or subject to mandatory tender for purchase as described above and in accordance with the Offered Bonds Resolution does not constitute an Event of Default under the Resolution.

The Agency has no obligation to pay the Purchase Price of Variable Rate Bonds tendered for purchase.

Upon the occurrence of certain events under the applicable Initial Liquidity Facility, the applicable Initial Liquidity Facility Provider's obligation to purchase the related Series of Variable Rate Bonds will immediately terminate or suspend without notice or other action on the part of the applicable Initial Liquidity Facility Provider. See "The Initial Liquidity Facilities" herein. The Agency is not responsible to Bondowners for any failure by the applicable Initial Liquidity Facility Provider to purchase Variable Rate Bonds tendered at the option of the Bondowner or subject to mandatory tender for purchase pursuant to the Offered Bonds Resolution.

If Bank Bonds exist, the applicable Initial Liquidity Facility requires the Agency, in addition to paying interest on Bank Bonds, to repay the applicable Initial Liquidity Facility Provider for the Purchase Price of the related Series of Variable Rate Bonds paid by the applicable Initial Liquidity Facility Provider, unless such Bank Bonds are remarketed, although the sources for the Agency's payments are limited as described in the next sentences. The Agency has agreed, subject to certain conditions (including that such payments be permitted by the most recent Cash Flow Statement) to pay such amounts from the Pledged Property. See Part 2 "Sources of Payment and Security for the Bonds — Cash Flow Statements" and clause (v) under "Summary of Certain Provisions of the General Resolution — General Fund." Each Initial Liquidity Facility provides that the principal portion of such amounts must be repaid in accelerated installments during the five years following their purchase. For the Series 215 Bonds, the first of such installments is payable on the 367th day after such Bonds become Bank Bonds, and for the Series 216 Bonds, the first of such installments is payable on the 366th day after such Bonds become Bank Bonds, with each of the subsequent installments being payable quarterly or semi-annually, as applicable, although any such redemption is payable only if and to the extent certain limited funds are available. Each of these payments may exceed the Sinking Fund Requirement, if any, applicable to such Bank Bonds which is due during the corresponding period. Interest on Bank Bonds is paid at the rate set forth in the applicable Initial Liquidity Facility and is payable on the interest payment dates for the related Series of Offered Bonds and the final principal installment date. While failure to make such principal payments to the applicable Initial Liquidity Facility Provider is not an Event of Default under the General Resolution, each Initial Liquidity Facility provides that such failure will suspend the obligation of the applicable Initial Liquidity Facility Provider to purchase the related Series of Variable Rate Bonds under the applicable Initial Liquidity Facility. See "The Initial Liquidity Facilities."

In the event that the applicable Initial Liquidity Facility is terminated or suspended without a Bondowner right to tender or that the applicable Initial Liquidity Facility Provider fails to purchase any Series of Variable Rate Bonds tendered or deemed tendered for purchase by the Bondowners thereof, the only source for payment of the Purchase Price of such Variable Rate Bonds tendered pursuant to an optional or mandatory tender will be the proceeds (if any) of a successful remarketing. Under such circumstances, such Bondowners may be required to hold their Variable Rate Bonds to their maturity or prior redemption and such Variable Rate Bonds will bear interest as described above under "Interest Rate Provisions."

In the event of a failed or cancelled Conversion or Mode Change, or a failed remarketing in connection with a mandatory tender when there is no liquidity facility in place, the applicable Variable Rate Bonds shall not be purchased from the Bondowners and will bear interest at a Weekly Rate. In the event of a failed remarketing of Variable Rate Bonds subject to optional tender when there is no liquidity facility in place, such Variable Rate Bonds shall not be purchased from the Bondowner and will continue to bear interest in either the Daily Mode or the Weekly Mode, whichever was in effect for such Variable Rate Bonds prior to such tender.

General Redemption Provisions Applicable to Offered Bonds

Moneys Made Available to Finance Mortgage Loans and Second Lien DPALs. In addition to the amounts made available due to the issuance of the Offered Bonds and other amounts made available, or to be made available, due to the issuance of the Prior Series Bonds or Additional Bonds (see Part 2 Appendix D — “Certain Agency Financial Information and Operating Data — Mortgage Loans — Principal Amounts and Interest Rates”), the Agency also finances mortgage loans with amounts made available through the issuance of its Mortgage Revenue Bonds. See Part 2 “Other Agency Programs — Mortgage Revenue Bond Resolution Forward Commitment Program” for information regarding such additional currently available amounts. The Agency finances such mortgage loans as part of its single family financing activities on the same basis as Mortgage Loans financed under the Program. In addition, the Agency has applied, and may continue to apply, principal prepayments and repayments of mortgage loans financed by Bonds and Mortgage Revenue Bonds, and amounts in the General Fund held under the General Resolution or the Agency’s Mortgage Revenue Bonds General Resolution, adopted on June 22, 1983, as amended and supplemented (the “MRB Resolution”), to finance new mortgage loans. The Agency in its sole discretion will choose which source of money to use to finance mortgage loans (including Mortgage Loans and Second Lien DPALs). In addition, the Agency established two other programs under which single-family mortgage loans are financed. See Part 2 “Other Agency Programs – FHA Plus and Fannie Mae Conventional Plus Programs.” The Agency makes available down payment and closing cost assistance to borrowers under such programs. A borrower selects the Agency programs in which such borrower wishes to participate.

Certain Federal Tax Law Matters. Applicable current Federal tax law requires redemption of the Tax-Exempt Bonds on or before certain dates and in certain amounts in order to maintain the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds. These Federal tax law requirements also include a requirement that certain principal prepayments and scheduled principal repayments of mortgage loans must be applied to pay the principal of bonds either at maturity or by redemption (the “Ten-Year Rule”). The Ten-Year Rule applies to mortgage loan principal prepayments and scheduled principal repayments, in excess of a *de minimis* amount, received, generally, ten years after the date of issuance of the related bonds that financed the applicable mortgage loans. For refunding bonds, however, the Ten-Year Rule states that the ten-year period begins on the date of issuance of the refunded bonds or the date of issuance of the earliest bonds in a series of refundings. Since the Replacement Refunding Bonds and a portion of the Series 213 Bonds are treated under the Code as refunding bonds that had many different respective dates of issuance, the Ten-Year Rule applies on the date of issuance of the Tax-Exempt Bonds to a percentage of the Principal Prepayments and scheduled principal repayments of (i) the Offered Bonds Mortgage Loans financed in whole, and the portions of Offered Bonds Mortgage Loans financed in part, with proceeds attributable to the Tax-Exempt Bonds, and (ii) the Reallocated Mortgage Loans, and increases in subsequent semiannual periods. Such amounts are, collectively, the “Tax-Exempt Bonds Restricted Principal.” If the Ten-Year Rule is not repealed or amended, or the Agency does not change the bonds being refunded, the expected percentage for each expected applicable period is approximately as reflected in the following table:

Period (dates inclusive)	Cumulative Percentage
Date of issuance of Offered Bonds to and including January 21, 2019	24%
January 22, 2019 to and including May 5, 2020	40
May 6, 2020 to and including November 17, 2020	41
November 18, 2020 to and including March 30, 2021	42
March 31, 2021 to and including October 31, 2022	47
November 1, 2022 to and including July 17, 2023	48
July 18, 2023 to and including March 2, 2026	49
March 3, 2026 to and including July 20, 2026	50
July 21, 2026 to and including March 22, 2027	51
March 23, 2027 to and including June 28, 2027	52
June 29, 2027 to and including November 14, 2028	53
November 15, 2028 to and including the Final Maturity of Offered Bonds	100

To the extent that the amount of Tax-Exempt Bonds Restricted Principal exceeds the principal amount of Tax-Exempt Bonds maturing or being redeemed from Sinking Fund Requirements, the Code requires the Agency to redeem Tax-Exempt Bonds. The Agency also has the right to use Principal Prepayments and scheduled principal repayments of Mortgage Loans, including Offered Bonds Mortgage Loans and Reallocated Mortgage Loans, to redeem Tax-Exempt Bonds in excess of the amounts required by the Code. If the Agency must effectuate a redemption of Tax-Exempt Bonds as described under this subheading “Certain Federal Tax Law Matters,” the Agency will first apply any amounts required to redeem Tax-Exempt Bonds to the redemption of the PAC Bonds in accordance with the mandatory redemption requirements set forth under the subheading “Special Mandatory Redemption of PAC Bonds” above.

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

Current Federal tax law requires a payment to the United States from certain mortgagors whose mortgage loans are originated after December 31, 1990. See Appendix A — “Certain Additional Federal Income Tax Matters — Other Requirements Imposed by the Code — Recapture Provision.” Such requirement remains in effect with respect to any mortgage loan subject thereto for a period ending nine years from the closing of such mortgage loan. The Agency has agreed to reimburse mortgagors for the amount of such payment for all Mortgage Loans closed after July 16, 2007. A limited number of mortgagors have requested and received such reimbursement from the Agency.

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

Principal Prepayments. The General Resolution defines “Principal Prepayment” to mean any payment by a mortgagor or other recovery of principal on a Mortgage Loan or Collateral Mortgage Loan that is not applied to a scheduled installment of principal of and interest on a Mortgage Loan or Collateral Mortgage Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a Mortgage Loan or Collateral Mortgage Loan) and the portion of any Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), Liquidation Proceeds or other payments representing such principal amounts, including from the sale of a Mortgage Loan or a Collateral Mortgage Loan. Proceeds of the voluntary sale of Mortgage Loans and Collateral Mortgage Loans that are not in default are considered Principal Prepayments. However, Principal Prepayments described in clause (iii) under “Description of the Fixed Rate Bonds — Redemption — Special Redemption” above that can be applied by the Agency to the redemption of the Fixed Rate Bonds or that must be applied by the Agency to the redemption of the Tax-Exempt Bonds pursuant to certain tax covenants or the General Resolution requirement described in the sixth sentence of this paragraph do not include the proceeds

of the voluntary sale of Mortgage Loans or Collateral Mortgage Loans, *unless* such Mortgage Loans or Collateral Mortgage Loans are (a) in default, (b) not in compliance with the Agency’s Program requirements, or (c) sold in order to meet the Agency’s tax covenants. The Fixed Rate Bonds may only be redeemed from such sale proceeds (*except* from sales of Mortgage Loans or Collateral Mortgage Loans described in clause (a), (b), or (c) of the immediately preceding sentence) as described under “Description of the Fixed Rate Bonds — Redemption — Optional Redemption.” Proceeds of the sale of defaulted Mortgage Loans and defaulted Collateral Mortgage Loans received in connection with the liquidation of such Mortgage Loans and Collateral Mortgage Loans are considered Liquidation Proceeds, are included within the definition of Principal Prepayments, and may be applied by the Agency (a) with respect to the Fixed Rate Bonds, to the special redemption of the Fixed Rate Bonds as described in clause (iii) under “Description of the Fixed Rate Bonds — Redemption — Special Redemption” above, to optional redemptions of the Fixed Rate Bonds as described under “Description of the Fixed Rate Bonds — Redemption — Optional Redemption” above, (b) with respect to the Variable Rate Bonds, to the optional redemption of the Variable Rate Bonds as described under the first paragraph under the heading “Description of the Variable Rate Bonds — Redemption” above and to optional redemptions of the Bonds as described under The Offered Bonds — Redemption — Optional Redemption” above, and to mandatory redemptions of the Bonds as described under, “Description of the Fixed Rate Bonds — Redemption — Special Mandatory Redemption of PAC Bonds” above. Each Series Resolution with respect to each Series of the Prior Series Bonds, and the Offered Bonds restricts the Agency’s ability to hold more than \$250,000 of Principal Prepayments with respect to the respective Series or Subseries on deposit under the General Resolution for more than one year unless certain investment criteria are met or the Ten-Year Rule is not applicable. Payments on Pledged CCALs are treated as Revenues, but are not Principal Prepayments, under the Resolution.

Prepayment Assumptions in Structuring; Uses of Principal Prepayments and Revenues. The maturities and the Sinking Fund Requirements, if any, of the Prior Series Bonds and the Offered Bonds were determined based on certain assumptions regarding the receipt of Principal Prepayments on Mortgage Loans and, with respect to certain Prior Series Bonds, Collateral Mortgage Loans. See “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — General.” The Agency expects prepayments to occur with respect to its entire portfolio of Mortgage Loans and Collateral Mortgage Loans. The Agency is required to apply certain of such Principal Prepayments to the redemption of certain Bonds, including as described in clause (iii) under “Description of the Fixed Rate Bonds — Redemption — Special Redemption” and under “The Offered Bonds — Redemption — Special Mandatory Redemptions of PAC Bonds. The Agency, at its option, may or may not apply those Principal Prepayments that it is not required to apply to redeem Bonds (as described in the preceding sentence) to the redemption of Bonds of any Series (with certain exceptions), and has generally done so. The Agency has occasionally exercised its right to permanently finance Mortgage Loans with available Revenues (including Principal Prepayments that are not required to redeem Bonds), including this year. The Agency has primarily used Principal Prepayments to redeem Bonds. See Part 2 “Sources of Payment and Security for the Bonds — Mortgage Loans.”

Adjustments to and Credits Against Sinking Fund Requirements. Pursuant to the Resolution, if less than all of the Term Bonds Outstanding of any maturity and interest rate of a Series (or Subseries, if applicable) is purchased or called for redemption (other than in satisfaction of Sinking Fund Requirements), the principal amount of such Term Bonds that are so purchased or redeemed will be credited, to the extent practicable, except as otherwise provided in an Agency Request, against all remaining Sinking Fund Requirements for the Term Bonds of such Series (or Subseries, if applicable), interest rate, and maturity in the proportion which the then remaining balance of each such Sinking Fund Requirement bears to the total of all Bonds of such Series (or Subseries, if applicable), interest rate, and maturity then Outstanding, *provided, however*, with respect to PAC Bonds, such redemptions shall be credited on a pro rata basis (as nearly as practicable) against all remaining Sinking Fund Requirements for the PAC Bonds. See the second paragraph under the subheading “Redemption — Sinking Fund Redemption” above.

In addition, upon a Conversion of less than all of a series of Variable Rate Bonds, the principal amount of each applicable Sinking Fund Requirement will be allocated to the applicable series of Variable Rate Bonds that are the subject of the Conversion on a proportionate basis (based on the ratio that the principal amount of

the series of Variable Rate Bonds being converted bears to the original principal amount of the applicable series of Variable Rate Bonds).

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

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

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

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

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

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

Notice of Redemption. Unless otherwise provided in the applicable Series Resolution or waived by the Bondowner, notice of any redemption will be mailed at least 7 days for the Variable Rate Bonds and 15 days but no more than 90 days prior to the date set for redemption to the registered Owners of Bonds to be redeemed at their addresses as they appear in the registration books kept by the Bond Registrar. In the case of redemption that is conditioned on the occurrence of certain events, the notice of redemption will set forth, among other things, the conditions precedent to the redemption. Once a redemption notice is sent in accordance with the provisions of the Resolution, any such notice shall be effective with respect to an Offered Bond to be redeemed whether or not received by the Bondowner thereof. The Offered Bonds Series Resolution provides that so long as all of the Offered Bonds of a Series are immobilized in the custody of DTC, notice of redemption of Bonds of such Series will be delivered by the Trustee to DTC no less than the minimum number of days then required by DTC prior to the date set for redemption. *DTC is responsible for notifying Direct Participants, and Direct Participants and Indirect Participants are responsible for notifying Beneficial Owners. Neither the Trustee nor the Agency is responsible for sending notices to Beneficial Owners or for the consequences of any action or inaction by the Agency as a result of the response or failure to respond by DTC or its nominee as Bondholder.* (“Participants,” “Indirect Participants,” and “Beneficial Owners” are defined in Appendix C — “Book Entry Only” to this Part 1.)

INFORMATION CONCERNING SALES OF VARIABLE RATE BONDS BY EACH REMARKETING AGENT

The information contained under this heading “Information Concerning Sales of Variable Rate Bonds by Each Remarketing Agent” has been provided by the Remarketing Agents for use in this Official Statement but has not been required by the Agency to be included herein and, except to the extent such information describes express provisions of the Offered Bonds Series Resolution, the Agency does not accept any responsibility for its accuracy or completeness.

Each Remarketing Agent Is Paid by the Agency. Each Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing the applicable Series of Variable Rate Bonds that are optionally or mandatorily tendered by the Owners thereof (subject, in each case, to the terms of the Offered Bonds Series Resolution and the related Remarketing Agreement), all as further described in this Official Statement. Each Remarketing Agent is appointed by the Agency and is paid by the Agency for its services. As a result, the interests of each Remarketing Agent may differ from those of existing holders and potential purchasers of the applicable Series of Variable Rate Bonds.

Each Remarketing Agent May Purchase Variable Rate Bonds for its Own Account. Each Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase such obligations for its own account. Each Remarketing Agent is permitted, but not obligated, to purchase tendered Variable Rate Bonds for its own account and, in its sole discretion, may acquire such tendered Variable Rate Bonds in order to achieve a successful remarketing of such Variable Rate Bonds (*i.e.*, because there otherwise are not enough other buyers to purchase such Variable Rate Bonds) or for other reasons. *However*, the Remarketing Agent is not obligated to purchase Variable Rate Bonds, and may cease doing so at any time without notice. Each Remarketing Agent may also make a market in the Variable Rate Bonds by purchasing and selling Variable Rate Bonds (including those for which it serves as Remarketing Agent) other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. *However*, each Remarketing Agent is not required to make a market in the Variable Rate Bonds. If the Remarketing Agent purchases Variable Rate Bonds for its own account, it may offer those Variable Rate Bonds at a discount to some purchasers. The Remarketing Agent may also sell any Variable Rate Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others. The purchase of Variable Rate Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Variable Rate Bonds in the market than is actually the case. The practices described above also may result in fewer Variable Rate Bonds being tendered in a remarketing.

Variable Rate Bonds May Be Offered at Different Prices on any Date. Pursuant to each Remarketing Agreement, each Remarketing Agent is required to determine on the applicable date determined in

accordance with the Resolution (each a “Rate Setting Date”) the applicable rate of interest that, in its judgment, is the lowest rate, not exceeding the Maximum Rate, which, in the determination of each Remarketing Agent, as of each Rate Setting Date and under prevailing market conditions, would result as nearly as practicable in the market value of Variable Rate Bonds being 100% of the principal amount thereof on the date the rate becomes effective (each an “Effective Date”). The interest rate will reflect, among other factors, the level of market demand for such Variable Rate Bonds (including whether the Remarketing Agent is willing to purchase such Variable Rate Bonds for its own account). Each Remarketing Agreement requires that the Remarketing Agent use its best efforts to sell tendered Variable Rate Bonds for which it serves as Remarketing Agent at par, plus accrued interest. There may or may not be Variable Rate Bonds tendered and remarketed on a Rate Setting Date or an Effective Date, each Remarketing Agent may or may not be able to remarket any Variable Rate Bonds tendered for purchase on such date at par and each Remarketing Agent may sell Variable Rate Bonds of the applicable Series at varying prices to different investors on such date or any other date. Each Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Variable Rate Bonds of the applicable Series at the remarketing price. Each Remarketing Agent, in its sole discretion, may offer Variable Rate Bonds on any date, including the related Rate Setting Date, at a discount to par to some investors.

Under Certain Circumstances, each Remarketing Agent May Be Removed, Resign or Cease Remarketing the Variable Rate Bonds. Each Remarketing Agreement allows the Remarketing Agent to cease its remarketing activities under certain circumstances. In the event of a cessation, the related Series of Variable Rate Bonds will bear interest at the rate described under “Description of the Variable Rate Bonds — Interest Rate Provisions” above, and Owners optionally tendering such Series of Variable Rate Bonds will be paid from draws on the applicable Initial Liquidity Facility pursuant to its terms. See “The Ability to Sell the Variable Rate Bonds Other Than through Tender Process May Be Limited” below.

The Ability to Sell the Variable Rate Bonds Other Than through Tender Process May Be Limited. Each Remarketing Agent may buy and sell the Variable Rate Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Owners that wish to tender such Variable Rate Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase Variable Rate Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Variable Rate Bonds other than by tendering such Variable Rate Bonds in accordance with the tender process.

Limits on Bank of America’s or Barclays’ Obligation to Purchase Variable Rate Bonds Tendered for Purchase. Under certain circumstances, Bank of America or Barclays is not obligated to purchase tendered Variable Rate Bonds that are covered by the applicable Initial Liquidity Facility. In addition, Bank of America or Barclays may fail to purchase such tendered Variable Rate Bonds even when it is obligated to do so. In either case, such Variable Rate Bonds would bear interest as described under “Description of the Variable Rate Bonds — Interest Rate Provisions.”

Neither Bank of America nor Barclays is obligated to purchase Ineligible Variable Rate Bonds of the applicable Series.

THE INITIAL LIQUIDITY FACILITIES

The Bank of America Liquidity Facility

General. The following summarizes certain provisions of the Bank of America Liquidity Facility providing liquidity support for the Agency’s Homeowner Mortgage Revenue Bonds, Series 215, to which reference is made for the detailed provisions thereof. The Bank of America Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject in all respects to all of the terms and provisions of the Bank of America Liquidity Facility, to which reference is made hereby. Investors can and should obtain and review a copy of the Bank of America Liquidity Facility in order to understand all of its terms. Certain words or terms

used in the following summary are defined below and other words or terms not defined below are defined elsewhere in this Official Statement or in the Bank of America Liquidity Facility or the Bond Resolutions, and reference thereto is made for such definitions.

The Bank of America Liquidity Facility is only available with respect to the Series 215 Bonds which are Eligible Bonds. The Bank of America Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. ***References under this heading “The Bank of America Liquidity Facility” to the Offered Bonds shall include only the Series 215 Bonds bearing interest at a Covered Rate.***

The Bank of America Liquidity Facility requires Bank of America to provide funds for the purchase of the Series 215 Bonds that have been tendered and not remarketed subject to certain conditions described below. The Bank of America Liquidity Facility does not guarantee the payment of principal of or interest or redemption premium, if any, of the Series 215 Bonds in the event of non-payment of such interest, principal or redemption premium, if any, by the Agency.

The obligation of Bank of America pursuant to the Bank of America Liquidity Facility is to provide funds for the purchase of the Series 215 Bonds that have been tendered and not remarketed. This obligation shall end on the earliest of (i) November 15, 2023 (the “Expiration Date”), as such date may be extended from time to time in accordance with the Bank of America Liquidity Facility, (ii) the date on which no Eligible Bonds are Outstanding, (iii) the close of business on the Business Day immediately succeeding the Conversion Date, (iv) the close of business on the thirtieth (30th) day following the date on which a Notice of Termination Date (as defined below) is received by the Agency and the Tender Agent pursuant to the Bank of America Liquidity Facility, or if such thirtieth (30th) day is not a Business Day, the next succeeding Business Day, and (v) the date on which the Available Commitment has been reduced to zero or terminated in its entirety at the option of the Agency, or under the circumstances described below under the heading “Events of Default; Remedies” (other than as set forth in clause (iv) above). The foregoing sentence defines the term “Commitment Period.”

Subject to the terms and conditions of the Bank of America Liquidity Facility, Bank of America agrees from time to time during the Commitment Period to purchase, with its own funds, Eligible Bonds which are tendered pursuant to the Offered Bonds Series Resolution and not remarketed, at the Purchase Price on a Purchase Date. The aggregate principal amount (or portion thereof in denominations authorized by the Bond Resolutions or any integral multiple thereof) of any Eligible Bond purchased on any Purchase Date shall not exceed the Available Principal Commitment (calculated without giving effect to any purchase of Eligible Bonds by Bank of America on such date) at 10:00 a.m. New York City time on such Purchase Date and the portion of the Purchase Price constituting accrued interest on Eligible Bonds shall not exceed the lesser of (a) the Available Interest Commitment at 10:00 a.m. New York City time on such Purchase Date and (b) the actual aggregate amount of interest accrued on any Eligible Bond to but excluding such Purchase Date. Any Eligible Bonds so purchased shall thereupon constitute Bank Bonds and shall, from the date of such purchase and while they are Bank Bonds, bear interest at the Bank Rate and have other characteristics of Bank Bonds as set forth in the Bond Resolutions, the Bank of America Liquidity Facility and the Series 215 Bonds.

If, on any Purchase Date during the Commitment Period, Bank of America receives not later than 12:30 p.m., New York City time, a notice of bank purchase from the Tender Agent, Bank of America shall, subject to the conditions set forth in the Bank of America Liquidity Facility, transfer to the Tender Agent not later than 2:30 p.m., New York City time, on such Purchase Date, in immediately available funds, an amount equal to the aggregate Purchase Price of all or such portion of such Eligible Bonds tendered or deemed tendered for purchase on such date but not remarketed as specified in such notice of bank purchase. A notice of bank purchase shall be irrevocable after receipt thereof by Bank of America.

The obligation of Bank of America to purchase Eligible Bonds on any date is subject to the satisfaction of the following conditions, unless waived in writing by Bank of America: (i) no Special Event of Default or Suspension Event (as such terms are defined below) shall have occurred and be continuing and Bank of

America's obligations under the Bank of America Liquidity Facility shall not otherwise have been terminated or suspended, *provided, however*, that if and to the extent a Suspension Event shall have been cured as described below under "Events of Default; Remedies," the condition described in this clause will be deemed satisfied; and (ii) Bank of America shall have timely received a notice of bank purchase.

As more fully described in the Bank of America Liquidity Facility, the Agency has agreed that the financial tests, covenants and ratios, together with the related definitions of terms, set forth in any other document related to Parity Debt that shall be entered into and created subsequent to the date of remarketing of the Series 215 Bonds (the "Other Debt Documents", which Other Debt Documents shall include, without limitation, any series certificate or series resolution adopted pursuant to the General Resolution, any bond insurance agreement, line of credit or reimbursement agreement, liquidity facility, Swap Contract or surety bond relating to such Parity Debt) are incorporated by reference in the Bank of America Liquidity Facility with the same effect as if each and every such provision were set forth therein in its entirety and all of which shall be deemed to be made for the benefit of Bank of America and shall be enforceable by Bank of America against the Agency. The Agency and Bank of America further agree that only those financial tests, covenants and ratios (and the defined terms related thereto) included in such Other Debt Documents which are more favorable to the provider or providers thereof than the comparable financial tests, covenants and ratios (and the defined terms related thereto) included in the Bank of America Liquidity Facility shall be incorporated in the Bank of America Liquidity Facility (said financial tests, covenants and ratios (and related definitions) being referred to as the "Incorporated Terms"). Said Incorporated Terms, so long as the Other Debt Document or documents from which it or they are derived has not been terminated, or has not expired, will remain in full force and effect for all purposes of the Bank of America Liquidity Facility; *provided*, that any amendment, waiver or other modification of an Incorporated Term, if effected in accordance with the Other Debt Document from which it is derived (excluding any amendment or other modification effected subsequent to the occurrence of a "default" or "event of default" under said Other Debt Document or under the Bank of America Liquidity Facility), will be effective to amend, waive or modify such Incorporated Term as set forth in the Bank of America Liquidity Facility but, in no event, will any such amendment, waiver or modification thereto result in a financial test, covenant or ratio that is less favorable to Bank of America than the financial tests, covenants and ratios included in the Bank of America Liquidity Facility (without regard to this provision). For purposes of clarification, (i) the term "financial tests, covenants and ratios" refers to covenants to maintain coverage ratios at certain levels prior to the incurrence of additional debt, to maintain certain liquidity levels and similar financial covenants and agreements to deliver financial information and other information within a specified time period and (ii) this provision shall not apply to pricing levels, events of default, special events of default, immediate termination events or suspension events described in any Other Debt Document.

Events of Default; Remedies. The following events constitute Special Events of Default, Suspension Events, Events of Default and Remedies under the Bank of America Liquidity Facility.

(1) Payments. The Agency shall fail to pay when due (a) any principal or sinking fund requirement due on, or interest on, any Series 215 Bond (including any Bank Bond), (b) any principal payment due on any Bank Bond during the Term Out Period pursuant to the Bank of America Liquidity Facility, or (c) any other amount owed to Bank of America pursuant to certain sections of the Bank of America Liquidity Facility (other than amounts described in (a) above); or

(2) Other Payments. The Agency shall fail to pay when due any amount owing under the Fee Letter or under the Bank of America Liquidity Facility other than those amounts described in paragraphs 1 above and 10 below; or

(3) Representations. Any representation or warranty made by or on behalf of the Agency in the Bank of America Liquidity Facility, the Bond Resolutions or in any other Related Document or in any certificate or statement delivered under any of the foregoing documents shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(4) Certain Covenants. The Agency shall default in the due performance or observance of any of the covenants specified in the Bank of America Liquidity Facility; or

(5) Other Covenants. The Agency shall materially default in the due performance or observance of any other term, covenant or agreement contained in the Bank of America Liquidity Facility (other than those referred to in paragraphs 1, 2, 3 and 4 above), the Bond Resolutions or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the Agency shall have received notice thereof; or

(6) Judgments. A final, nonappealable judgment or order for the payment of money in excess of \$10,000,000 payable from the Pledged Property securing the Series 215 Bonds and Parity Debt shall be rendered against the Agency and such judgment or order shall continue unsatisfied and unstayed for a period of sixty (60) days; or

(7) Insolvency. (a) The Agency shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it, or seeking to declare a moratorium with respect to the Series 215 Bonds or any Parity Debt, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets or for all or any substantial portion of the Pledged Property, or the Agency shall make a general assignment for the benefit of its creditors; or (b) there shall be commenced against the Agency any case, proceeding or other action of a nature referred to in clause (a) above which (i) results in an order for such relief or in the appointment of a receiver or similar official and (ii) such case, proceeding or other action remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (c) there shall be commenced against the Agency, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets or for all or any substantial portion of the Pledged Property, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (d) the Agency shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (a), (b) or (c) above; or (e) the Agency shall generally not, or shall be unable to, or shall admit in writing, its inability to, pay its debts; or (f) a debt moratorium or comparable extraordinary restriction on repayment of debt shall have been declared or imposed (whether or not in writing) with respect to payment of principal or interest, or both, with respect to the Series 215 Bonds (including any Bank Bond) or any Parity Debt; or

(8) Invalidity. (a) Any provision of the Act, the Bank of America Liquidity Facility, the Series 215 Bonds or the Bond Resolutions relating to (i) the ability or the obligation of the Agency to pay, when due, the principal of or interest on the Series 215 Bonds (including any Bank Bonds) or any Parity Debt or (ii) the security therefor, shall at any time, and for any reason, cease to be valid and binding on the Agency, or shall be declared to be null and void, invalid or unenforceable as the result of a final nonappealable judgment by any federal or state court or as a result of any legislative or administrative action by any governmental entity having jurisdiction over the Agency; or (b) an authorized representative of the Agency publicly repudiates or otherwise publicly denies that it has any further liability or obligation under or with respect to any provision of the Act, the Bank of America Liquidity Facility, the Series 215 Bonds, the Bond Resolutions or any Parity Debt relating to (i) the ability or the obligation of the Agency to pay, when due, the principal of or interest on the Series 215 Bonds (including any Bank Bonds) or any Parity Debt or (ii) the security therefor; or (c) the State or the Agency shall have taken or permitted to be taken any official action, or has duly enacted any statute, which would materially adversely affect the enforceability of any provision of the Act, the Bank of America Liquidity Facility, the Series 215 Bonds, the Bond Resolutions or any Parity Debt relating to (i) the ability or the obligation of the Agency to pay, when due, the principal of or interest on the Series 215 Bonds (including any Bank Bonds) or such Parity Debt or (ii) the security therefor; or (d) any governmental entity with jurisdiction to rule on the validity or enforceability of the Act, the Bank of America Liquidity Facility, the Series 215 Bonds, the Bond Resolutions

or any Parity Debt shall find or rule, in a judicial or administrative proceeding, that any provision of the Act, the Bank of America Liquidity Facility, the Series 215 Bonds, the Bond Resolutions or any Parity Debt, as the case may be, relating to (i) the ability or the obligation of the Agency to pay, when due, the principal of or interest on the Series 215 Bonds (including any Bank Bonds) or any Parity Debt or (ii) the security therefor, is not valid or not binding on, or enforceable against, the Agency; or (e) the State or the Agency (i) makes a claim in a judicial or administrative proceeding that the Agency has no further liability or obligation under the Bank of America Liquidity Facility, under the Act, the Series 215 Bonds, the Bond Resolutions or any Parity Debt to pay, when due, the principal of or interest on the Series 215 Bonds (including any Bank Bonds) or any Parity Debt or (ii) contests in a judicial or administrative proceeding the validity or enforceability of any provision of the Act, the Bank of America Liquidity Facility, the Series 215 Bonds, the Bond Resolutions or any Parity Debt relating to or otherwise affecting (y) the Agency's ability or obligation to pay, when due, the principal of or interest on the Series 215 Bonds (including any Bank Bonds) or any Parity Debt or (z) the security therefor; or

(9) Ratings Downgrade. Moody's and any other Rating Agency then under contract with the Agency to maintain ratings on the Series 215 Bonds and any Parity Debt shall have (a) assigned the Series 215 Bonds or any Parity Debt a long-term rating below "Baa3" (or comparable rating in the case of another Rating Agency), (b) withdrawn their long-term ratings of the Series 215 Bonds or any Parity Debt for any credit related reasons or (c) suspended their long-term ratings of the Series 215 Bonds or any Parity Debt for any credit related reasons; provided, however, that any downgrade, withdrawal or suspension described in any of the foregoing provisions of this paragraph 9 shall not be deemed an Event of Default under the Bank of America Liquidity Facility if said downgrade, withdrawal or suspension, as the case may be, shall be attributable to the downgrade, withdrawal or suspension of the long-term ratings assigned to any bond insurance or other credit enhancement provided by a Person other than the Agency; or

(10) Parity Debt. (a) The Agency shall fail to pay when due and payable (whether by scheduled maturity, required prepayment or demand) any Parity Debt, or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such Parity Debt, or (b) pursuant to the provisions of any such resolution, indenture, contract or instrument, the maturity of any Parity Debt, as a result of a payment default of any nature, shall have been or may be accelerated or, as a result of a payment default of any nature, said Parity Debt shall have been or may be required to be prepaid prior to the stated maturity thereof; or

(11) Cross Default. (a) Any "event of default" as defined in the General Resolution which is not cured within any applicable cure period shall occur which, if not cured, would give rise to remedies available thereunder; or (b) any "Event of Default" which is not cured within any applicable grace period shall occur which, if not cured, would give rise to remedies available under any other agreement between the Agency and Bank of America regarding Parity Debt.

(12) Remedies.

(a) In the case of any Event of Default specified in paragraphs 1(a), 6, 7(a), 7(d), 7(e), 7(f), 8(a), 8(b), 9 or 10 above (each, a "*Special Event of Default*"), the Available Commitment shall immediately be reduced to zero, in which case the obligations of Bank of America under the Bank of America Liquidity Facility and under the Fee Letter shall immediately terminate and expire without requirement of notice by Bank of America; *provided*, that (i) the Event of Default described in paragraph 1(a) above will not qualify as a "Special Event of Default" under the Bank of America Liquidity Facility if the failure to pay the principal of, or interest on, a Bank Bond is due solely to an acceleration thereof by Bank of America for any reason other than nonpayment as described in paragraph 1(a) above, (ii) as and to the extent that the provider of a liquidity or credit facility in support of Parity Debt owns all or a portion of such Parity Debt pursuant to the provisions of such facility ("*Bank-Owned Parity Debt*"), the Event of Default described in paragraph 10 above will not qualify as a "Special Event of Default" under the Bank of America Liquidity Facility if the failure to pay the principal of, or interest on, Bank-Owned Parity Debt described in paragraph 10 above is due solely to an acceleration of said Bank-Owned Parity Debt for any reason other than nonpayment as described in paragraph 10 above and (iii) the Suspension

Events described in paragraphs 1(b), 7(b), 7(c), 8(c) or 8(d) above (each, a “*Suspension Event*”) will not qualify as “Special Events of Default” unless and until the conditions described in the applicable clause of paragraph 12(b) below for such qualification have been satisfied. After such termination or expiration, Bank of America shall deliver promptly to the Agency, the Trustee, the Tender Agent and the Remarketing Agent written notice of such termination or expiration; *provided, however*, that failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration.

(b) In the case of a Suspension Event, the obligation of Bank of America to purchase Eligible Bonds under the Bank of America Liquidity Facility shall be immediately suspended without notice or demand and, thereafter, Bank of America shall be under no obligation to purchase Eligible Bonds until the Available Commitment is reinstated as described below. Promptly upon the occurrence of any such Suspension Event, Bank of America shall notify the Agency, the Trustee, the Tender Agent and the Remarketing Agent of such suspension and the effective date of such suspension in writing by facsimile, promptly confirmed by regular mail; *provided*, that Bank of America shall incur no liability of any kind by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Available Commitment or its obligation to purchase Eligible Bonds pursuant to the Bank of America Liquidity Facility.

Upon the occurrence of an Event of Default described in paragraph 1(b) above, Bank of America’s obligations to purchase Eligible Bonds shall remain suspended until the earlier to occur of the Agency curing the Event of Default resulting in said suspension and three (3) years after the effective date of the suspension of Bank of America’s obligations following an Event of Default described in paragraph 1(b) above. If the Agency shall cure the Event of Default described in paragraph 1(b) above within three (3) years of the occurrence thereof, then the Available Commitment and the obligations of Bank of America under the Bank of America Liquidity Facility shall thereupon be reinstated (unless the Commitment Period shall otherwise have been terminated, suspended or expired as provided in the Bank of America Liquidity Facility). Notwithstanding the foregoing, if three (3) years after the effective date of the suspension of the obligations of Bank of America pursuant to any Event of Default described in paragraph 1(b) above, the Agency shall not have cured the Event of Default resulting in said suspension, then the Available Commitment and the obligations of Bank of America to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, Bank of America shall be under no obligation to purchase Eligible Bonds.

Upon the occurrence of a Suspension Event described in paragraph 7(b) above, Bank of America’s obligations to purchase Eligible Bonds shall remain suspended until said case, proceeding or other action referred to therein is either (i) dismissed, discharged or bonded or (ii) sixty (60) days shall have elapsed from the commencement of such case, proceeding or action, whichever is the first to occur. In the event that said Suspension Event shall have been dismissed, discharged or bonded within the sixty (60) day period described therein, then the Available Commitment and the obligation of Bank of America to purchase Eligible Bonds shall be reinstated and the terms of the Bank of America Liquidity Facility shall continue in full force and effect (unless the Commitment Period shall otherwise have been terminated, suspended or expired as provided in the Bank of America Liquidity Facility). In the event that said Suspension Event shall not have been dismissed, discharged or bonded within such sixty (60) day period, then the Available Commitment and the obligation of Bank of America to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, Bank of America shall be under no obligation to purchase Eligible Bonds.

Upon the occurrence of a Suspension Event described in paragraph 7(c) above, Bank of America’s obligations to purchase Eligible Bonds shall remain suspended until said case, proceeding or other action referred to therein is either (i) vacated, discharged, stayed or bonded or (ii) sixty (60) days shall have elapsed from the commencement of such case, proceeding or action, whichever is the first to occur. In the event that said Suspension Event shall have been vacated, discharged, stayed or bonded within the sixty (60) day period described therein, then the Available Commitment and the obligation of Bank of America to purchase Eligible Bonds shall be reinstated and the terms of the Bank of America Liquidity Facility shall continue in full force and effect (unless the Commitment Period shall otherwise have been terminated, suspended or expired as provided in the Bank of America Liquidity Facility). In the event that said Suspension Event shall not have been vacated,

discharged, stayed or bonded within such sixty (60) day period, then the Available Commitment and the obligation of Bank of America to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, Bank of America shall be under no obligation to purchase Eligible Bonds.

Upon the occurrence of a Suspension Event described in paragraphs 8(c) or 8(d) above, Bank of America's obligations to purchase Eligible Bonds shall remain suspended until a court with jurisdiction to rule on such an Event of Default shall enter a final and nonappealable judgment that any of the provisions of the Act or any other document described in paragraph 8(c) above are not valid or not binding on, or enforceable against, the Agency or that a claim or contest described in paragraph 8(d) above shall have been upheld in favor of the State or the Agency in accordance with a final and nonappealable judgment, then, in each such case, the Available Commitment and the obligation of Bank of America to purchase Eligible Bonds shall immediately terminate without notice or demand and, thereafter, Bank of America shall be under no obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on such an Event of Default shall find or rule by entry of a final and nonappealable judgment that the provision of the Act or any other document described in paragraph 8(c) above is valid and binding on the Agency or that the claim or contest described in paragraph 8(d) above shall have been dismissed pursuant to a final and nonappealable judgment, then the Available Commitment and the obligations of Bank of America under the Bank of America Liquidity Facility shall, in each such case, thereupon be reinstated (unless the Commitment Period shall otherwise have expired or the Available Commitment shall otherwise have been terminated, suspended or expired as provided in the Bank of America Liquidity Facility). Notwithstanding the foregoing, if three (3) years after the effective date of the suspension of the obligations of Bank of America pursuant to any Event of Default described in paragraphs 8(c) or 8(d) above, litigation is still pending and a determination regarding same shall not have been dismissed or otherwise made pursuant to a final and nonappealable judgment, as the case may be, then the Available Commitment and the obligation of Bank of America to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, Bank of America shall be under no obligation to purchase Eligible Bonds.

In the case of each Suspension Event, the Tender Agent shall immediately notify all bondholders of the suspension and/or termination of both the Available Commitment and the obligation of Bank of America to purchase Eligible Bonds.

(c) Upon the occurrence of any Event of Default, Bank of America shall have all remedies provided at law or equity, including, without limitation, specific performance; and in addition, Bank of America, in its sole discretion, may do one or more of the following: (i) declare all obligations of the Agency to Bank of America under the Bank of America Liquidity Facility (other than payments of principal and redemption price of and interest on the Bank Bonds unless said Bank Bonds have otherwise become subject to acceleration pursuant to the General Resolution) to be immediately due and payable, and the same shall thereupon become due and payable without demand, presentment, protest, notice of intent to accelerate, notice of acceleration or further notice of any kind, all of which are hereby expressly waived; (ii) Bank of America may give written notice of such Event of Default and termination of the Bank of America Liquidity Facility (a "*Notice of Termination Date*") to the Trustee, the Tender Agent, the Agency and the Remarketing Agent requesting a Default Tender; *provided, that* the obligation of Bank of America to purchase Bonds shall terminate on the thirtieth (30th) day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination Date is received by the Trustee and, on such date, the Available Commitment shall terminate and Bank of America shall be under no obligation under the Bank of America Liquidity Facility to purchase Bonds; (iii) exercise any right or remedy available to it under any other provision of the Bank of America Liquidity Facility; or (iv) exercise any other rights or remedies available under the Bond Resolutions and any other Related Document, any other agreement or at law or in equity; *provided, further, however,* Bank of America shall not have the right to terminate its obligation to purchase Bonds except as provided in this paragraph 12. Notwithstanding anything to the contrary herein, no failure or delay by Bank of America in exercising any right, power or privilege under the Bank of America Liquidity Facility, under the Bond Resolutions and any other Related Document or under the Series 215 Bonds and no course of dealing between the Agency and Bank of America shall operate as a waiver hereof or thereof nor shall any single or partial exercise hereof or thereof preclude any other or further exercise hereof or thereof or the exercise of any other right, power or privilege. The rights and remedies herein

provided shall be cumulative and not exclusive of any rights or remedies which Bank of America would otherwise have.

(d) In addition to the foregoing, upon the occurrence of any Event of Default under the Bank of America Liquidity Facility, all obligations due and payable under the Bank of America Liquidity Facility and under the Fee Letter shall bear interest at the Default Rate.

Defined Terms. As used in the heading entitled “The Bank of America Liquidity Facility,” the following terms have the meanings indicated below:

“Available Commitment” as of any day means the sum of the Available Principal Commitment and the Available Interest Commitment, in each case, as of such day.

“Available Interest Commitment” means initially an amount equal to \$3,458,220 calculated on the Available Principal Commitment at 15.00% per annum for 187 days on a basis of a 365-day year calculated on the basis of the actual number of days elapsed) and, thereafter, means such amount adjusted from time to time as follows:

(A) downward by an amount that bears the same proportion to such amount as the amount of any reduction in the Available Principal Commitment, in accordance with clause (a) or (b) of the definition of Available Principal Commitment, bears to the initial Available Principal Commitment; and

(B) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment, in accordance with clause (c) of the definition of Available Principal Commitment, bears to the initial Available Principal Commitment.

“Available Principal Commitment” means initially the aggregate principal amount of the Series 215 Bonds outstanding of \$45,000,000 and thereafter, means such initial amount, each adjusted from time to time as follows:

(a) downward by the amount of any mandatory reduction of the Available Principal Commitment pursuant to the Bank of America Liquidity Facility;

(b) downward by the principal amount of any Series 215 Bonds purchased by Bank of America pursuant to the Bank of America Liquidity Facility; and

(c) upward by the principal amount of any Series 215 Bonds theretofore purchased by Bank of America pursuant to the Bank of America Liquidity Facility which are remarketed (or deemed to be remarketed) pursuant to the Bank of America Liquidity Facility by the Remarketing Agent and for which the Bank Owner has received immediately available funds equal to the principal amount thereof and accrued interest thereon;

provided, however, that the sum of (i) the Available Principal Commitment plus (ii) the aggregate principal amount of Bank Bonds shall never exceed \$45,000,000. Any adjustment to the Available Principal Commitment pursuant to clause (a), (b) or (c) hereof shall occur simultaneously with the occurrence of the events described in such clauses.

“Bank Bonds” means the Series 215 Bonds purchased by Bank of America pursuant the Bank of America Liquidity Facility and held by or for the account of Bank of America or a subsequent Bank Owner in accordance with the terms of the Bank of America Liquidity Facility, until purchased or retained in accordance with the Bank of America Liquidity Facility or redeemed in accordance with the Bank of America Liquidity Facility or otherwise paid in full.

“Bank Rate” means, for each period specified below, beginning with and including the date funds are advanced under the Bank of America Liquidity Facility and ending on but excluding the date they are repaid in full with interest thereon as provided in the Bank of America Liquidity Facility, the interest rate specified with respect to such period, which interest rates shall be computed on the basis set forth in the Bank of America Liquidity Facility:

Period	Rate
I. Purchase Date through 366th day thereafter	Base Rate
II. From and including the 367th day immediately following the related Purchase Date, and thereafter	Term Out Rate

provided, however, that (a) upon and following the occurrence of an Event of Default under the Bank of America Liquidity Facility, all amounts due under the Bank of America Liquidity Facility and under the Fee Letter shall bear interest in an amount equal to the Default Rate, (b) at no time shall interest calculated on the basis of the Bank Rate be payable in excess of the Maximum Rate and (c) subject to satisfaction of the conditions set forth in the Bank of America Liquidity Facility regarding the conditions precedent to the commencement of a Term Out Period and notwithstanding the time periods set forth above, the Term Out Rate shall be applicable with respect to all Eligible Bonds purchased by Bank of America on the Expiration Date from and including such day. Notwithstanding the foregoing, at no time will the “Bank Rate,” but only as such term is applied to any Bank Bond, be lower than the rate of interest borne by Bonds that do not constitute Bank Bonds.

“Base Rate” means, for any day, the highest of (a) the Prime Rate plus 1.00% per annum, (b) the Federal Funds Rate plus 2.00% per annum, and (c) 7.00% per annum. Each change in any interest rate provided for herein resulting from a change in the Prime Rate or the Federal Funds Rate, as the case may be, shall take effect at the time of such change in the Prime Rate or the Federal Funds Rate, respectively.

“Bond Resolutions” means, collectively, the General Resolution, the Series Resolution applicable to a Series of Eligible Bonds and the Series Certificate.

“Conversion Date” means the effective date of a conversion of all Bonds to bear interest at a rate of interest other than a Covered Rate.

“Covered Rate” means, with respect to the Series 215 Bonds, the Daily Rate or the Weekly Rate.

“Debt” of any person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons and (g) all obligations in respect of Swap Contracts; *provided, however,* the term “Debt,” with respect to the Agency, shall mean only those obligations authorized and outstanding under the terms of the General Resolution.

“Default” means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or the giving of notice, or both, would constitute an Event of Default.

“Default Rate” means the Base Rate from time to time in effect plus four percent (4.00%) per annum.

“Eligible Bonds” means the Series 215 Bonds bearing interest at a Covered Rate and which are not Bank Bonds or the Series 215 Bonds owned by or held on behalf of, for the benefit of or for the account of, the Agency or any affiliate of the Agency.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upwards, if necessary, to a whole multiple of 1/100th of 1%) charged to Bank of America on such day on such transactions as determined by Bank of America.

“Fee Letter” means the letter taking effect on November 15, 2018, from Bank of America to the Agency regarding fees and expenses, as the same may be amended and supplemented from time to time.

“Interest Payment Date” with respect to the Series 215 Bonds which are not Bank Bonds, has the meaning assigned to such term in the Series Certificate and, with respect to Bank Bonds, means the first Business Day of each calendar month and each Payment Due Date.

“Parity Debt” means other Debt, including bonds (excluding the Series 215 Bonds), now or hereafter outstanding under the terms of the General Resolution; *provided, that* such Debt is secured by the Pledged Property on a parity with the Series 215 Bonds pursuant to the General Resolution.

“Prime Rate” means on any day, the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate”. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change, which date shall be no earlier than the date on which such public announcement was made.

“Purchase Price” means, with respect to any Eligible Bond as of any date, 100% of the principal amount of such Eligible Bond plus (if the Purchase Date is not an Interest Payment Date) accrued and unpaid interest thereon to the Purchase Date, but in no event to exceed the Available Commitment; *provided, however*, if the Purchase Date for any Eligible Bond is also an Interest Payment Date for such Eligible Bond, the Purchase Price for such Eligible Bond shall not include accrued but unpaid interest on such Eligible Bond; and *provided, further*, in no event shall the Purchase Price of any Series 215 Bond include any premium owed with respect to any Series 215 Bond or any Defaulted Interest in the excess of any amount specified in the Bank of America Liquidity Facility.

“Related Documents” means the Bank of America Liquidity Facility, the Fee Letter, the Series 215 Bonds, the Bond Resolutions and the Remarketing Agreement.

“Series Certificate” means the Series 215 Series Certificate, delivered on November 15, 2018 (as amended and supplemented from time to time) in connection with the Series 215 Bonds.

“Term Out Period” means the period commencing on the first to occur of (a) the three hundred sixty-seventh (367th) day following the Purchase Date and (b) the final day of the Commitment Period, and ending on the fifth (5th) anniversary of the date on which the Liquidity Advance was first made pursuant to the Bank of America Liquidity Facility.

“Term Out Rate” means the Base Rate plus one percent (1.00%) per annum.

Bank of America, N.A

The following information has been obtained from Bank of America for inclusion herein. Such information is not guaranteed as to accuracy or completeness by the Agency or the Underwriters and is not to be construed as a representation by the Agency or the Underwriters. Neither the Agency nor the Underwriters have verified this information, and no representation is made by them as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to its date or the date hereof.

Bank of America is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. Bank of America is a wholly-owned indirect subsidiary of Bank of America Corporation (the “Corporation”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2018, Bank of America had consolidated assets of \$1.76 trillion, consolidated deposits of \$1.392 trillion and stockholder’s equity of \$205.32 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the “SEC”).

The SEC maintains a website at www.sec.gov which contains the filings that the Corporation files with the SEC such as reports, proxy statements and other documentation. The reports, proxy statements and other information the Corporation files with the SEC are also available at its website, www.bankofamerica.com.

The information concerning the Corporation and Bank of America is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

Bank of America will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of Bank of America delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon St, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

PAYMENTS OF THE PURCHASE PRICE OF THE SERIES 215 BONDS WILL BE MADE FROM DRAWINGS UNDER THE BANK OF AMERICA LIQUIDITY FACILITY IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE BANK OF AMERICA LIQUIDITY FACILITY IS A BINDING OBLIGATION OF BANK OF AMERICA, THE SERIES 215 BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE SERIES 215 BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or Bank of America since the date of the most recent filings referenced herein, or that the information contained or referred to in this section entitled “Bank of America, N.A.” is correct as of any time subsequent to the referenced date.

The Barclays Liquidity Facility

The following summarizes certain provisions of the Barclays Liquidity Facility anticipated to be entered into with respect to the Series 216 Bonds. This summary does not purport to be comprehensive or definitive and is subject in all respects to all of the terms and provisions of the Barclays Liquidity Facility, to which reference is made hereby. Investors are urged to obtain and review a copy of the Barclays Liquidity Facility in order to understand all of its terms.

The Barclays Liquidity Facility secures only payment of the purchase price of the Eligible Bonds bearing interest at the Daily Rate or the Weekly Rate tendered for purchase as described above, and does not otherwise secure payment of the principal of or interest on the Series 216 Bonds. Under certain circumstances, the obligation of Barclays to purchase such Eligible Bonds will be suspended or will terminate and, in some circumstances, such suspension or termination will be automatic and immediate and without notice to bondholders or opportunity to tender.

General. The Barclays Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. Other than the terms “Agency”, “Barclays”, “Barclays Liquidity Facility” and “Series 216 Bonds” which shall have the meanings assigned to such terms in this Official Statement, capitalized terms used in the following summary are defined in the Barclays Liquidity Facility and reference thereto is made for full understanding of their import.

It is anticipated that on November 15, 2018, the Agency will enter into the Barclays Liquidity Facility with respect to the Series 216 Bonds with Barclays, the Tender Agent and the Trustee. The Barclays Liquidity Facility will be effective on November 15, 2018 upon satisfaction of certain conditions set forth in the Barclays Liquidity Facility, or such other date on which the conditions set forth in the Barclays Liquidity Facility are satisfied. Upon compliance with the terms and conditions of the Barclays Liquidity Facility, and subject to the terms and conditions set forth therein, the Barclays Liquidity Facility requires Barclays to extend credit to the Agency by advancing funds to the Tender Agent to purchase the Series 216 Bonds that have been tendered and not remarketed on behalf of and for the account of Barclays from time to time during the Purchase Period at the Purchase Price. The Series 216 Bonds (or portion thereof) so purchased will bear interest at the Bank Rate in accordance with the Barclays Liquidity Facility.

The Purchase Period is the period from November 15, 2018 to and including the earliest of the close of business (New York time) on (i) November 14, 2022, as such date may be extended from time to time in accordance with the terms of the Barclays Liquidity Facility, (ii) the date on which no Eligible Bonds are Outstanding, (iii) the date on which the Agency voluntarily terminates the Barclays Liquidity Facility in accordance with the Fee Letter, and (iv) the date on which the Available Commitment and Barclays’ obligation to purchase Eligible Bonds has been terminated in its entirety pursuant to the terms of the Barclays Liquidity Facility or the Fee Letter.

Certain Definitions

“*Available Commitment*” as of any day, means the sum of the Available Principal Commitment and the Available Interest Commitment, in each case as of such day.

“*Available Interest Commitment*” initially means one million nine hundred twenty-one thousand two hundred thirty-three Dollars (\$1,921,233) (equal to one hundred eighty-seven (187) days’ interest on the Series 216 Bonds, computed as if the Series 216 Bonds bore interest at the rate of fifteen percent (15.00%) per annum), and thereafter shall mean such initial amount adjusted from time to time as follows:

(a) Decreased by an amount that bears the same proportion to such amount as the amount of a reduction in the Available Principal Commitment pursuant to the definition of “Available Principal Commitment” bears to the Available Principal Commitment prior to such reduction; and

(b) Increased by an amount that bears the same proportion to such amount as the amount of any increase in the Available Principal Commitment pursuant to clause (c) of the definition of “Available Principal Commitment” bears to the Available Principal Commitment prior to such increase; provided that, after giving effect to such adjustment, the Available Interest Commitment shall never exceed one million nine hundred twenty-one thousand two hundred thirty-three Dollars (\$1,921,233).

Any adjustment pursuant to clauses (a) or (b) above shall occur simultaneously with the event requiring such adjustment.

“Available Principal Commitment” initially means twenty-five million Dollars (\$25,000,000) and thereafter shall mean such initial amount adjusted from time to time as follows:

(a) Decreased by the amount of any reduction in the Available Principal Commitment pursuant to the Barclays Liquidity Facility;

(b) Decreased by the principal amount of any Bonds purchased by Barclays pursuant to the Barclays Liquidity Facility; and

(c) Increased by the principal amount of any Bonds previously purchased by Barclays pursuant to the Barclays Liquidity Facility, which a Bank Bondholder elects to retain pursuant to the Barclays Liquidity Facility or that are sold or deemed sold by a Bank Bondholder pursuant to the Barclays Liquidity Facility (regardless of the Purchase Price received for such Bonds).

Any adjustment pursuant to clauses (a), (b) or (c) above shall occur simultaneously with the occurrence of the events described in such clauses.

“Bank Rate” means, for any Bank Bond, the rate per annum specified below with respect to each period:

Period	Bank Rate
(i) from and including the day on which Barclays has purchased such Bank Bond through and including the date which is sixty (60) days immediately succeeding the date on which Barclays has purchased such Bank Bond;	the Base Rate;
(ii) from and including the sixty-first (61st) day immediately succeeding the day on which Barclays has purchased such Bank Bond through and including the date which is one hundred eighty (180) days immediately succeeding the date on which Barclays has purchased such Bank Bond; and	the Base Rate plus one percent (1.00%) per annum;
(iii) from and including the one hundred eighty-first (181st) day immediately succeeding the day on which Barclays has purchased such Bank Bond until the day such Bank Bond is paid in full, such Bank Bond is remarketed as provided in the Barclays Liquidity Facility, or such Bank Bond is retained by the Bank Bondholder as provided in the Barclays Liquidity Facility.	the Base Rate plus two percent (2.00%) per annum.

provided, however, as to clauses (ii) and (iii) hereof, if the Base Rate for any day is 150% of the yield on actively traded 30-year United States Treasury Bonds, the Bank Rate for such day shall be the Base Rate.

Notwithstanding the foregoing, immediately upon the occurrence and during the continuation of an Event of Default, the Bank Rate shall be equal to the Default Rate; *provided* that at no time shall the Bank Rate be less than the applicable rate of interest on Eligible Bonds which are not Bank Bonds.

“*Base Rate*” means, for any day, a per annum rate equal to the highest of (a) eight percent (8.00%) per annum, (b) the Fed Funds Rate plus two and one half percent (2.50%) per annum, (c) the Prime Rate plus two and one half percent (2.50%) per annum, and (d) one hundred and fifty percent (150%) of the yield on actively traded 30-year United States Treasury Bond.

“*Default Rate*” means a per annum rate of interest equal to the Base Rate plus four percent (4%).

“*Eligible Bonds*” means any Series 216 Bonds Outstanding under and entitled to the benefits of the Resolution which bear interest at the Weekly Rate or Daily Rate and that are eligible to be tendered or deemed tendered for purchase pursuant to the Series Certificate other than any such Series 216 Bond which (a) is a Bank Bond or (b) is owned by or on behalf of or is held for the account or for the benefit of the Agency or any Affiliate of the Agency.

“*Event of Insolvency*” means, with respect to any Person, the occurrence of one or more of the following events:

(a) the Person shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or other similar relief with respect to itself or its indebtedness under any bankruptcy, insolvency, reorganization or other similar law for the relief of debtors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or a substantial part of its property, (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) make a general assignment for the benefit of creditors, (iv) fail generally to pay or admit in writing its inability to pay its indebtedness as it becomes due, or (v) take (through an authorized officer or representative) any official action to authorize any of the foregoing; or

(b) any of the following shall occur with respect to such Person: (i) an involuntary case or other proceeding shall be commenced against such Person seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and either (A) such Person shall consent in writing to such action or (B) such case shall not be dismissed within sixty (60) days, (ii) an order for relief shall be entered against such Person under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other State or federal laws concerning insolvency or of similar purpose, (iii) a final and non-appealable debt moratorium, debt adjustment, debt restructuring or comparable extraordinary restriction with respect to the payment of principal or interest on the indebtedness of such Person shall be declared or imposed pursuant to a finding or ruling by such Person, the United States of America, the State, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over such Person, or (iv) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of such Person.

“*Fed Funds Rate*” means, for any day a fluctuating interest rate per annum equal to the weighted average (rounded to the next higher 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded to the next higher 1/100 of 1%) of the quotations for such day on such transactions received by Barclays from three Federal funds brokers of recognized standing selected by Barclays. Each determination of the Fed Funds Rate by Barclays shall be conclusive and binding on the Agency.

“*Fee Letter*” means the Fee Letter, dated November 15, 2018, by and among the Agency, the Trustee, the Tender Agent and Barclays, entered into in connection with the Barclays Liquidity Facility.

“*Person*” means an individual, a corporation, a partnership, an association, an agency, an authority, a joint venture, a trust, a business trust, a limited liability company or any other entity or organization, including a governmental entity or political subdivision or an agency or instrumentality thereof.

“*Prime Rate*” means the rate established by Barclays, from time to time as its prime rate, with each change in the Prime Rate being effective from and including the date such change is publicly announced as being effective; provided, however, Barclays may lend to its customers at rates that are at, above or below the Prime Rate.

“*Related Documents*” means the Barclays Liquidity Facility, the Fee Letter, the Series 216 Bonds, the General Resolution, the Series Resolution, the Series Certificate, the Remarketing Agreement and any exhibits, instruments or agreements relating thereto, as the same may be amended from time to time in accordance with their respective terms and the terms of the Barclays Liquidity Facility.

Commitment to Purchase Bonds. If, on any Purchase Date during the Purchase Period, Barclays receives a Notice of Bank Purchase from the Tender Agent, in accordance with and at the location specified under the Barclays Liquidity Facility, prior to 12:30 p.m. (New York time), Barclays shall, subject to the satisfaction of certain requirements set forth in the Barclays Liquidity Facility, transfer to the Tender Agent not later than 2:30 p.m. (New York time) on such Purchase Date, in immediately available funds, an amount equal to the aggregate Purchase Price of all Eligible Bonds tendered or deemed tendered for purchase on such date but not remarketed as specified in such Notice of Bank Purchase.

Events of Default. The occurrence of any event set forth under the subheadings “Events of Default Not Resulting in Immediate Termination,” “Events of Default Resulting in Immediate Termination” and “Event of Default Resulting in Immediate Suspension” shall constitute an Event of Default under the Barclays Liquidity Facility. Upon an Event of Default, Barclays may exercise those rights and remedies provided under the subheading “Remedies” below.

Events of Default not Resulting in Immediate Termination.

(a) **Payments.** The Agency shall fail to pay when due any amounts owed by the Agency to Barclays pursuant to the Barclays Liquidity Facility or the Fee Letter (including, but not limited to, (i) any failure to make any timely payment of principal of Bank Bonds as required by the mandatory redemption provisions of Section 3.02 of the Barclays Liquidity Facility and (ii) any failure to make any timely payment of principal of Bank Bonds which amounts have become immediately due and payable as a result of an Event of Default and the resulting acceleration of Bank Bonds pursuant to the Barclays Liquidity Facility).

(b) **Representations.** Any representation or warranty made by or on behalf of the Agency in the Barclays Liquidity Facility or in any other Related Document or in any certificate or statement delivered thereunder shall prove to have been incorrect or untrue in any material respect when made or deemed to have been made.

(c) **Covenants.** The Agency shall fail to perform certain specified covenants in the Barclays Liquidity Facility or the Agency shall fail to comply with the negative covenants in the Barclays Liquidity Facility.

(d) **Other Covenants.** The Agency shall fail to perform or observe any term, covenant or agreement (other than ones described in any other Event of Default) contained in the Barclays Liquidity Facility or in any other Related Document on its part to be performed or observed which failure continues for thirty (30) days or more.

(e) **Default.** Default by the Agency in the payment of any amount due in respect of any Debt owed to Barclays or default by the Agency in the payment of any amount due in respect of any other Debt in an aggregate amount in excess of five million Dollars (\$5,000,000) (measured, in the case of any Interest Rate Swap Agreement, by the Agency's Exposure thereunder on the date of measurement), as and when the same shall become due, or default under any mortgage, agreement or other instrument under or pursuant to which such Debt is incurred or issued, and continuance of such default beyond the period of grace, if any, allowed with respect thereto, or the occurrence of any act or omission by the Agency under any such mortgage, agreement or other instrument which results in such Debt becoming, or being capable of becoming, immediately due and payable (or, with respect to any Interest Rate Swap Agreement, which results in such Interest Rate Swap Agreement being terminated early or being capable of being terminated early).

(f) **Invalidity.** Any provision of the Barclays Liquidity Facility, the Series 216 Bonds or any other Related Document shall cease to be valid and binding, or the Agency shall contest any such provision, or the Agency or any agent or trustee on behalf of the Agency, shall deny that it has any further liability under any provision of the Barclays Liquidity Facility, the Series 216 Bonds or any other Related Document.

(g) **Other Documents.** The occurrence of any default under any Related Document other than the Barclays Liquidity Facility.

(h) **Downgrade.** The unenhanced rating of the Series 216 Bonds or any other obligations of the Agency secured on a parity basis with the Series 216 Bonds shall be withdrawn, suspended or reduced below "A3" by Moody's.

(i) **Financial Emergency.** There shall be appointed or designated with respect to the Agency, an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

(j) **Change in Maximum Lawful Rate.** The Maximum Lawful Rate applicable to Bank Bonds shall be reduced at any time.

(k) **Parity Debt Accelerated Principal Payment Default.** Any failure, wholly or partially, to timely make any payment or repayment of any Parity Debt Payment which represents principal of any bonds purchased by a Person providing a letter of credit, reimbursement agreement, liquidity facility or similar instrument pursuant to a liquidity drawing thereunder, which principal has been accelerated and is immediately due and payable after the occurrence of an event of default under any such agreement.

Events of Default Resulting in Immediate Termination.

(a) **Event of Insolvency.** An Event of Insolvency shall have occurred with respect to the Agency.

(b) **Payment Default.** Any failure, in whole or in part, (i) to make timely any payment of principal of, interest on or redemption premium, if any, required to be made on the Series 216 Bonds (including Bank Bonds) when due (other than failure to pay (A) principal of Bank Bonds in connection with the mandatory redemption of Bank Bonds by the Agency as required pursuant to Section 3.02 of the Barclays Liquidity Facility and (B) principal of Bank Bonds which has become immediately due and payable as a result of the occurrence of an Event of Default and the resulting acceleration of Bank Bonds pursuant to the Barclays Liquidity Facility), or (ii) to make timely payments or repayments of

any Parity Debt Payment when due (other than failure to pay the principal of any bonds purchased by a Person providing a letter of credit, reimbursement agreement, liquidity facility or similar instrument pursuant to a liquidity drawing thereunder, which principal has been accelerated and is immediately due and payable after the occurrence of an event of default under any such agreement).

(c) **Contest of Validity.** A senior officer of the Agency shall, in writing to the Trustee, Barclays or otherwise, (i) claim that the General Resolution or the Series Resolution is not valid or binding on the Agency or (ii) repudiate its obligations under the Barclays Liquidity Facility, the Series 216 Bonds, the General Resolution, the Series Resolution or the Series Certificate or its obligation to pay or repay any Parity Debt Payment.

(d) **Invalidity.** Any court of competent jurisdiction or other governmental entity with jurisdiction to rule on the validity of the Barclays Liquidity Facility, the Series 216 Bonds, the General Resolution, the Series Resolution or the Series Certificate, shall announce, find or rule that the Barclays Liquidity Facility, the Series 216 Bonds, the General Resolution, the Series Resolution or the Series Certificate is not valid or not binding on the Agency and such announcement, finding or ruling is final and non-appealable.

(e) **Downgrade.** The unenhanced rating of the Series 216 Bonds shall be withdrawn or suspended for credit-related reasons or reduced below “Baa3” by Moody’s.

(f) **Judgments.** Entry or filing of any final and non-appealable judgment or of any similar process in an amount in excess of five million Dollars (\$5,000,000) against the Agency or against any of its property and failure of the Agency to pay or satisfy such judgment within sixty (60) days or as otherwise required by such judgment, but only if and to the extent such amounts are secured by or payable from the Pledged Property.

Event of Default Resulting in Immediate Suspension.

(a) **Initiation of Legal Proceedings.** The Agency shall initiate any legal proceedings to seek an adjudication that the Barclays Liquidity Facility, the Series 216 Bonds, the General Resolution, the Series Resolution or the Series Certificate or its obligation to pay or repay any Parity Debt Payment is not valid or not binding on the Agency.

Remedies. Upon the occurrence of an Event of Default under the Barclays Liquidity Facility, Barclays may take one or more of the following actions:

(a) **Notice of Termination.** Upon the occurrence of an Event of Default described under the subheading “Events of Default not Resulting in Immediate Termination” above, Barclays may give written notice of such Event of Default to the Agency, the Remarketing Agent and the Trustee stating that the Barclays Liquidity Facility shall terminate thirty (30) days after such notice is delivered by Barclays to the Trustee and directing that the Series 216 Bonds be called for Default Tender. The Available Commitment, the Purchase Period and the obligation of Barclays to purchase Eligible Bonds shall terminate thirty (30) days after such notice is delivered by Barclays to the Trustee, and on such date the Available Commitment shall terminate and Barclays shall be under no obligation under the Barclays Liquidity Facility to purchase Eligible Bonds.

(b) **Immediate Termination of Bank Obligation to Purchase.** Upon the occurrence of an Event of Default under the subheading “Events of Default Resulting in Immediate Termination” above (each an “Immediate Termination Event”), the Purchase Period and the obligation of Barclays to purchase Eligible Bonds shall immediately terminate without notice or demand, and thereafter Barclays shall be under no obligation to purchase Eligible Bonds. Upon such Immediate Termination Event, Barclays shall promptly give written notice of the same to the Trustee, the Remarketing Agent and the

Agency; provided, that Barclays shall incur no liability of any kind by reason of its failure to give such notice, and such failure shall in no way affect the termination of the Available Commitment and Barclays' obligation to purchase Eligible Bonds pursuant to the Barclays Liquidity Facility. The Trustee shall immediately notify all Bondholders of the termination of the Available Commitment and the obligation of Barclays to purchase the Eligible Bonds.

(c) ***Suspension of Bank Obligation to Purchase.*** Upon the occurrence of the Event of Default under the subheading "Event of Default Resulting in Immediate Suspension" above (a "Suspension Event"), the obligation of Barclays to purchase Eligible Bonds shall immediately be suspended without notice or demand and thereafter Barclays shall be under no obligation to purchase Eligible Bonds until the Available Commitment is reinstated as described in the Barclays Liquidity Facility. Promptly upon Barclays' obtaining knowledge of a Suspension Event, Barclays shall give written notice of the same to the Agency, the Remarketing Agent and the Trustee of such suspension; provided, however, that Barclays shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of Barclays' obligations under the Barclays Liquidity Facility. In the event such Suspension Event is cured prior to becoming an Immediate Termination Event, Barclays' obligations shall be automatically reinstated and the terms of the Barclays Liquidity Facility will continue in full force and effect (unless the Barclays Liquidity Facility shall otherwise have terminated or have been suspended by its terms or in accordance with the Barclays Liquidity Facility).

(d) ***Agency Obligations and Bank Rights Following Event of Default.*** Upon the occurrence of any Event of Default, (i) all amounts owed to Barclays under the Barclays Liquidity Facility, under the Fee Letter and under any Bank Bonds shall bear interest at the Default Rate until paid, (ii) Barclays may by written notice to the Agency declare all amounts owed to Barclays under the Barclays Liquidity Facility, under the Fee Letter and with respect to the Bank Bonds to be immediately due and payable whereupon such amounts shall be immediately due and payable (provided, that the obligations of the Agency under the Barclays Liquidity Facility and under the Bank Bonds shall be and become automatically and immediately due and payable without such notice upon the occurrence of an Event of Insolvency) and (iii) Barclays shall have all remedies provided at law or equity, including, without limitation, the right of set-off and specific performance. Barclays shall promptly provide written notice to the Trustee and the Agency of any acceleration of the amounts due under the Barclays Liquidity Facility.

Barclays Liquidity Facility Bail-in Acknowledgment and Agreement. In the Barclays Liquidity Facility the Agency acknowledges and agrees that notwithstanding any other term of the Barclays Liquidity Facility or any other agreement, arrangement or understanding with Barclays or any other Person, any liability arising under or in connection with the Barclays Liquidity Facility may be subject to Bail-In Action (defined below) and the Agency may be bound by the effect of:

- (a) any Bail-In Action in relation to such liability, including (without limitation):
 - (i) a reduction, in full or in part, of any amount due in respect of any such liability;
 - (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, the Agency, the Trustee, the Tender Agent or any other Person; and
 - (iii) a cancellation of any such liability; and
- (b) a variation of any term of the Barclays Liquidity Facility to the extent necessary to give effect to Bail-In Action in relation to any such liability.

'Bail-In Action' means the exercise by a resolution authority of any write-down or conversion power existing from time to time (including, without limitation, any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period and together with any power to terminate and value transactions) under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom relating to the transposition of the Bank Recovery and Resolution Directive, as amended from time to time (including but not limited to, the Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder) pursuant to which Barclays' obligations (or those of Barclays' affiliates) can be reduced (including to zero), cancelled or converted into shares, other securities, or other obligations of Barclays or any other Person.

Barclays Bank PLC

The following information has been obtained from Barclays for inclusion herein. Such information is not guaranteed as to accuracy or completeness by the Agency or the Underwriters and is not to be construed as a representation by the Agency or the Underwriters. Neither the Agency nor the Underwriters have verified this information, and no representation is made by them as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to its date or the date hereof.

Barclays (together with its subsidiary undertakings, the Barclays Group) is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of Barclays is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Group) is the ultimate holding company of the Group.

The Group is a transatlantic consumer and wholesale bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in the Group's two home markets of the UK and the US. The Group is focused on two core divisions – Barclays UK and Barclays International.

Both Barclays UK and Barclays International have historically operated within the legal entity Barclays Bank PLC. However, on 1 April 2018 the Barclays UK division formally separated into a new legal entity – Barclays Bank UK PLC (BBUKPLC), which is the Group's UK ring-fenced bank. BBUKPLC offers everyday products and services to retail and consumer customers and small to medium sized enterprises based in the UK. Products and services designed for the Group's larger corporate, wholesale and international banking clients will continue to be offered by Barclays International from within Barclays. BBUKPLC will operate alongside, but have the ability to take decisions independently from, Barclays as part of the Group under Barclays PLC.

The short term unsecured obligations of Barclays are rated A-1 by S&P Global Ratings Europe Limited, UK Branch, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of Barclays are rated A by S&P Global Ratings Europe Limited, UK Branch, A2 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Barclays Group's audited financial information for the year ended 31 December 2017, the Barclays Group had total assets of £1,129,343m (2016: £1,213,955m), total net loans and advances* of £401,762m (2016: £436,417m), total deposits† of £467,332m (2016: £472,917m), and total equity of £65,734m (2016: £70,955m) (including non-controlling interests of £1m (2016: £3,522m)). The profit before tax of the Barclays Group for the year ended 31 December 2017 was £3,166m (2016: £4,383m) after credit impairment charges and other provisions of £2,336m (2016: £2,373m). The financial information in this paragraph is extracted from the audited consolidated financial statements of Barclays for the year ended 31 December 2017.

Based on the Barclays Group's unaudited financial information for the six months ended 30 June 2018, the Barclays Group had total assets of £903,345m (30 June 2017: £1,136,867m), total net loans and advances‡ of £226,369m (30 June 2017: £427,980m), total deposits§ of £279,438m (30 June 2017: £488,162m), and total shareholders' equity of £48,192m (30 June 2017: £66,167m) (including non-controlling interests of £2m (30 June 2017: £84m)). The profit before tax from continuing operations of the Barclays Group for the six months ended 30 June 2018 was £725m (30 June 2017: £1,731m) after credit impairment charges and other provisions of £156m (30 June 2017: £656m). The financial information in this paragraph is extracted from the unaudited condensed consolidated interim financial statements of Barclays for the six months ended 30 June 2018.

The delivery of the information concerning Barclays and the Barclays Group contained in this section entitled "Barclays Bank, PLC" shall not create any implication that there has been no change in the affairs of Barclays and the Barclays Group since the date hereof, or that the information contained or referred to in this section entitled "Barclays Bank, PLC" is correct as of any time subsequent to its date.

Barclays Bank PLC is responsible only for the information contained in this section entitled "Barclays Bank, PLC" and did not participate in the preparation of, or in any way verify the information contained in, any other part of this Official Statement. Accordingly, Barclays Bank PLC assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of this Official Statement.

ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, AND PROGRAM EXPENSES

General

The Agency has made, or will make, certain assumptions, including those set forth under this caption "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses," in preparing the Cash Flow Statement to be delivered in connection with the issuance of the Offered Bonds (the "Offered Bonds Cash Flow Statement"). The assumptions will include those prescribed or permitted by the Rating Agency at the time of the delivery of the Offered Bonds Cash Flow Statement applicable to the interest rate or rates, and the applicable period of such rates, for Bonds that are (a) Bonds that currently bear variable rate(s) of interest and are not the subject of an interest rate exchange agreement, and (b) Bonds that are the subject of interest rate exchange agreements. Such rate or rates will not necessarily be fixed interest rates.

* Total net loans and advances include balances relating to both bank and customer accounts.

† Total deposits include deposits from bank and customer accounts.

‡ Total net loans and advances include balances relating to both bank and customer accounts. As a result of a voluntary change in presentation following the adoption of IFRS 9, 'loans and advances to banks' and 'loans and advances to customers' have been disaggregated and are now reported in 'loans and advances at amortised cost' and 'cash collateral and settlement balances'.

§ Total deposits include deposits from bank and customer accounts. As a result of a voluntary change in presentation following the adoption of IFRS 9, 'deposits from banks' and 'customer accounts' have been disaggregated and are now reported in 'deposits at amortised cost' and 'cash collateral and settlement balances'.

The Offered Bonds Cash Flow Statement will include the assumption that, in connection with the issuance of the Offered Bonds, approximately \$23,605,000 aggregate principal amount of Refunded Bonds will be redeemed.

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

In arriving at the foregoing, the Agency has not considered the issuance of Additional Bonds or the application or investment of the proceeds thereof; *however*, a condition in the General Resolution to issuing Additional Bonds is the filing of a Cash Flow Statement. Since all Bonds issued under the General Resolution (*unless* expressly subordinated) and other Parity Obligations will rank equally and ratably with the Offered Bonds with respect to the security afforded by the General Resolution, availability of money for repayment of the Offered Bonds could be significantly affected by the issuance, application, and investment of proceeds of Additional Bonds or the existence of other Parity Obligations. See Part 2 “Sources of Payment and Security for the Bonds — Cash Flow Statements” for the requirements established by the General Resolution for a Cash Flow Statement.

Future Cash Flow Statements may be based on assumptions that differ from those reflected in the Offered Bonds Cash Flow Statement.

The Agency has structured bond maturities and Sinking Fund Requirements for its Bond series based on, among other things, assumptions regarding the receipt of Revenues, including, in some instances, the receipt of some Principal Prepayments at various PSA speeds. The Agency, however, expects and the Offered Bonds Cash Flow Statement is required to demonstrate, that sufficient Revenues and Principal Prepayments will be available under the General Resolution to pay the maturities and Sinking Fund Requirements of the Offered Bonds at the prepayment speeds used in preparing the Offered Bonds Cash Flow Statement. For information concerning the PSA prepayment model, see “The Offered Bonds — Redemption — Special Mandatory Redemption of PAC Bonds — PSA Model” above.

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

Mortgages

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

The Offered Bonds Cash Flow Statement will include the following assumptions with respect to the Offered Bonds Mortgage Loans (other than Offered Bonds DPALs): (i) the Agency will use lendable proceeds to purchase approximately \$164 million aggregate principal amount of Offered Bonds Mortgage Loans (excluding Offered Bonds Mortgage Loans and Offered Bonds DPALs financed by the Series 216 Bonds) by approximately January 1, 2019 with a weighted average interest rate of approximately 4.61% per annum and a weighted average term to maturity of 360 months, (ii) all of the Offered Bonds Mortgage Loans will have 30-year terms, (iii) a portion of the proceeds described in (i) above may be set aside to be combined with other

lendable amounts to produce mortgage loans with blended yields, (iv) substantially all of the aggregate principal amount of the Offered Bonds Mortgage Loans, other than those described in (iii) above, will have interest rates that range from 2.00% to 5.625%, and (v) the Mortgage Loan interest rate for any Offered Bonds Mortgage Loan with respect to which the Agency has made a DPAL will be higher than the otherwise applicable interest rate.

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

Certain Investments

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

Expenses

In preparing the Offered Bonds Cash Flow Statement, the Agency will assume that the servicers of the Mortgage Loans will not be paid a servicing fee from Revenues but, pursuant to the State Tax Law, will receive a credit against their franchise taxes. The annual premiums for the existing mortgage pool insurance policies are between 0.01% and 0.15% of the outstanding principal amounts of the loans covered by such policies. The annual Trustee fee in connection with the Prior Series Bonds and the Offered Bonds will be assumed to be equal to .03% of the Outstanding Prior Series Bonds and the Offered Bonds.

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

Cash Flow Statements

Cash Flow Statements delivered pursuant to the General Resolution include certain assumptions about the receipt of principal and interest on Mortgage Loans, the receipt of investment income as projected, and the sufficiency of insurance to cover Mortgage Loan losses. While the Agency believes the assumptions used in the Offered Bonds Cash Flow Statement are reasonable, there can be no assurance that the actual receipt of money will correspond with the estimates of money available to pay the debt service on the Bonds and the expenses of the Agency and the Trustee incurred in connection with the Program. See “Sources of Payment and Security for the Bonds — Cash Flow Statements” in Part 2.

TAX MATTERS

Tax-Exempt Bonds

General

Interest on the Taxable Bonds is included in gross income for Federal income tax purposes, and, therefore, the following discussion does not apply to proceeds of or Mortgage Loans (or portions of Mortgage Loans) attributable to the Taxable Bonds. See “Taxable Bonds” herein.

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

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

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

Federal Tax Exemption Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (ii) interest on the Series 213 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax; and (iii) interest on the Series 214 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and, for tax years beginning before January 1, 2018, on corporations under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Agency in connection with the Tax-Exempt Bonds, and Bond Counsel has assumed compliance by the Agency with certain ongoing tax covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code.

Bond Counsel expresses no opinion regarding any other Federal, state or local tax consequences arising with respect to the Tax-Exempt Bonds or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of

the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding Federal, state or local tax matters, including without limitation, exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds.

State Tax Exemption Opinion of Bond Counsel

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

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

Certain Collateral Federal Tax Consequences

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

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

Bond Premium

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

income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

Taxable Bonds

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

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

Federal and State Tax Exemption Opinion of Bond Counsel. In the opinion of Bond Counsel to the Agency, interest on the Taxable Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

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

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

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

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

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate holders of the Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of original issue discount, if any, on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding may apply to holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

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

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

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

LITIGATION

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

RATINGS

Moody's has assigned a rating of "Aa1" to the Series 213 Bonds and the Series 214 Bonds with a "stable" outlook. Moody's has assigned a rating of "Aa1" to the Series 215 Bonds and the Series 216 Bonds with a "stable" outlook and a short-term rating of "VMIG 1." The short term rating assigned to the Series 215 Bonds and the Series 216 Bonds, respectively, is based on the respective short term rating of the applicable Initial Liquidity Provider. These ratings reflect only the views of Moody's. An explanation of the significance of the ratings or any outlooks or other statements given with respect thereto from Moody's may be obtained as follows:

Moody's Investors Service, Inc.
7 World Trade Center
New York, New York 10007
(212) 553-0300

The Agency has furnished information to Moody's, including information not included in this official statement, about the Agency and the Offered Bonds. Generally, rating agencies base their ratings on that information and on independent investigations, studies and assumptions made by each rating agency. A securities rating is not a recommendation to buy, sell or hold securities. Also see "Miscellaneous" below for additional discussion of ratings.

LEGAL MATTERS

Legal matters incident to the authorization, sale, and delivery of the Offered Bonds by the Agency are subject to the receipt of certain opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Agency, and certain other conditions. The approving opinion of Bond Counsel to the Agency will be delivered with the Offered Bonds in substantially the form attached to this Part 1 as Appendix D. D. Seaton and Associates, P.A., P.C., New York, New York, is serving as Disclosure Counsel to the Agency. Certain legal matters will be passed upon by Harris Beach PLLC, New York, New York, as counsel to the Underwriters for the Fixed Rate Bonds and as counsel to the Underwriter of the Variable Rate Bonds. Certain legal matters will be passed upon for Bank of America by its counsel, Nixon Peabody LLP, New York, New York. Certain legal matters will be passed upon for Barclays by its counsel, McDermott Will & Emery LLP, New York, New York.

UNDERWRITING

The issuance of each Series of the Offered Bonds is conditioned upon the issuance of the other Series of the Offered Bonds. The Agency has executed a purchase contract with the respective Underwriters for the purchase of the Fixed Rate Bonds and expects to execute a purchase contract for each series of the Variable Rate Bonds with the applicable Underwriter by November 14, 2018.

The Fixed Rate Bonds are being purchased by the underwriters identified on the cover page of this Official Statement (the “Fixed Rate Bonds Underwriters” and together with Wells Fargo Bank, National Association, as the sole Underwriter for the Series 215 Bonds, and RBC Capital Markets, LLC, as the sole Underwriter for the Series 216 Bonds, the “Underwriters”). The Fixed Rate Bonds Underwriters have agreed to purchase the Fixed Rate Bonds at the respective initial offering prices or yields set forth on the inside cover page (including any applicable original issue discount or premium). The Agency will pay a fee of \$934,348.63 to the Fixed Rate Bonds Underwriters with respect to the Fixed Rate Bonds.

The Agency expects to execute a purchase contract with Wells Fargo Bank, National Association for the purchase of the Series 215 Bonds at the initial offering price or yield set forth on the inside cover page. The Agency will pay a fee of \$77,019.85 to Wells Fargo Bank, National Association with respect to the Series 215 Bonds. The Agency expects to execute a purchase contract with RBC Capital Markets, LLC for the purchase of the Series 216 Bonds at the initial offering price or yield set forth on the inside cover page. The Agency will pay a fee of \$38,780.44 to RBC Capital Markets, LLC with respect to the Series 216 Bonds.

The purchase contract with respect to the Fixed Rate Bonds provides, and the respective purchase contracts for the Series 215 Bonds and the Series 216 Bonds are expected to each provide, that the applicable Underwriters will purchase all of such applicable Offered Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the applicable purchase contract, the receipt of certain legal opinions, and certain other conditions. The initial public offering prices and yields of the Fixed Rate Bonds may be changed, from time to time, by the Fixed Rate Bonds Underwriters. The purchase contract for the Fixed Rate Bonds provides that the Fixed Rate Bonds Underwriters may offer and sell the Fixed Rate Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower or yields higher than the public offering prices and yields of the Fixed Rate Bonds stated on the inside cover page. Wells Fargo Bank, National Association, is the initial Remarketing Agent for the Series 215 Bonds. RBC Capital Markets, LLC is the initial Remarketing Agent for the Series 216 Bonds.

Information Provided by the Underwriters

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

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

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

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and

circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

MISCELLANEOUS

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

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

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

STATE OF NEW YORK MORTGAGE AGENCY

By: /s/ RuthAnne Visnauskas
Executive Director and Chief Executive Officer

Dated: November 8, 2018

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CERTAIN ADDITIONAL FEDERAL INCOME TAX MATTERS

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

Loan Eligibility Requirements Imposed by the Code

The Code contains the following loan eligibility requirements that are applicable to the Offered Bonds Mortgage Loans financed by the Tax-Exempt Bonds, the Reallocated Mortgage Loans reallocated to the Series 213 Bonds and the portions of any Mortgage Loan otherwise attributable to the Tax-Exempt Bonds for Federal income tax purposes (collectively, the “Tax-Exempt Bonds Mortgage Loans”) in order that interest on the Tax-Exempt Bonds not be included in gross income for Federal income tax purposes retroactive to the date of the issuance thereof. These requirements apply to the Tax-Exempt Bonds Mortgage Loans. Certain documents have been adopted by the Agency that establish procedures to be followed in connection with the Tax-Exempt Bonds Mortgage Loans in order to assure that interest paid on the Tax-Exempt Bonds not be included in gross income for Federal income tax purposes under the Code (the “Program Documents”).

Residence Requirement

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

First-Time Homebuyer Requirement

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

New Mortgage Requirement

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

Purchase Price Limitation

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

Income Limitation

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

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

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

Requirements as to Assumptions

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

General

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

Other Requirements Imposed by the Code

General

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

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

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

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

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

Recapture Provision

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

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

Required Redemptions

The Code requires redemption of certain qualified mortgage bonds issued after 1988 from unexpended proceeds required to be used to make mortgage loans that have not been used within 42 months from the date of issuance (or the date of issuance of the original bonds in the case of refundings of unexpended proceeds), except for a \$250,000 de minimis amount. As a result, the Agency may be required by the Code to redeem Bonds from proceeds attributable to those Bonds not used to make Mortgage Loans. Additionally, for bonds issued after 1988, the Code permits repayments (including prepayments) of principal of mortgage loans financed with the proceeds of an issue of bonds to be used to make additional mortgage loans for only 10 years from the date of issuance of the bonds (or the date of issuance of the original bonds in the case of refundings), after which date

such amounts must be used to redeem bonds, except for a \$250,000 de minimis amount (this is the “Ten-Year Rule” described above). As a result, the Agency may be required by the Code to redeem the Tax-Exempt Bonds from repayments (including prepayments) of principal of Offered Bonds Mortgage Loans, Reallocated Mortgage Loans, Offered Bonds DPALs or Mortgage Loans otherwise attributable to the Tax-Exempt Bonds for Federal tax purposes.

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APPENDIX B

SINKING FUND REQUIREMENTS

Date	Series 213 Bonds maturing October 1, 2033	Series 213 Bonds maturing October 1, 2038	Series 213 Bonds maturing October 1, 2043	Series 213 PAC Bonds maturing October 1, 2047	Series 214 Bonds maturing October 1, 2023	Series 215 Bonds maturing October 1, 2048	Series 216 Bonds maturing October 1, 2048
April 1, 2023					\$1,945,000		
October 1, 2023					1,990,000†		
April 1, 2024							
October 1, 2024							
April 1, 2025							
October 1, 2025							
April 1, 2026							
October 1, 2026							
April 1, 2027							
October 1, 2027							
April 1, 2028							
October 1, 2028							
April 1, 2029							
October 1, 2029							
April 1, 2030							
October 1, 2030							
April 1, 2031							\$ 490,000
October 1, 2031							500,000
April 1, 2032	\$2,950,000						515,000
October 1, 2032	3,010,000						525,000
April 1, 2033	3,075,000						535,000
October 1, 2033	3,150,000†						550,000
April 1, 2034		\$2,390,000				\$ 430,000	560,000
October 1, 2034		2,445,000				850,000	575,000
April 1, 2035		2,500,000				865,000	585,000
October 1, 2035		2,550,000				885,000	600,000
April 1, 2036		2,605,000				905,000	615,000
October 1, 2036		2,665,000				925,000	625,000
April 1, 2037		2,720,000				945,000	640,000
October 1, 2037		2,755,000				955,000	650,000
April 1, 2038		2,795,000				970,000	655,000
October 1, 2038		2,795,000†				970,000	655,000
April 1, 2039			\$2,760,000			1,615,000	765,000
October 1, 2039			2,705,000			1,820,000	790,000
April 1, 2040			2,770,000			960,000	650,000
October 1, 2040			2,825,000			980,000	665,000
April 1, 2041			2,890,000			1,000,000	680,000
October 1, 2041			2,950,000			1,025,000	695,000
April 1, 2042			3,015,000			1,045,000	710,000
October 1, 2042			3,080,000			1,065,000	725,000
April 1, 2043			3,150,000			1,090,000	740,000
October 1, 2043			1,685,000†			1,110,000	755,000
April 1, 2044				\$3,250,000		1,125,000	765,000
October 1, 2044				3,300,000		1,145,000	775,000
April 1, 2045				3,380,000		1,170,000	795,000
October 1, 2045				3,450,000		1,200,000	810,000
April 1, 2046				3,525,000		1,225,000	830,000
October 1, 2046				3,590,000		1,245,000	845,000
April 1, 2047				3,660,000		1,270,000	860,000
October 1, 2047				310,000†		4,770,000	875,000
April 1, 2048						5,095,000	890,000
October 1, 2048						6,345,000†	1,105,000†

† Final Maturity.

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BOOK ENTRY ONLY

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

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

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

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

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

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Offered Bonds documents. For example, Beneficial Owners of the Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

A Beneficial Owner shall give notice to elect to have its Variable Rate Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Variable Rate Bonds by causing the Direct Participant to transfer the Participant's interest in the Variable Rate Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of the Variable Rate Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Variable Rate Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Variable Rate Bonds to the Tender Agent's DTC account.

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

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

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

THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OFFERED BONDS, OR OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER, OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

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

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

The Resolution provides for issuance of bond certificates (the “Replacement Bonds”) directly to registered owners of such Bonds other than DTC or its nominee, but only in the event that (a) DTC determines not to continue to act as securities depository for such Bonds; (b) the Agency has advised DTC of its determination that DTC is incapable of discharging its duties; or (c) the Agency has determined that it is in the best interest of the Agency not to continue the book-entry system of transfer or that interests of the Beneficial Owners of such Bonds might be adversely affected if the book-entry system of transfer is continued. Upon occurrence of the events described in (a) or (b) above, the Agency shall either establish its own book-entry system or attempt to locate another securities depository and, in connection with retaining the services of such replacement securities depository, may amend certain of the procedures described in this Appendix C to Part 1. If the Agency does not establish its own book-entry system or fails to locate another securities depository to replace DTC, the Agency shall have authenticated and delivered Replacement Bonds in certificate form. In the event the Agency makes the determination noted in (b) or (c) above (the Agency undertakes no obligations to make any investigation to determine the occurrence of any events that would permit the Agency to make any such determination) and mails an appropriate notice to DTC, the Agency shall cause to be authenticated and delivered Replacement Bonds in certificate form. Interest on the Replacement Bonds will be payable by check mailed to each registered owner of such Replacement Bond at the address of such registered owner as it appears in the bond register maintained by or on behalf of the Agency, and principal, Redemption Price, or purchase price, as applicable, of Replacement Bonds will be payable at the principal corporate trust office of the Trustee. Replacement Bonds will be transferable only by presentation and surrender to the Agency, or an agent of the Agency to be designated in the Replacement Bonds, together with an assignment duly executed by the owner of the Replacement Bond or by such owner’s representative in form satisfactory to the Agency, or any agent of the Agency, and containing information required by the Agency in order to effect such a transfer. For purposes of this Official Statement, at any time after Replacement Bonds have been issued, references to Bondowners mean the registered owners of such Replacement Bonds and references to such Bonds mean such Replacement Bonds.

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

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**FORM OF PROPOSED APPROVING AND FEDERAL AND STATE TAX EXEMPTIONS
OPINION OF BOND COUNSEL**

State of New York Mortgage Agency
New York, New York

Dear Directors:

As Bond Counsel to the State of New York Mortgage Agency (the “Agency”), a corporate governmental agency constituting a political subdivision and a public benefit corporation of the State of New York (the “State”) organized and existing under and pursuant to the State of New York Mortgage Agency Act, Chapter 612 of the 1970 Laws of the State, being Title 17 of Article 8 of the Public Authorities Law, as amended (the “Act”), we have examined a record of proceedings relating to the issuance by the Agency, of Homeowner Mortgage Revenue Bonds, Series 213 in the aggregate principal amount of \$116,125,000 (the “Series 213 Bonds”), Homeowner Mortgage Revenue Bonds, Series 214 in the aggregate principal amount of \$31,135,000 (the “Series 214 Bonds”), Homeowner Mortgage Revenue Bonds, Series 215 in the aggregate principal amount of \$45,000,000 (the “Series 215 Bonds”) and Homeowner Mortgage Revenue Bonds, Series 216 in the aggregate principal amount of \$25,000,000 (the “Series 216 Bonds” and, together with the Series 213 Bonds, the Series 214 Bonds and the Series 215 Bonds, the “Bonds”).

The Bonds are issued under and pursuant to (i) the Act, (ii) the Homeowner Mortgage Revenue Bonds General Resolution, adopted on September 10, 1987, as amended and restated on July 28, 2005 and as supplemented on December 13, 2006 and September 17, 2008 (the “General Resolution”), (iii) the Homeowner Mortgage Revenue Bonds Series Resolution, adopted on January 25, 2018 (the “Series Resolution”), (iv) the Homeowner Mortgage Revenue Bonds Series 213 Series Certificate (the “Series 213 Series Certificate”), dated as of November 8, 2018 and delivered as of November 15, 2018, (v) the Homeowner Mortgage Revenue Bonds Series 214 Series Certificate (the “Series 214 Series Certificate”), dated as of November 8, 2018 and delivered as of November 15, 2018, (vi) the Homeowner Mortgage Revenue Bonds Series 215 Series Certificate (the “Series 215 Series Certificate”), delivered as of November 15, 2018 and (vii) the Homeowner Mortgage Revenue Bonds Series 216 Series Certificate (the “Series 216 Series Certificate”), delivered as of November 15, 2018 (together with the General Resolution, the Series Resolution, the Series 213 Series Certificate, the Series 214 Series Certificate and the Series 215 Series Certificate, the “Resolution”). The Bonds are dated, mature on the dates in the principal amounts, bear interest, if any, and are payable as provided in the Resolution. The Bonds are subject to redemption prior to maturity in whole or in part as set forth in the Resolution.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance of the Series 213 Bonds and the Series 214 Bonds (collectively, the “Tax-Exempt Bonds”) in order that interest on the Tax-Exempt Bonds be and remain excluded from gross income under the Code. These requirements include, but are not limited to, requirements relating to use and expenditures of gross proceeds of the Tax-Exempt Bonds, yield and other restrictions on investment of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Tax-Exempt Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Agency has adopted documents with respect to its program (the “Program Documents”) that establish procedures under which, if followed, such requirements can be met. The Agency has covenanted in the Resolution to at all times perform all acts and things permitted by law and necessary and desirable in order to assure that interest paid on the Tax-Exempt Bonds shall not be included in gross income for Federal income tax purposes under the Code. We have relied upon such covenant and have assumed compliance by the Agency with and enforcement by the Agency of the provisions of the Resolution and the Program Documents. In rendering this opinion, we also have relied on certain

representations, certification of fact, and statements made by the Agency and others in connection with the Bonds.

We are of the opinion that:

1. The Agency is duly created and validly existing under the Act.
2. The Resolution has been duly adopted by the Agency and is valid and binding upon the Agency.
3. The Bonds are valid and legally binding special obligations of the Agency secured in the manner and to the extent set forth in the Resolution and are entitled to the benefit, protection, and security of the provisions, covenants, and agreements contained therein.
4. The Bonds do not constitute a debt of the State or of any municipality, and neither the State nor any municipality shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Agency pledged therefor.
5. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (ii) interest on the Series 213 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax; and (iii) interest on the Series 214 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and, for tax years beginning before January 1, 2018, on corporations under the Code.
6. Under existing statutes and court decisions, interest on the Series 215 Bonds and the Series 216 Bonds is included in gross income for Federal income tax purposes pursuant to the Code.
7. Interest on the Bonds is exempt from personal income taxes imposed by the State and any political subdivision thereof (including The City of New York), and the Bonds are also exempt from all taxation directly imposed thereon by or under the authority of the State except for estate or gift taxes or taxes on transfers.

We express no opinion regarding any other Federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to our attention, any change in law or in interpretations thereof that may thereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding Federal, state or local tax matters, including without limitation, exclusion from gross income for Federal income tax purposes of interest on the Bonds or under state and local tax law. We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Bonds and express herein no opinion relating thereto.

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

We have examined an executed Series 213 Bond, Series 214 Bond, Series 215 Bond and Series 216 Bond, and, in our opinion, the forms of said Bonds and their execution are regular and proper.

Very truly yours,

STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 2

Relating to

Homeowner Mortgage Revenue Bonds

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

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STATE OF NEW YORK MORTGAGE AGENCY

OFFICIAL STATEMENT PART 2 Relating to Homeowner Mortgage Revenue Bonds

INTRODUCTION

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

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

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

BONDS AND NOTES

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

The Act provides that the Agency shall not issue bonds, notes, or other obligations, the interest on which is included in gross income for Federal income tax purposes (“taxable bonds”), in an aggregate principal amount exceeding \$1,000,000,000, excluding bonds, notes, or other obligations issued to refund outstanding bonds, notes, or other obligations. The Agency’s Board of Directors is directed under the Act to establish (i) program guidelines in connection with the use of taxable bond proceeds for the purchase of mortgage loans and (ii) income limits for persons eligible to receive mortgages financed by taxable bonds.

As of August 31, 2018, the Agency had issued approximately \$17,562,351,000[†] aggregate principal amount of tax-exempt and taxable bonds, of which approximately \$2,617,675,000 of housing bonds were outstanding as of August 31, 2018, which includes \$1,997,590,000 Outstanding Bonds, not including premium, under the General Resolution. On October 1, 2018, the Agency redeemed \$14,710,000 aggregate principal amount of Bonds. In addition to the expected redemption of the \$23,605,000 of Refunded Bonds and an additional \$100,000 of Series 162 Bonds using Revenues on November 15, 2018, in December 2018, the Agency expects to apply Revenues and Principal Prepayments to redeem approximately \$55,000,000 of Bonds, which constitutes the Prior Series Bonds expected to be treated for Federal tax purposes as being refunded by the Replacement Refunding Bonds.

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

THE AGENCY

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

Directors and Certain Officers

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

The current directors of the Agency are as follows:

KENNETH ADAMS, Chairman: Appointed by the Governor in June 2017 — Dean of Workforce and Economic Development at Bronx Community College, City University of New York.

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

ROBERT MUJICA, Director, *ex officio*: Appointed Director of the Budget in January 2016.

JOYCE L. MILLER, Director: Appointed by the Governor in June 2016 — Founder and CEO of Tier One Public Strategies.

DAVID E. KAPPELL, Director: Appointed by the State Comptroller in February 2017.

JONATHAN A. BALLAN, Director: Appointed by the Temporary President of the State Senate in January 2018 — Partner, Cozen O’Connor.

[†] Since some of these bonds refunded other bonds of the Agency, as of August 31, 2018, only a principal amount of and premium with respect to such bonds (i) not exceeding \$9,080,542,871 was subject to the Agency’s \$10,220,000,000 tax-exempt bond issuance limit under the Act, and (ii) not exceeding \$571,795,730 was subject to the Agency’s \$1,000,000,000 taxable bond issuance limit under the Act.

The following lists certain officers of the Agency:

RUTHANNE VISNAUSKAS, Executive Director and Chief Executive Officer. Ms. Visnauskas was appointed Executive Director and Chief Executive Officer on March 9, 2017.

ELIZABETH MALLOW, Senior Vice President and Executive Deputy Commissioner and Chief Operating Officer. Ms. Mallow was appointed Senior Vice President and Executive Deputy Commissioner and Chief Operating Officer on September 10, 2015.

DIANA NEBIOLO, Senior Vice President, Office of Professional Services. Ms. Nebiolo was appointed Senior Vice President in June 2017.

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

LINDA S. MANLEY, Senior Vice President and Counsel. Ms. Manley joined the Agency in 2016 and was appointed Senior Vice President and Counsel on March 9, 2017.

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

DINA LEVY, Senior Vice President for Single Family and Community Development. Ms. Levy was appointed Senior Vice President for Single Family and Community Development as of July 17, 2017.

SHERRI ECKLES, Senior Vice President of Single-Family Programs. Ms. Eckles joined the Agency in 2014 and was appointed Senior Vice President for Single Family Programs in September 2015.

NICOLE FERREIRA, Senior Vice President for Bond Finance. Ms. Ferreira was appointed Senior Vice President for Bond Finance in September 2017.

JAMES MCINTYRE, Director of Capital Markets, Vice President, Debt Issuance. Mr. McIntyre was appointed Director of Capital Markets and Vice President, Debt Issuance on July 12, 2018.

MIULINA NG, Vice President, Debt Issuance. Ms. Ng was appointed Vice President, Debt Issuance on June 14, 2015. Ms. Ng joined the Agency in May 1999.

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

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

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

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

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

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

Organization

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

As of August 31, 2018, the full-time staff of the Agency consisted of 154 persons, including persons with expertise in the areas of mortgage finance, mortgage underwriting and servicing, finance, residential and commercial development, insurance, and law.

The division of Finance and Development is supervised by the Senior Vice President for Bond Finance and includes all aspects of the structuring, pricing and sale in connection with the issuances of bonds by the Agency and the other agencies that have been integrated. This includes the Agency’s debt issuances, including bonds (such as the Bonds) issued to finance the Program and student loans.

The Single-Family Program Division is supervised by the Senior Vice President for Single Family and Community Development. The Single-Family Program Division’s responsibilities include overall supervision and operation of the Agency’s mortgage purchase program. The Single-Family Program Division includes an experienced staff which supervises compliance by lending institutions with the Agency’s Program requirements, including compliance with the mortgage eligibility criteria established pursuant to the applicable provisions of the Code. The Single-Family Program Division also monitors and supervises the Agency’s existing mortgage loan portfolio (including oversight of foreclosures and real estate acquired through foreclosures) and the institutions that service the Agency’s mortgage loans. The Single-Family Program Division currently consists of 36 persons.

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

The Senior Vice President and Counsel is responsible for legal affairs of the Agency, and oversees a staff of attorneys with experience in public finance law and real estate law.

The MIF is under the supervision of the Senior Vice President for the Mortgage Insurance Fund Division who reports directly to the Chief Executive Officer. The MIF’s responsibilities include development and implementation of the Agency’s mortgage insurance program. The Act authorizes the MIF to provide mortgage pool insurance (i) for certain mortgage loans which the Agency purchases and (ii) for certain other entities. The Act also authorizes the MIF to provide primary mortgage insurance on single family mortgage loans and multi-family mortgage loans. The MIF consists of legal, underwriting and risk evaluation, administrative, and servicing units staffed by 8 persons.

Independent Auditors

The financial statements of the Agency as of and for the years ended October 31, 2016 and 2017, included in Appendix A of this Official Statement, have been audited by Ernst & Young LLP (“Ernst & Young”), independent auditors, as stated in their report appearing therein. Ernst & Young has not audited the financial information and operating data of the Agency dated subsequent to October 31, 2017 contained herein and in Part 1 of this Official Statement.

Financial Statements

Pursuant to current State law, the Agency is required, within ninety (90) days after the end of each of its Fiscal Years, to submit its financial statements for such Fiscal Year to various entities within State government. The Agency’s Board approved its financial statements for the Fiscal Year 2017 on January 25, 2018 and the Agency made its legally required filings. In addition, the General Resolution sets forth requirements regarding the delivery of financial statements to the Trustee. See “Summary of Certain Provisions of the General Resolution — Annual Audit and Report.” Also, the Agency has additional requirements for delivery of its financial statements under the Amended and Restated Master Disclosure Agreement. See “Continuing Disclosure Agreement” below and Appendix E — “Summary of Certain Provisions of the Amended and Restated Master Disclosure Agreement.”

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

The Governmental Accounting Standards Board (“GASB”) Statement No. 45 addresses how a state or local government employer should account for and report its costs and financial obligations related to post-employment healthcare and other non-pension benefits (“OPEB”) for current and future retired employees. For the year ended October 31, 2017, the Agency’s financial statements reflected an Unfunded Actuarial Accrued Liability (“UAAL”) of approximately \$51.9 million as a liability of its General Operating Fund, an increase from the UAAL of \$49.1 million for the year ended October 31, 2016. The UAAL is a computation of the present value of the difference between the Agency’s total obligation for OPEB (which is not provided for by future normal costs) and the assets the Agency has set aside for funding such OPEB. The Agency has elected to pay OPEB on a “pay as you go” basis. The Agency also elected to record the entire amount of the UAAL, rather than recognize the amount over a period not greater than 30 years, as permitted by GASB 45. Moneys currently held under the Resolution may be used to pay Agency expenses, including OPEB, only if and to the extent such moneys either are (a) included within the amounts permitted to be paid to the Agency as Expenses or (b) amounts permitted to be withdrawn from the pledge and lien of the Resolution upon the satisfaction of certain conditions. See “Sources of Payment and Security for the Bonds — Cash Flow Statements,” and “Summary of Certain Provisions of the Resolution — Revenue Fund; Application of Revenues,” “— Expense Fund,” and “— General Fund.”

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Agency is currently evaluating the impact that the adoption of this standard will have on its financial statements.

State Fiscal Year 2018-2019 Enacted Budget Provisions

The current Enacted Budget (each State fiscal year is for the twelve-month period from April 1 of a calendar year to and including March 31 in the next succeeding calendar year) requires certain transfers of moneys in the aggregate amount of \$55 million, subject to the approval of Director of the Budget of the State of

New York, from (a) the Special Account in an amount up to the available excess balance in the Special Account, as calculated in accordance with the Act for the State Fiscal Year 2017-2018 (the “Excess Balance Funds”), and/or (b) the Project Pool Insurance Account, provided that, at the time of each transfer from the Project Pool Insurance Account the reserves remaining in the Project Pool Insurance Account are sufficient to attain and maintain the credit rating required to accomplish the purposes of the Project Pool Insurance Account (as determined by the Agency) (the “Project Pool Funds”). There can be no assurances as to what effect, if any, any such transfer may have on the then-current rating of the Project Pool Insurance Account by any rating agency.

Assuming satisfaction of the above referenced conditions precedent, six transfers of Excess Balance Funds and/or Project Pool Funds in the aggregate amount of up to \$55 million have been or will be made as follows: three to the Housing Trust Fund Corporation in an aggregate amount of \$35.667 million which were made prior to June 30, 2018, two to the Homeless Housing and Assistance Corporation in the aggregate amount of up to \$10.333 million to be made no later than March 31, 2019 (of which one transfer in the amount of \$5,333,000 was made on June 14, 2018) and one to the Municipal Bond Bank Agency in the amount of \$9 million which was made on July 31, 2018. The Housing Trust Fund Corporation is a subsidiary of the New York State Housing Finance Agency, one of the public authorities integrated with the Agency.

Provisions similar to the transfer provisions were enacted as part of the Enacted Budget for State Fiscal Year 2017-2018 resulting in transfers to the Housing Trust Fund Corporation, the Housing Finance Agency, the Homeless Housing and Assistance Corporation, the Community Restoration Fund and the Municipal Bond Bank Agency from (a) the Project Pool Insurance Account in the aggregate amount of \$99,397,781, and (b) the Special Account in the aggregate amount of \$53,602,219 from available Excess Balance Funds for State Fiscal Year 2016-2017. Similar provisions enacted as part of prior State Enacted Budgets resulted in transfers (i) in State Fiscal Year 2016-2017 from the Project Pool Account in the aggregate amount of \$100 million and the Special Account in the aggregate amount of \$50 million to the Housing Trust Fund Corporation, the Housing Finance Agency and the Homeless Housing and Assistance Corporation, (ii) in State Fiscal Year 2015-2016 from the Project Pool Insurance Account in the aggregate amount of \$75 million and the Special Account in the aggregate amount of \$50 million to the Housing Finance Agency, the Housing Trust Fund Corporation and the Homeless Housing and Assistance Corporation, (iii) in State Fiscal Year 2014-2015 from the Project Pool Insurance Account in the aggregate amount of \$75.418 million to the Housing Trust Fund Corporation and the Housing Finance Agency, (iv) in State Fiscal Year 2013-2014 from the Project Pool Insurance Account in the aggregate amount of \$135.952 million to the State General Fund, the Housing Finance Agency and the Housing Trust Fund Corporation, and (v) in State Fiscal Years 2012-2013 and 2008-2009 from the Project Pool Insurance Account to the State General Fund, each in the amount of \$100 million. Pursuant to separately enacted legislation, in State Fiscal Year 2016-2017 transfers from the Special Account in the aggregate amount of \$25 million were made to the Municipal Bond Bank Agency.

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

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

Related Matters

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

authorities in the State (including the Agency) and their financing programs. Any of such periodic studies could result in proposed legislation that, if adopted, could affect the Agency and its operations.

Continuing Disclosure

The Agency has covenanted, in an Amended and Restated Master Continuing Disclosure Agreement by and between the Agency and the Trustee (the “Amended and Restated Master Disclosure Agreement”), for the benefit of the Holders and Beneficial Owners (each as defined in Appendix E to this Part 2) of the Offered Bonds to provide certain financial information and operating data relating to the Agency (the “Annual Financial Information”) by not later than 180 days following the end of the Agency’s then current fiscal reporting period, commencing with the reporting period ending October 31, 1996, and to provide notices of the occurrence of certain enumerated events. The Amended and Restated Master Disclosure Agreement requires that the Annual Financial Information be filed by the Agency with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access portal, EMMA. The Amended and Restated Master Disclosure Agreement requires that notices of listed events be filed by the Agency with EMMA. The specific nature of the information to be contained in the Annual Financial Information or the notices of listed events is summarized in Appendix E — “Summary of Certain Provisions of the Amended and Restated Master Disclosure Agreement.” These covenants have been made in order to assist the underwriters of the Offered Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, as amended (the “Rule”).

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Pledge of the Resolution

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

“Pledged Property” is defined by the General Resolution to include (i) the proceeds of the sale of the Bonds, (ii) principal and interest payments on the Mortgage Loans and Collateral Mortgage Loans received by or on behalf of the Agency including any payments by a borrower under a Mortgage Loan or Collateral Mortgage Loan (a “Mortgagor”) or other recovery of principal on a Mortgage Loan or a Collateral Mortgage Loan which is not applied to a scheduled installment of principal and interest on a Mortgage Loan or a Collateral Mortgage Loan and all prepayment premiums or penalties received with respect to the Mortgage Loans and Collateral Mortgage Loans, (iii) any payments received with respect to any Mortgage Loan or Collateral Mortgage Loan under any insurance policy or guarantee or under any fidelity bond (to the extent not applied to the repair or restoration of any mortgaged premises) and any amounts received in connection with the liquidation of a defaulted Mortgage Loan or a defaulted Collateral Mortgage Loan, (iv) proceeds of the sale of Mortgage Loans and Collateral Mortgage Loans by or on behalf of the Agency, (v) all other moneys in all Funds and Accounts established under the Resolution, including the investments, if any, thereof and the earnings, if any, thereon until applied in accordance with the Resolution, and (vi) all right, title and interest of the Agency in and to the Mortgage Loans and Collateral Mortgage Loans. Pledged Property does not include (a) any amounts paid or payable under the Mortgage Loans or Collateral Mortgage Loans as to which the Mortgagor is required to be given a credit under the Code, (b) any moneys received as to which a Mortgagor is required to be given a credit under the Code or which are required under the Code to be rebated to Mortgagors or to the United States, and (c) Mortgage Loan accrued interest not purchased by the Agency. In addition, the pledge of Funds and Accounts established in a Series Resolution may be limited in purpose and time, as set forth in such Series Resolution. Clause (v) of the definition includes receipts, if any, in connection with Pledged CCALs, although the Pledged CCALs are interest free loans and the Agency will only recover a declining portion of the principal amount of any Pledged CCAL if the borrower sells the related property at a gain during the first ten years of the loan term.

Amounts on deposit in the Funds and Accounts may be applied only as provided in the General Resolution. Amounts in the General Fund may, *however*, at the request of the Agency, be withdrawn free and clear of the pledge of the General Resolution; *provided, however*, that (i) no such withdrawal shall be made unless the Agency files a Cash Flow Certificate with the Trustee and (ii) no such withdrawal shall be made in excess of the amount which the Agency could so withdraw as shown in the last Cash Flow Statement filed with the Trustee *unless* the Agency files a new Cash Flow Statement with the Trustee that shows that, following such withdrawal, the amounts on deposit in all Funds and Accounts (other than the Costs of Issuance Fund, the Expense Fund and the Interest Account and excluding the principal amount of any Security Arrangements credited to the Debt Reserve Fund or Loan Loss Fund) plus the aggregate principal balances of all Mortgage Loans and Collateral Mortgage Loans (collectively, the “Test Assets”) shall at least equal 101% of the sum of the aggregate principal amount of Bonds Outstanding and the aggregate principal amount of any additional amounts attributable to Parity Principal (collectively, the “Test Liabilities”) and which Cash Flow Statement projects available money sufficient to pay debt service when due in the then current and each succeeding Fiscal Year, and demonstrates the funding of the Debt Reserve Fund and the Loan Loss Fund to their respective Requirements. See “Cash Flow Statements.” The most recent Cash Flow Statement, dated November 15, 2017 delivered in connection with the issuance of the most recent Series of Bonds, reflects that the Test Assets exceeded 101% of the Test Liabilities. See “Sources of Payment and Security for the Bonds — Cash Flow Statements”.

Mortgage Loans

See “The Program” for information regarding the Agency’s current Program for originating Mortgage Loans. Also see certain information regarding the Mortgage Loans as set forth in Appendix D — “Certain Agency Financial Information and Operating Data —Mortgage Loans” and Part 1 “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — Mortgages.”

General

The following is a description of the requirements applicable to Mortgage Loans purchased or to be purchased with proceeds of the Offered Bonds, the Prior Series Bonds and other moneys available under the General Resolution. The Agency may revise the requirements imposed on Mortgage Loans to be purchased in the future by the Agency with the proceeds of any or all Series of Bonds or other moneys available under the General Resolution, subject to the provisions of the General Resolution, the applicable Series Resolution, the Act, and the Code. Substantially similar requirements applied to those mortgage loans originally financed by the Agency with proceeds of the Agency’s Mortgage Revenue Bonds and then subsequently acquired by the Agency with proceeds of certain Prior Series Bonds. The Agency most recently effectuated such an acquisition of mortgage loans using proceeds attributable to the Series 182 Bonds, the Series 183 Bonds and the Series 184 Bonds (the Mortgage Loans acquired with proceeds of the aforementioned Bonds are referred to herein as the “MRB Originated Series 182/183/184 Mortgage Loans”).

Requirements of the Act

Each of the General Resolution and the MRB Resolution provides that no Mortgage Loan may be purchased by the Agency with the proceeds of Bonds or other moneys available under the General Resolution unless the Mortgage Loan complies with the provisions of the Act. There is no assurance that the Act will not be amended in the future. The Act currently requires, among other things, that the Mortgage Lender warrant with respect to each Mortgage Loan which finances the acquisition of a one-to-four-unit residence (including a condominium or cooperative unit) that (i) the Mortgage Lender has no notice of any counterclaim, offset, or defense asserted by the Mortgagor with respect to the Mortgage Loan; (ii) the Mortgage Loan is evidenced by a bond or promissory note and a mortgage document that has been properly recorded and constitutes a valid first lien on the property *subject* only to real property taxes not yet due, installments of assessments not yet due, and easements and restrictions of record that do not materially adversely affect the use or value of the property; (iii) the Mortgagor is not in default under the Mortgage Loan; and (iv) the improvements to the property financed

by the Mortgage Loan are covered by a valid and subsisting insurance policy issued by a company authorized by the State Superintendent of Financial Services to issue such policies in the State and providing fire and extended coverage in an amount not less than 80% of the insurable value of the improvements to the mortgaged property (*except* that, due to changes in State law, the Agency may not be able to require that such insurance provide coverage in excess of the replacement value of the financed property). The Act permits the financing of cooperative units secured by an assignment or transfer of the benefits of cooperative ownership. The Act currently requires, among other things, that the Mortgage Lender warrant with respect to each Mortgage Loan which finances a loan to improve, rehabilitate, reconstruct, or redevelop a one-to-four-unit residence the same items set forth in (i) and (iii) of the third sentence of this paragraph, and that (i) the Mortgage Loan is evidenced and secured in the manner specified in the Mortgage Lender's undertaking to the Agency and all required loan documents have been properly recorded with any appropriate public official; (ii) the Mortgage Loan is secured by the security described to the Agency subject only to liens, security interests, and encumbrances described to the Agency; and (iii) the Mortgage Loan is insured or guaranteed by the United States or any agency thereof or by a firm that is authorized by the State Superintendent of Financial Services to issue such policies in the State.

Requirements of the General Resolution

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

Requirements of the Series Resolutions

Each Series Resolution with respect to the Prior Series Bonds and the Offered Bonds generally sets forth the following Series Program Determinations for single family Mortgage Loans purchased or to be purchased with the proceeds of the applicable Series of Bonds (and related Revenues (including Principal Prepayments)): (a) each residence to which each Mortgage Loan relates must be a principal residence; (b) the promissory note for each Mortgage Loan must be endorsed to the Agency, each Mortgage Loan must be assigned to the Agency, and the Mortgage Loan must constitute a valid first lien mortgage, a valid second lien mortgage, or both (or, with respect to a cooperative unit, the loan must be secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises); (c) each Mortgage Loan must relate to a one-to-four-unit residential structure or condominium or cooperative unit; (d) each Mortgage Loan must be for a term not exceeding 40 years, bear interest at fixed rate(s) (which may include stepped coupon interest rates), and provide for approximately equal monthly payments (taking into account the interest rate(s) thereon); and (e) generally, Mortgage Loans must be (X)(i) conventional mortgage loans with primary mortgage insurance ("PMI") from private insurers, (ii) conventional mortgage loans with PMI issued

by the Agency, or (iii) insured by the Federal Housing Administration (“FHA”), or (Y) loans determined by the Agency with respect to which no private or governmental insurance or guarantee will be required, or (Z) mortgage loans insured or guaranteed by any other entity, if insuring or guaranteeing mortgage loans by such entity will not, in and of itself, adversely affect the then-existing rating assigned by Moody’s Investors Service, Inc. (“Moody’s”) to the Bonds. To the extent that a Mortgage Loan is covered by PMI, the period of coverage is limited by Federal law. Certain of the Series Resolutions (including the Series Resolution with respect to the Offered Bonds) provide that such Mortgage Loans may be guaranteed by the United States Department of Veterans Affairs, formerly the Veterans Administration (the “VA”) and the Rural Development, formerly the Farmers Home Administration of the United States Department of Agriculture (the “RD”). The Series Resolutions for all Series of Outstanding Bonds beginning with Series 163 authorize the use of Bond proceeds to finance second lien loans such as the Pledged DPALs. The Agency has never purchased, and does not currently intend to purchase, any home improvement loans. Series Program Determinations may be amended by the Agency at any time if, in addition to certain other requirements, (1) such amendment, in and of itself, will not adversely affect either the then-existing rating assigned to the Bonds by Moody’s, or (2) such action will not adversely affect the interests of the Owners. Series Program Determinations for Mortgage Loans to be purchased with proceeds attributable to any Additional Bonds (and related Revenues (including Principal Prepayments)) will be determined at the time that such Additional Bonds are issued.

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

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

Requirements of the Code

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

Delinquencies

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

Pledged CCALs

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

Debt Reserve Fund

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

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

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

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

Loan Loss Fund

The General Resolution provides that as of any particular date of calculation there shall be on deposit in the Loan Loss Fund an amount equal in the aggregate to the aggregate of all amounts required to be deposited in or credited to and maintained in such Fund by each Series Resolution authorizing a Series of Outstanding Bonds, at least equal in the aggregate to one per centum (1%) of the sum of (i) the outstanding principal balance

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

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

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

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

Additional Bonds

The General Resolution provides that the Agency may issue Additional Bonds, including refunding Bonds. See “Summary of Certain Provisions of the General Resolution—Issuance of Bonds.” In addition, the Agency may issue any obligations or agree to pay Subordinated Contract Obligations which are payable from or secured by a lien on and pledge of the Pledged Property so long as such lien and pledge shall be in all respects subordinate to the lien and pledge created by the General Resolution. Additional Bonds may have interest payment dates that differ from such dates for the Prior Series Bonds and the Offered Bonds.

Cash Flow Statements

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

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

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

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

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

Interest Rate Swap Agreements

As of August 31, 2018, the Agency had four existing interest rate swap agreements, two of which terminated according to their terms on October 1, 2018. The Agency entered into three new swap agreements, as described below, and expects to enter into one or more interest rate swap agreements expected to relate to one or more Series of the Variable Rate Bonds. The swap agreements as of August 31, 2018 are referred to as the

“Swap Agreements.” As of August 31, 2018, approximately \$217,645,000 principal amount of Bonds bearing variable interest rates were not the subject of Swap Agreements, representing approximately 58% of the aggregate principal amount of the Agency’s Bonds bearing variable interest rates.

Effective October 12, 2018, the Agency entered into a new swap agreement with Royal Bank of Canada relating to the Series 144 Bonds, the Series 199 Bonds and the Series 210 Bonds with an initial notional amount of \$90 million. Effective October 1, 2018, the Agency entered into new swap agreements with The Bank of New York Mellon and Wells Fargo Bank, N.A. relating to the Series 142 Bonds and the Series 159 Bonds with an initial notional amount of \$70 million and the Series 139 Bonds and the Series 207 Bonds with an initial notional amount of \$40 million, respectively. Pursuant to the swap agreement with Royal Bank of Canada, which is scheduled to terminate on October 1, 2028, the Agency pays a fixed rate of 2.7855%. Pursuant to the swap agreement with The Bank of New York Mellon, which is scheduled to terminate on, October 1, 2033, with earlier optional termination dates beginning October 1, 2028, the Agency pays a fixed rate of 2.5025%. Pursuant to the swap agreement with Wells Fargo Bank, N.A., which is scheduled to terminate on October 1, 2033, with earlier optional termination dates, the Agency pays a fixed rate of 2.489%. The Bank of New York Mellon is rated “AA-” with a stable outlook by S&P and “Aa2” with a stable outlook by Moody’s. Moody’s Counterparty Risk Assessment Rating is “Aa2.”

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

Each party to a swap agreement pays interest based on the then-notional amount. The per annum floating rate of interest (the “Floating Rate”) payable under each swap agreement (other than the swap agreement with respect to the Series 159 Bonds) to the Agency by the respective counterparty is equal to the sum of (i) 63% of one month USD-ICE-LIBOR plus (ii) 25 basis points. The Floating Rate payable under the swap agreement with respect to the Series 159 Bonds and the new swap agreement with Royal Bank of Canada is equal to the USD-SIFMA Municipal Swap Index. The Floating Rate payable to the Agency under each of the new swap agreements with The Bank of New York Mellon and Wells Fargo Bank, N.A. is equal to 75% of one month USD-LIBOR-BBA. The respective fixed rates payable by Agency on each swap agreement are set forth below.

For each of the swap agreements the Agency has the option of terminating such swap agreement in whole at any time, although one party will be required to compensate the other by paying a fee intended to approximate the market value of terminating such swap agreement. For additional information concerning each of the swap agreements, including the Agency’s potential obligation to compensate the respective counterparty, see Note 8 in Appendix A — “Financial Statements of the Agency and Independent Auditors’ Report” to this Part 2. The Agency also has the option of terminating certain of the swap agreements in whole or in part without payment of a termination fee by either party.

<u>Applicable Bond Series</u>	<u>Counterparty</u>	<u>Current Notional Amount as of 8/31/18 (000s)</u> ⁽¹⁾	<u>Scheduled Termination Date</u>	<u>Final Maturity Date of Applicable Bond Series</u>	<u>Fixed Rate Paid (%)</u>	<u>Counterparty Rating (S&P/Moody's)</u> ⁽²⁾
162, 207 ⁽⁹⁾	Royal Bank ⁽⁴⁾	\$30,000	October 1, 2018	⁽⁵⁾	3.1760	AA-/Aa2 ⁽⁴⁾
129, 162, 199, 207 ⁽³⁾	Wells Fargo ⁽⁶⁾	\$33,325 ⁽⁷⁾	October 1, 2035	⁽¹¹⁾	3.5870	A+/Aa2 ⁽⁶⁾
162, 199, 202, 207 ⁽¹⁰⁾	JPMorgan ⁽⁸⁾	\$34,000 ⁽⁷⁾	April 1, 2037	⁽¹²⁾	3.4783	A+/Aa2 ⁽⁸⁾
159	Royal Bank ⁽⁴⁾	\$60,000	October 1, 2018	October 1, 2038	3.5400	AA-/Aa2 ⁽⁴⁾

⁽¹⁾ As of August 31, 2018, the notional amount of each Swap Agreement is equal to, as applicable, the original principal amount of the related Series of Bonds or the related portion thereof. As noted in note (7) below, the notional amounts with respect to certain Swap Agreements will, as applicable, decline.

⁽²⁾ For information regarding the Agency's disclaimer with respect to ratings, see "Miscellaneous" in Part 1. The Agency undertakes no responsibility for updating any rating information included in this Official Statement. All ratings are based upon the information available on S&P's and Moody's respective websites, as of November 7, 2018.

⁽³⁾ This Swap Agreement was originally associated with the Series 129 Bonds. Portions of this Swap Agreement have been reallocated to the Series 162 Bonds, the Series 199 Bonds and the Series 207 Bonds. Upon redemption of the Series 162 Bonds in connection with the issuance of the Offered Bonds, the portion of this Swap Agreement associated with the Series 162 Bonds is expected to be reallocated to the Series 132 Bonds and the Series 210 Bonds.

⁽⁴⁾ Royal Bank of Canada. S&P Global Ratings rating outlook is stable. Moody's rating outlook is stable. Moody's Counterparty Risk Assessment Rating is Aa2.

⁽⁵⁾ The final maturity dates of the Series 162 Bonds and the Series 207 Bonds are, respectively, April 1, 2039 and April 1, 2047.

⁽⁶⁾ Wells Fargo Bank, N. A. S&P's rating outlook is stable. Moody's rating outlook is negative. Moody's Counterparty Risk Assessment Rating is Aa1.

⁽⁷⁾ The respective notional amounts of the Swap Agreement with Wells Fargo and the Swap Agreement with JPMorgan will decline periodically on each April 1 and October 1, commencing, respectively, April 1, 2018 and October 1, 2025.

⁽⁸⁾ JPMorgan Chase Bank, N.A. S&P's rating outlook is stable. Moody's rating outlook is stable. Moody's Counterparty Risk Assessment Rating is Aa1.

⁽⁹⁾ This Swap Agreement was originally associated with the Series 157 Bonds, which are no longer outstanding. Portions of this Swap Agreement have been reallocated to the Series 153 Bonds, the Series 162 Bonds and the Series 207 Bonds.

⁽¹⁰⁾ This Swap Agreement was originally associated with the Series 132 Bonds. Portions of this Swap Agreement have been reallocated to the Series 162 Bonds, the Series 199 Bonds, the Series 202 Bonds and the Series 207 Bonds. Upon redemption of the Series 162 Bonds in connection with the issuance of the Offered Bonds, the portion of this Swap Agreement associated with the Series 162 Bonds is expected to be reallocated to the Series 132 Bonds.

⁽¹¹⁾ The final maturity dates of the Series 129 Bonds, the Series 162 Bonds, the Series 199 Bonds and the Series 207 Bonds are, respectively, October 1, 2035, April 1, 2039, October 1, 2037 and April 1, 2047.

⁽¹²⁾ The final maturity dates of the Series 162 Bonds, the Series 199 Bonds, the Series 202 Bonds and the Series 207 Bonds are, respectively, April 1, 2039, October 1, 2037, October 1, 2034 and April 1, 2047.

STATUS OF OUTSTANDING HOMEOWNER MORTGAGE REVENUE BONDS^(†)
HOMEOWNER MORTGAGE REVENUE BONDS
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(000s)

	For the Ten Months Ending August 31, 2018 (Unaudited)⁽²⁾	For the Year Ended October 31, 2017⁽¹⁾
Revenues:		
Interest earned on mortgages	\$ 79,914	\$ 97,208
Investment Income:		
Investment earnings	10,011	6,151
Decrease from hedge termination	-	-
(Loss) Gain on sales of bondholder reserve investments	(2,266)	(2,660)
Other Income	<u>732</u>	<u>1,288</u>
Total Revenues	\$ 88,391	\$ 101,987
Expenses:		
Interest and amortization of expenses	\$ 47,327	\$ 56,951
General Expenses	6,057	5,735
Pool insurance	430	388
Other	<u>12,266</u>	<u>11,184</u>
Total Expenses	\$ 66,080	\$ 74,258
Excess of revenues over expenses before interfund transfers	\$ 22,311	\$ 27,729
Loss on extinguishment of debt	-	-
Interfund transfers	<u>(8,000)</u>	<u>(16,000)</u>
Excess of revenues over expenses	\$ 14,311	\$ 11,729
Net position, beginning of year	<u>435,702</u>	<u>423,973</u>
Net position, end of period	<u>\$ 450,013</u>	<u>\$ 435,702</u>

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

	August 31, 2018 (Unaudited)⁽²⁾	October 31, 2017⁽¹⁾
Assets		
Current Assets:		
Cash and investments	\$ 284,145	\$ 182,080
Mortgage loans receivable	98,552	100,185
Accrued interest receivable	7,153	7,130
Other Assets	<u>11,337</u>	<u>12,832</u>
Total Current Assets	\$ 401,187	\$ 302,227
Noncurrent Assets:		
Investments	\$ 77,295	\$ 94,976
Mortgage loans receivable	<u>2,029,352</u>	<u>1,917,865</u>
Total Non-current Assets	<u>2,106,647</u>	<u>2,012,841</u>
Total Assets	<u>\$ 2,507,834</u>	<u>\$ 2,315,068</u>
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	\$ 2,990	\$ 2,990
Deferred loss on refunding	<u>4,982</u>	<u>4,982</u>
Total deferred outflows of resources	<u>\$ 7,972</u>	<u>\$ 7,972</u>
Liabilities		
Current Liabilities:		
Bonds payable	\$ 80,715	\$ 123,940
Accrued interest payables	23,537	4,291
Unearned income, accounts payable and other liabilities	<u>10,071</u>	<u>8,219</u>
Total current liabilities	<u>\$ 114,323</u>	<u>\$ 136,450</u>
Noncurrent Liabilities:		
Bonds payable	\$ 1,935,413	\$ 1,734,831
Derivative instrument - interest rate swap	<u>16,057</u>	<u>16,057</u>
Total non-current liabilities	<u>\$ 1,951,470</u>	<u>\$ 1,750,888</u>
Total Liabilities	<u>\$ 2,065,793</u>	<u>\$ 1,887,338</u>
Total Net Position	<u>\$ 450,013</u>	<u>\$ 435,702</u>

† See "The Agency — Financial Statements."

⁽¹⁾ These amounts were derived and condensed from the audited Balance Sheet and Statements of Revenues, Expenses and Changes in Fund Balances as of October 31, 2017 and for the year then ended, included in Appendix A to this Part 2.

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

⁽³⁾ On February 16, 2018, in its most recent report regarding Rating Action with respect to Bonds, Moody's stated that the Agency's October 31, 2017 audited financial statements demonstrated with respect to Bonds and the Program a program asset to debt ratio (PADR) of 1.25 with Moody's adjustments.

OUTSTANDING HOMEOWNER MORTGAGE REVENUE BONDS BY MATURITY
As of August 31, 2018

<u>Due</u>	<u>Serial Bonds</u>	<u>Term Bonds⁽¹⁾</u>	<u>Total Bonds</u>
2018	\$10,800,000		\$ 10,800,000
2019	91,620,000		91,620,000
2020	96,555,000	\$ 275,000	96,830,000
2021	98,715,000	2,500,000	101,215,000
2022	79,495,000	16,710,000	96,205,000
2023	80,705,000	8,750,000	89,455,000
2024	49,510,000	50,550,000	100,060,000
2025	43,370,000	56,380,000	99,750,000
2026	34,815,000	49,405,000	84,220,000
2027	21,555,000	51,595,000	73,150,000
2028	22,920,000	45,190,000	68,110,000
2029	24,450,000	39,275,000	63,725,000
2030	8,085,000	54,270,000	62,355,000
2031		82,785,000	82,785,000
2032		72,325,000	72,325,000
2033		81,790,000	81,790,000
2034		90,695,000	90,695,000
2035		82,840,000	82,840,000
2036		74,915,000	74,915,000
2037		67,670,000	67,670,000
2038		53,855,000	53,855,000
2039		41,135,000	41,135,000
2040		34,325,000	34,325,000
2041		33,660,000	33,660,000
2042		42,390,000	42,390,000
2043		51,210,000	51,210,000
2044		42,725,000	42,725,000
2045		38,095,000	38,095,000
2046		31,570,000	31,570,000
2047		22,615,000	22,615,000
2048		15,495,000	15,495,000
Unamortized bond premium			18,538,000
TOTAL	<u>\$ 662,595,000</u>	<u>\$ 1,334,995,000</u>	<u>\$ 2,016,128,000⁽²⁾</u>

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

⁽²⁾ On October 1, 2018, the Agency redeemed \$14,710,000 aggregate principal amount of Bonds.

OUTSTANDING HOMEOWNER MORTGAGE REVENUE BONDS BY SERIES
As of August 31, 2018

<u>Series</u>	<u>Originally Issued (\$)</u>	<u>Currently Outstanding (\$)</u>	<u>Range of Interest Rates</u>	<u>Last Remaining Maturity</u>
129 ⁽³⁾	34,000,000	20,645,000	Reset Weekly	2035
132 ⁽³⁾	34,000,000	22,370,000	Reset Daily	2037
135 ⁽¹⁾	34,000,000	12,660,000	Reset Daily	2037
139 ⁽⁵⁾	34,000,000	28,000,000	Reset Daily	2037
142 ⁽³⁾	34,000,000	25,735,000	Reset Daily	2037
144 ⁽⁵⁾	30,000,000	21,845,000	Reset Daily	2037
159 ⁽⁴⁾	60,000,000	60,000,000	Reset Weekly	2038
162 ⁽⁴⁾⁽⁶⁾	25,000,000	23,780,000	Reset Weekly	2039
163	66,825,000	25,680,000	2.9% - 4%	2026
165	50,000,000	325,000	4.75%	2042
166	107,585,000	52,315,000	3.499% - 3.999%	2021
167	10,695,000	550,000	3.75% - 3.9%	2021
168	50,065,000	35,770,000	2.1% - 5%	2036
169	43,060,000	2,860,000	1.9% - 2.6%	2021
170	19,940,000	13,345,000	2.7% - 3.9%	2027
171	12,000,000	12,000,000	3.4%	2022
172	150,000,000	113,155,000	2.28% - 4.203%	2027
175	82,660,000	68,210,000	2.664% - 4.116%	2028
176	66,835,000	60,550,000	1.75% - 3.75%	2042
177	33,200,000	5,460,000	2.5% - 3.05%	2027
178	79,370,000	8,455,000	3.5%	2043
180	33,405,000	16,225,000	2.7% - 3.95%	2022
182	25,385,000	3,555,000	4.4%	2034
183	96,480,000	64,750,000	1.85% - 4.45%	2029
184	18,960,000	4,955,000	1.845% - 2.685%	2020
185	12,000,000	3,650,000	3.95%	2029
186	80,190,000	61,645,000	1.7% - 3.95%	2025
188	27,920,000	25,520,000	3.6% - 3.85%	2044
189	88,850,000	67,305,000	1.75% - 3.85%	2034
190	60,000,000	58,650,000	3.45% - 3.85%	2045
191	72,935,000	43,655,000	1.9% - 3.5%	2034

<u>Series</u>	<u>Originally Issued (\$)</u>	<u>Currently Outstanding (\$)</u>	<u>Range of Interest Rates</u>	<u>Last Remaining Maturity</u>
192	45,410,000	43,585,000	3.8% - 4%	2035
193	20,640,000	11,760,000	4.1%	2040
194	85,020,000	70,325,000	1.7% - 3.8%	2035
195	66,185,000	60,980,000	3% - 4%	2046
196	38,595,000	33,735,000	1.25%-3.7%	2037
197	100,715,000	94,805,000	1.4% - 3.5%	2044
198	23,095,000	14,470,000	1.25% - 1.75%	2022
199 ⁽⁴⁾	50,000,000	50,000,000	Reset Weekly	2037
200	64,025,000	58,375,000	3.5% - 3.9%	2045
201	18,945,000	16,000,000	1.65% - 3.85%	2031
202 ⁽²⁾	29,345,000	29,345,000	Reset Daily	2034
203	102,190,000	102,120,000	2% - 3.5%	2047
204	19,185,000	16,625,000	1.3% - 2.4%	2025
205	51,590,000	50,205,000	1.85% - 4%	2040
206	53,050,000	49,325,000	1.35% - 4%	2037
207 ⁽³⁾	40,000,000	40,000,000	Reset Weekly	2047
208	85,135,000	85,135,000	3.1% - 4%	2048
209	41,990,000	41,590,000	1.45% - 3.35%	2029
210 ⁽¹⁾	40,590,000	40,590,000	Reset Weekly	2039
211	82,750,000	82,750,000	3.625% - 3.8%	2048
212	42,250,000	42,250,000	1.55% - 3.7%	2033
Unamortized bond premium		<u>18,538,000</u>		
TOTAL	<u>\$2,674,065,000</u>	<u>\$2,016,128,000</u> ⁽¹⁾		

⁽¹⁾ These Bonds are subject to optional or mandatory tender and are the subject of a standby bond purchase agreement provided by Barclays Bank PLC. See "Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest" in this Part 2. On October 1, 2018, the Agency redeemed \$14,710,000 aggregate principal amount of Bonds.

⁽²⁾ These Bonds are subject to optional or mandatory tender and are the subject of a standby bond purchase agreement provided by JPMorgan Chase Bank, N.A. See "Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest" in this Part 2.

⁽³⁾ These Bonds are subject to optional or mandatory tender and are the subject of a standby bond purchase agreement provided by Royal Bank of Canada, acting through its WFC, New York, Branch. See "Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest" in this Part 2.

⁽⁴⁾ These Bonds are subject to optional or mandatory tender and are the subject of a standby bond purchase agreement provided by Wells Fargo, National Association. See "Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest" in this Part 2.

⁽⁵⁾ These Bonds are subject to optional or mandatory tender and are the subject of a standby bond purchase agreement provided by Bank of America, N.A.. See "Status of Outstanding Homeowner Mortgage Revenue Bonds — Liquidity Facilities for Bonds Bearing Variable Rates of Interest" in this Part 2.

⁽⁶⁾ The Series 162 Bonds are expected to be fully refunded using proceeds of the Offered Bonds and other Agency moneys.

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SCHEDULE OF HOMEOWNER MORTGAGE REVENUE BONDS OUTSTANDING BY COUPON
As of August 31, 2018

<u>Bond Coupon (%)</u>	<u>Bond Principal (\$)</u>	<u>Cumulative Bond Principal (\$)</u>	<u>Bond Coupon (%)</u>	<u>Bond Principal (\$)</u>	<u>Cumulative Bond Principal (\$)</u>
5.000	1,240,000	1,240,000	2.950	3,295,000	1,266,545,000
4.750	325,000	1,565,000	2.900	9,875,000	1,276,420,000
4.450	670,000	2,235,000	2.880	1,040,000	1,277,460,000
4.400	3,555,000	5,790,000	2.875	3,445,000	1,280,905,000
4.203	78,150,000	83,940,000	2.850	8,040,000	1,288,945,000
4.116	20,710,000	104,650,000	2.800	11,330,000	1,300,275,000
4.100	11,760,000	116,410,000	2.764	650,000	1,300,925,000
4.000	156,820,000	273,230,000	2.750	16,090,000	1,317,015,000
3.999	15,825,000	289,055,000	2.700	16,540,000	1,333,555,000
3.950	13,605,000	302,660,000	2.685	120,000	1,333,675,000
3.900	33,375,000	336,035,000	2.664	650,000	1,334,325,000
3.869	24,400,000	360,435,000	2.650	3,565,000	1,337,890,000
3.850	51,940,000	412,375,000	2.625	1,370,000	1,339,260,000
3.800	87,525,000	499,900,000	2.600	21,925,000	1,361,185,000
3.750	56,100,000	556,000,000	2.580	3,995,000	1,365,180,000
3.719	2,800,000	558,800,000	2.550	6,910,000	1,372,090,000
3.703	11,155,000	569,955,000	2.500	22,735,000	1,394,825,000
3.700	23,030,000	592,985,000	2.490	300,000	1,395,125,000
3.653	10,000,000	602,985,000	2.450	8,020,000	1,403,145,000
3.650	29,890,000	632,875,000	2.430	1,005,000	1,404,150,000
3.649	15,370,000	648,245,000	2.400	13,520,000	1,417,670,000
3.625	26,020,000	674,265,000	2.350	16,000,000	1,433,670,000
3.619	4,600,000	678,865,000	2.300	14,685,000	1,448,355,000
3.600	42,395,000	721,260,000	2.295	1,025,000	1,449,380,000
3.553	3,040,000	724,300,000	2.280	995,000	1,450,375,000
3.550	14,100,000	738,400,000	2.250	12,685,000	1,463,060,000
3.503	2,715,000	741,115,000	2.200	14,210,000	1,477,270,000
3.500	204,895,000	946,010,000	2.150	9,440,000	1,486,710,000
3.499	21,120,000	967,130,000	2.100	15,415,000	1,502,125,000
3.469	4,800,000	971,930,000	2.050	9,510,000	1,511,635,000
3.450	28,030,000	999,960,000	2.000	12,760,000	1,524,395,000
3.419	6,350,000	1,006,310,000	1.950	8,925,000	1,533,320,000
3.403	1,060,000	1,007,370,000	1.900	8,770,000	1,542,090,000
3.400	48,635,000	1,056,005,000	1.850	6,940,000	1,549,030,000
3.375	12,375,000	1,068,380,000	1.845	2,175,000	1,551,205,000
3.369	1,850,000	1,070,230,000	1.800	11,015,000	1,562,220,000
3.350	21,210,000	1,091,440,000	1.750	10,890,000	1,573,110,000
3.300	9,555,000	1,100,995,000	1.700	7,060,000	1,580,170,000
3.250	24,255,000	1,125,250,000	1.650	5,105,000	1,585,275,000
3.219	700,000	1,125,950,000	1.600	5,225,000	1,590,500,000
3.200	19,070,000	1,145,020,000	1.550	7,410,000	1,597,910,000
3.150	19,195,000	1,164,215,000	1.500	5,065,000	1,602,975,000
3.125	10,640,000	1,174,855,000	1.450	7,845,000	1,610,820,000
3.119	700,000	1,175,555,000	1.400	2,575,000	1,613,395,000
3.100	22,475,000	1,198,030,000	1.350	4,865,000	1,618,260,000
3.050	25,960,000	1,223,990,000	1.300	1,135,000	1,619,395,000
3.000	39,260,000	1,263,250,000	1.250	3,225,000	1,622,620,000
			Variable Unamortized bond premium	374,970,000 <u>18,538,000</u>	1,997,590,000
			<u>Grand Total</u>	<u>\$2,016,128,000⁽¹⁾</u>	<u>2,016,128,000⁽¹⁾</u>

⁽¹⁾ On October 1, 2018, the Agency redeemed \$14,710,000 aggregate principal amount of Bonds.

Liquidity Facilities for Bonds Bearing Variable Rates of Interest

As of August 31, 2018, twelve Series of Bonds with an aggregate principal amount of \$374,970,000 were outstanding, bearing interest at variable interest rates and subject to optional or mandatory tender. Such amount represents approximately 18.8% of the Outstanding Bonds. The Series of Bonds bearing interest at variable interest rates are identified in the table “Status of Outstanding Mortgage Revenue Bonds by Series” in this Part 2. As of the date of this Official Statement, all of these twelve Series of Bonds are the subject of standby bond purchase agreements. The providers of standby bond purchase agreements are each referred to individually as a “Liquidity Provider” and, collectively, as the “Liquidity Providers.” Each standby bond purchase agreement provided by each respective Liquidity Provider is referred to individually as a “Liquidity Facility” and collectively as the “Liquidity Facilities.”

The following table sets forth information about the aggregate outstanding principal amount of variable rate bonds that are the subject of Liquidity Facilities and the rating of each Liquidity Provider. For information regarding the Agency’s disclaimer with respect to ratings, see “Miscellaneous” in Part 1.

Liquidity Provider Exposure and Respective Ratings

	Aggregate Outstanding Principal Amount of Bonds Subject to Liquidity Facilities Provided by Each Liquidity Provider⁽³⁾	Number of Liquidity Facilities	Liquidity Provider Long Term & Short Term Ratings (Moody’s)⁽¹⁾	Liquidity Provider Long Term & Short Term Ratings (S&P)⁽¹⁾
Wells Fargo ⁽⁸⁾	\$133,780,000	3	Aa2/P-1 ⁽⁵⁾	A+/A-1 ⁽⁵⁾
Royal Bank	108,750,000	4	Aa2/P-1 ⁽⁶⁾	AA-/A-1+ ⁽⁶⁾
Barclays	53,250,000	2	A2/P-1 ⁽²⁾	A/A-1 ⁽²⁾
Bank of America	49,845,000	2	Aa3/P-1 ⁽⁷⁾	A+/A-1 ⁽⁷⁾
JPMorgan	<u>29,345,000</u>	<u>1</u>	Aa2/P-1 ⁽⁴⁾	A+/A-1 ⁽⁴⁾
	<u>\$374,970,000</u>	<u>12</u>		

⁽¹⁾ Ratings are based upon the information available on S&P’s and Moody’s respective websites, as of November 7, 2018.

⁽²⁾ Barclays Bank PLC. Moody’s rating outlook is stable. S&P’s long-term rating outlook is stable. Moody’s Counterparty Risk Assessment Rating is A2/P-1. Barclays Bank PLC is expected to provide the Initial Liquidity Facility relating to the Series 216 Bonds.

⁽³⁾ As of August 31, 2018.

⁽⁴⁾ JPMorgan Chase Bank, N.A. Moody’s Counterparty Risk Assessment Rating is Aa1/P-1. S&P’s long-term rating outlook is stable.

⁽⁵⁾ Wells Fargo Bank, National Association. Moody’s Counterparty Risk Assessment Rating is Aa1/P-1. S&P’s long-term rating outlook is stable.

⁽⁶⁾ Royal Bank of Canada, acting through its WFC, New York, Branch. Moody’s Counterparty Risk Assessment Rating is Aa2/P-1. S&P’s long-term rating outlook is stable.

⁽⁷⁾ Bank of America, N.A. Moody’s Counterparty Risk Assessment Rating is Aa3/P-1. S&P’s long-term rating outlook is stable. Bank of America, N.A. is expected to provide the Initial Liquidity Facility relating to the Series 215 Bonds.

⁽⁸⁾ The Liquidity Facility provided by Wells Fargo relating to the Series 162 Bonds is expected to be terminated upon redemption of the Series 162 Bonds.

This paragraph and the following table describe the existing Liquidity Facilities and Liquidity Providers as of the date of this Official Statement (except as otherwise noted). The following table summarizes certain information regarding the existing Liquidity Facilities related to the applicable Series of Bonds. Any Bond purchased by a Liquidity Provider under the terms of the applicable Liquidity Facility becomes a “bank bond” and, from the date of purchase until such Bond either is remarketed to a purchaser (other than the applicable Liquidity Provider) or retired, such bank bond will bear interest at an interest rate (a “bank bond rate”) determined pursuant to the applicable Liquidity Facility. Notwithstanding the establishment of a bank bond rate, each Liquidity Facility requires bank bonds to bear interest at the greater of the applicable bank bond rate or the interest rate borne by Bonds of such Series in the same interest rate mode that are not bank bonds. In addition, each bank bond rate may increase upon the occurrence of certain events, including a reduction in the rating of the related Series of Bonds or certain defaults (such increased bank bond rate is the “default rate”).

Series	Bonds Outstanding⁽¹⁾ (\$ (000s))	Liquidity Provider	Remarketing Agent	Current Mode	Expiration Date ⁽²⁾
Series 129 ⁽⁷⁾	\$19,790	Royal Bank	Citi ⁽¹⁰⁾	Weekly	5/4/23
Series 132 ⁽⁷⁾	21,825	Royal Bank	JPM ⁽¹¹⁾	Daily	9/17/19
Series 135 ⁽³⁾	11,990	Barclays	Goldman ⁽¹²⁾	Daily	5/4/21
Series 139 ⁽⁸⁾	27,630	Bank of America	JPM ⁽¹¹⁾	Daily	5/4/21
Series 142 ⁽⁷⁾	25,095	Royal Bank	RBC ⁽¹⁴⁾	Daily	9/8/22
Series 144 ⁽⁸⁾	21,085	Bank of America	Goldman ⁽¹²⁾	Daily	5/4/21
Series 159 ⁽⁴⁾	60,000	Wells Fargo	Loop Capital ⁽¹³⁾	Weekly	8/27/19
Series 162 ⁽⁴⁾	23,705	Wells Fargo	Citi ⁽¹⁰⁾	Weekly	8/27/19
Series 199 ⁽⁴⁾	50,000	Wells Fargo	Loop Capital ⁽¹³⁾	Weekly	8/27/19
Series 202 ⁽⁶⁾	29,345	JPMorgan	Loop Capital ⁽¹³⁾	Daily	5/13/19
Series 207 ⁽⁷⁾	40,000	Royal Bank	Barclays Capital ⁽⁹⁾	Weekly	5/4/23
Series 210 ⁽³⁾	40,590	Barclays	JPM	Weekly	5/4/21

- ⁽¹⁾ As of the date of this official statement. On October 1, 2018, the Agency redeemed \$14,710,000 aggregate principal amount of Bonds.
- ⁽²⁾ Each of the Liquidity Facilities expires prior to the final maturity date of the related Bonds. For information regarding the final maturity date of the Bonds of each Series, see “Status of Outstanding Homeowner Mortgage Revenue Bonds — Outstanding Homeowner Mortgage Revenue Bonds by Series.”
- ⁽³⁾ The bank bond rate for the first 60 days after Barclays has purchased the applicable bank bonds is the highest of (i) 8% per annum, (ii) the federal funds rate plus 2.50% per annum, (iii) the prime rate established by Barclays as its prime rate plus 2.50% per annum, or (iv) 150% of the yield on actively traded 30-year U.S. Treasury Bonds (“150% Treasury,” and collectively with clauses (i)-(iii), the “Barclays Base Rate”). The bank bond rate for days 61-180, is the Barclays Base Rate plus 1% per annum and from and after day 181 is the Barclays Base Rate plus 2% per annum. However, at any time that the Barclays Base Rate is 150% Treasury, the bank bond rate for the respective periods described in the prior sentence shall be the Barclays Base Rate. The default rate is the Barclays Base Rate plus 4% per annum. In no event will the bank bond rate exceed the lesser of (i) maximum interest rate permitted by law, or (ii) 12%. Barclays will provide the Liquidity Facility for the Series 216 Bonds with the bank bond rate described in this footnote.
- ⁽⁴⁾ The bank bond rate is the base rate for the first 180 days after Wells Fargo has purchased the Bonds and, thereafter, the base rate plus 1%. The “base rate” is the highest of (a) the prime rate publicly announced by Wells Fargo, plus 1%, (b) the federal funds rate plus 2% per annum, and (c) 7% per annum. The default rate is the base rate plus 3% per annum. In no event will the bank bond rate exceed the lesser of (i) maximum interest rate permitted by law, or (ii) 25%. The Liquidity Facility provided by Wells Fargo relating to the Series 162 Bonds is expected to be terminated upon redemption of the Series 162 Bonds.
- ⁽⁵⁾ Notwithstanding the establishment of the bank bond rate, bank bond shall bear interest at the greater of the applicable bank bond rate or the interest borne by Bonds of the applicable Series that are not bank bonds.
- ⁽⁶⁾ The bank bond rate for the first 180 days after JPMorgan has purchased the applicable bank bonds is the highest of (i) the prime rate publicly announced by JPMorgan at its principal office in New York City, plus 1.50% per annum, (ii) the federal funds rate plus 2% per annum, and (iii) 7.50% per annum. After such 180 days, the bank bond rate is the amount set forth in the prior sentence (the “JPMorgan Base Rate”), plus 1%. The default rate is the JPMorgan Base Rate plus 2% per annum. In no event will the bank bond rate exceed the lesser of (i) maximum interest rate permitted by law, or (ii) 25%.
- ⁽⁷⁾ The bank bond rate for the first 90 days after Royal Bank has purchased such Bonds is the highest of (i) the prime rate published online by Royal Bank plus 1.50% per annum, (ii) the federal funds rate plus 2% per annum, and (iii) 7.00% per annum (collectively, with clauses (i) and (ii), the “Royal Bank Base Rate”). The bank bond rate for days 91 through and including 180 is the Royal Bank Base Rate plus 1.00% per annum, and from and after day 181 is the Royal Bank Base Rate plus 2.00% per annum. The default rate is the greater of (i) the Royal Bank Base Rate plus 4.00% per annum, and (ii) 12% per annum. In no event will the bank bond rate exceed the lesser of (i) maximum interest rate permitted by law, and (ii) 12% per annum.
- ⁽⁸⁾ The bank bond rate for the first 90 days after Bank of America has purchased such Bonds is the highest of (a) the prime rate publicly announced from time to time by Bank of America plus 1.00% per annum, (b) the federal funds rate plus 2.00% per annum, and (c) 7.00% per annum (collectively, with clauses (a) and (b), the “Bank of America Base Rate”). The bank bond rate from and after day 91 is the Bank of America Base Rate plus 1.00% per annum. The default rate is the Bank of America Base Rate plus 4.00% per annum. Bank of America will provide the Liquidity Facility for the Series 215 Bonds with the bank bond rate described in this footnote.
- ⁽⁹⁾ Barclays Capital, Inc.
- ⁽¹⁰⁾ Citigroup Global Markets Inc.
- ⁽¹¹⁾ J.P. Morgan Securities LLC.
- ⁽¹²⁾ Goldman Sachs & Co. LLC.
- ⁽¹³⁾ Loop Capital Markets LLC.
- ⁽¹⁴⁾ RBC Capital Markets, LLC.

Each Liquidity Facility requires the applicable Liquidity Provider, subject to the satisfaction of the conditions precedent set forth in such Liquidity Facility, to provide funds to pay the purchase price of any Bonds of the related Series that are tendered for purchase and not remarketed.

Under the General Resolution, interest on bank bonds is treated the same as interest on other Bonds. Each existing Liquidity Facility, other than the Liquidity Facilities provided by Bank of America, N.A., requires the Agency to repay the principal component of the purchase price of the applicable bank bond in, assuming the satisfaction of certain conditions, ten equal semi-annual installments, the first of which is due on the 181st day that an applicable bank bond has been a bank bond. Each existing Liquidity Facility provided by Bank of America, N.A. requires the Agency to repay the principal component of the purchase price of the applicable bank bond in, assuming the satisfaction of certain conditions, six equal semi-annual installments, the first of which is due on the 91st day that an applicable bank bond has been a bank bond. All successive installments under each current Liquidity Facility are due 180 days after the prior installment. The accelerated principal payments described in this paragraph are payable from moneys in the General Resolution's General Fund in the order of priority and as described in clause (v) of "Summary of Certain Provisions of the General Resolution — General Fund" in Part 2, but only if and to the extent that a Cash Flow Statement filed with the Trustee in accordance with the General Resolution demonstrates that sufficient funds are available for such purpose. See "Sources of Payment and Security for the Bonds — Cash Flow Statement." Failure to make such principal payments to the applicable Liquidity Provider is not an Event of Default under the General Resolution.

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

The Agency has not experienced a failed remarketing of variable rate Bonds since 2011. The Agency can give no assurance that Bonds that are the subject of a Liquidity Facility will not become bank bonds subject to applicable bank bond rates and (subject to available moneys therefor under the Resolution) accelerated principal payments as described above.

THE PROGRAM

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

Since 2005, the majority of the Agency's single-family lending activity has been under the General Resolution, but periodically the Agency has elected to utilize the MRB Resolution to fund its programs, most recently in March 2017. In addition, the Agency also provides mortgage loans through its FHA Plus and Fannie Mae Conventional Plus Programs. See "Other Agency Programs — FHA Plus and Fannie Mae Conventional

Plus Programs.” The Agency does not provide financings for such mortgage loans and does not own the mortgage loans.

Program Documents

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

Mortgage Loan Underwriting

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

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

The Agency has implemented its SONYMA Express® automated underwriting and compliance system (the “System”) with 42 of its participating lenders. New loan reservations taken by these lenders will follow the same process described above except that the lenders will no longer submit loans through the Fannie Mae or Freddie Mac automated underwriting systems. Loan reservations taken by these lenders prior to implementation as well as by all other lenders will continue to use the process described above. The System is designed to evaluate the credit, financial resources and payment ability of a potential mortgagor using the Agency’s existing underwriting guidelines. It will also evaluate the tax return data of the mortgagor, property data and other information to determine compliance with the Code.

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

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

Minimum Downpayment and LTVs. Except for the Home of Your Own Program, which does not require a contribution from the Borrowers, Borrowers are required to contribute at least 1% of the purchase price

(3% for cooperatives and 3- and 4-family homes) of the home being financed by their Mortgage Loans from their own verifiable funds. The maximum LTV for all programs included in the Low Interest Rate Mortgage Program, except the Home of Your Own Program and the Habitat for Humanity Mortgage Program, is 97%. The maximum financing for the Home of Your Own Program and the Habitat for Humanity Program is 100% and 99%, respectively. See Appendix D — “Certain Agency Financial Information and Operating Data — Loan-to-Value Ratios” for additional information regarding the LTVs of the Agency’s Mortgage Loans.

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

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

Mortgagor Education. The Agency requires Mortgagors seeking Mortgage Loans with high LTVs to complete face-to-face homebuyer counseling from a HUD-approved not-for-profit counseling service. Further, any Mortgagor opting for a DPAL or whose Mortgage Loan is financed under the Achieving the Dream Program, the RemodelNY Program, the Home of Your Own Program or the Habitat for Humanity Mortgage Program, must complete a homebuyer education course.

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

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

Mortgage Lender Fees. At Mortgage Loan purchase, the Mortgage Lender will receive 2% (the “Mortgage Lender Fee”) from the Agency using available Agency funds and an additional 0.5% for each loan originated with a DPAL and/or an additional 0.5% for each loan originated under the RemodelNY Program. See “Other Mortgage Loan Programs” below for information regarding Mortgage Lenders fees under the Agency’s other programs.

Down Payment Assistance and Closing Cost Assistance Loans

Since 2003, the Agency has provided assistance to Mortgagors for certain Mortgage Lender fees, down payment and closing costs. The original type of loan was the SONYMA Closing Cost Assistance Loan (or “CCAL”). Though the Agency no longer offers CCALs, it has offered (since January 1, 2010) Down Payment Assistance Loans (“DPALs”) secured by a second lien (referred to herein as Second Lien DPALs). A DPAL provides assistance for down payment in an amount not to exceed the limits established by the Agency. For Mortgage Loan reservations submitted on or after March 18, 2011, this limit was increased from \$10,000 to \$15,000. Except with respect to the Home of Your Own Program, in each case, the Borrower must contribute 1% of the Borrower’s own funds towards the home purchase. The Pledged CCALs (CCALs provided by the Agency prior to January 1, 2010) and the Second Lien DPALs are interest-free loans and the Agency will recover

a declining portion of the principal amount of any Pledged CCAL or any such Second Lien DPAL only if the borrower sells the related property or refinances at a gain during the first ten years of the loan term. Absent such sale or refinancing, the principal balance of a Pledged CCALs and Second Lien DPALs is forgiven after ten years. DPALs are available for Mortgage Loans originated under any Agency loan program.

Second Lien DPALs are Mortgage Loans under the Resolution. See “The Program — Second Lien Loans” in this Part 2. However, Pledged CCALs, though part of the Pledged Property under the Resolution, are not Mortgage Loans. The Agency has not assumed the receipt of principal payments on Second Lien DPALs or Pledged CCALs when preparing Cash Flow Statements required under the Resolution, notwithstanding that any principal recoveries will be treated under the Resolution as (i) Principal Prepayments if recovered under any Second Lien DPALs, or (ii) Revenues if recovered under Pledged CCALs. The Agency, at its discretion, may eliminate DPALs, alter its program of providing DPALs, alter its current policy regarding payment of Mortgage Lender fees, and alter the source of funding for DPALs.

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

Mortgage Loan Purchase Procedures and Additional Requirements

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

The Agency enters into Mortgage Purchase Agreements with the Mortgage Lenders regarding the purchase of Mortgage Loans, whereby each Mortgage Lender agrees to sell to the Agency Mortgage Loans meeting certain specified qualifications. Upon receipt of an application from a prospective Mortgagor for a Mortgage Loan, the Mortgage Lender requests that the Agency reserve an amount of mortgage loan moneys equal to the Mortgage Loan amount and lock-in the appropriate interest rate in effect as of the date of reservation. Generally, the Agency requires the closing of the Mortgage Loan to occur (i) within 120 days of the date of such reservation for existing housing, or (ii) within 240 days of the date of such reservation for newly constructed housing; although the Agency, at its sole option, may grant extensions of any such period. Pursuant to the Act, the Agency must endeavor to purchase Mortgage Loans in each of ten designated regions of the State in proportion to the number of families residing therein, subject to the demand from each region and eligibility requirements. The Act also requires that the Agency use its best efforts to the end that not less than one-sixth of the dollar amount of all mortgage loans financed by it under all its programs be for mortgage loans for newly constructed residences.

The Agency’s obligation to purchase any such Mortgage Loan is conditioned upon certain requirements, including the following: (1) such Mortgage Loan complies with all applicable laws, and the note evidencing such Mortgage Loan is a legal, valid, and binding obligation of the Mortgagor, enforceable in accordance with its terms; (2) such Mortgage Loan complies with the mortgage loss coverage requirements set forth in the applicable Series Resolution (see “Sources of Payment and Security for the Bonds—Mortgage Loans” for the mortgage security requirements applicable to such Mortgage Loans); (3) such Mortgage Loan is to an individual borrower and is in addition to the mortgage loans the Mortgage Lender otherwise would have made; (4) such Mortgage Loan constitutes a valid first lien on the subject property or, with respect to a cooperative unit, the Mortgage Loan must be secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises, subject only to real property taxes not yet due, installments of assessments not yet due, and easements and restrictions of record that do not, in the Agency’s opinion, adversely affect, to a material degree, the use or value of the subject property or the improvements thereon or such cooperative ownership; (5) such Mortgage Loan complies with certain specified terms,

conditions, and requirements, unless such terms shall have been waived by the Agency in writing; (6) no conventional Mortgage Loan shall exceed 100% of the value of the subject property (the lower of the purchase price or appraised value); (7) the firm commitment made to the Mortgagor by the Mortgage Lender was made after the date of execution of the respective Mortgage Purchase Agreement; and (8) such Mortgage Loan was made to finance an eligible property.

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

Mortgage Loan Servicing

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

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

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

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

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

The Servicer is required to take such appropriate action with respect to delinquencies as may be required by the private primary mortgage insurance provider, FHA, the VA, or the RD, if applicable, or such action as it would take with respect to loans serviced for others or held for its own account. If a foreclosure action is commenced, the Servicer is required to comply with State law governing foreclosure actions. At a settlement conference, the Servicer may, with the consent of the Agency, grant appropriate relief in the form of repayment plans, special forbearance relief, and modifications. A repayment agreement may be entered into that gives the Mortgagor a definite period not to exceed 12 months in which to bring the Mortgage Loan current by immediately commencing payment in excess of the monthly installments. A special forbearance agreement may be entered into that reduces or suspends monthly installments for a specified period of time not to exceed 12

months. A modification agreement may be formulated that effects modifications of the Mortgage Loan's repayment provisions; *provided, however*, that such modification cannot extend the term of the Mortgage Loan beyond 40 years. Servicers have broad discretion to grant such relief prior to an action to foreclosure. Approval by the Agency is required for any repayment plan, special forbearance agreement or modification agreement, regardless of whether the relief is offered at, or prior to, a mandatory settlement conference. For a discussion of State foreclosure procedures, including certain Agency practices and recent changes thereto that are intended to expedite mortgage loan foreclosures and related loan modifications, see Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — New York Foreclosure Procedures and Federal Bankruptcy Law" to this Part 2.

The Servicer is required to notify the Agency promptly upon becoming aware that any prior lien has attached or will attach to the property securing a Mortgage Loan, of the death of the Mortgagor, or of any bankruptcy proceeding or the like against the Mortgagor. By the 90th day following the due date of the earliest unpaid installment on the Mortgage Loan, the Servicer is required to recommend appropriate action to the Agency. If foreclosure is necessary, the Servicer is required to notify the Mortgagor in default prior to the commencement of a foreclosure action in accordance with the requirements of State law. The Servicer is required to make a full report to the Agency and undertake all necessary steps to accomplish such foreclosure pursuant to certain specified standards and State law.

Over the past five years, there have been significant increases in the elapsed time between an Agency mortgage loan (including Mortgage Loans financed under the Resolution) becoming 90+ days delinquent and the commencement of a foreclosure proceeding, as well as the time elapsed between the commencement and completion of a foreclosure proceeding. With respect to Agency mortgage loans (including Mortgage Loans financed under the Resolution) foreclosed in 2013, 2014, 2015, 2016 and 2017 an average of, respectively, 1,071, 1,171, 1,247, 1,292 and 1,459 days elapsed between such dates. With respect to such mortgage loans foreclosed between January 1, 2018 and July 31, 2018 an average of 1,391 days elapsed between the date of default and the date foreclosure proceedings were completed. For a discussion of State foreclosure procedures, including certain Agency practices, see Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — New York Foreclosure Procedures and Federal Bankruptcy Law" to this Part 2. See Appendix D — "Certain Agency Financial Information and Operating Data — Mortgage Loans — Delinquencies" to this Part 2 for information regarding delinquencies and foreclosures of Mortgage Loans.

M&T Bank is the Servicer for approximately 75.5% of the principal amount of all Mortgage Loans. See Appendix C — "Servicers of Mortgage Loans" to this Part 2 for information about the current Servicers of Mortgage Loans.

Various Federal, State, banking and investor entities, including the Attorney General of the State, have initiated or settled enforcement actions or lawsuits against certain mortgage loan servicers alleging, among other things, irregularities in mortgage servicing and foreclosure activities. HSBC Bank USA, N.A. ("HSBCBANK") (a former Agency servicer), J.P. Morgan Chase & Co. ("Chase") and Citigroup, Inc. have been among the targets of such actions and lawsuits. Chase and Citigroup, Inc. each (or its respective affiliates), as of July 31, 2018, serviced, respectively, 0.66% and 8.4% aggregate principal amount of the Mortgage Loans. The Agency is unable to predict what, if any, future effect any enforcement actions, lawsuits, and settlements will have on the operations of participating Servicers and whether other Servicers will be made the subject of such or similar enforcement actions, lawsuits or settlements or if the Servicers described above will be made the subject of additional enforcement actions, lawsuits and settlements.

Chase, a Servicer as of July 31, 2018 of approximately 0.66% of Mortgage Loans, gave notice of its intention to resign as Servicer effective May 1, 2014. The Agency transferred the majority of the Chase mortgage loans (including the Mortgage Loans that are assets pledged under the Resolution) to M&T Bank, as successor Servicer to Chase. As of the date of this Official Statement, due to contractual reasons, approximately 9.6% of the mortgage loans originally serviced by Chase have not been transferred to M&T Bank. At this time, the Agency is unable to determine if or when the remaining loans will be transferred to M&T Bank. Chase continues to service all of the Mortgage Loans that have not been transferred to M&T Bank. For information concerning

the approximate aggregate principal amount of Mortgage Loans serviced by each Servicer as of July 31, 2018, see Appendix C — “Servicers of Mortgage Loans” to this Part 2.

On January 30, 2017, Citigroup, Inc., a servicer of approximately 8.4% of Mortgage Loans, announced its intention to sell its mortgage servicing business by the end of 2018.

Income and Purchase Price Limitations

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

Other Mortgage Loan Programs

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

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

The Agency has established its RemodelNY Program which provides mortgage financing for the purchase and renovation of one or two family homes. Mortgage Lenders will be paid a Mortgage Lender fee equal to 2.5% of the principal balance for originating RemodelNY Program loans. The maximum financing permitted is equal to 97% of the lower of (i) the sales price of the home plus the costs of renovation, and (ii) the “as-renovated” appraised value of the property. In an effort to encourage broader participation among approved lenders, effective April 14, 2015, the Agency administers and disburses the repair escrow, post-closing, on behalf of the Mortgagor.

The Agency has established the Homes for Veterans Program, pursuant to which it may purchase a Mortgage Loan (i) bearing, as of June 1, 2012, the same interest rate as those purchased under the Achieving the Dream Program, although such Mortgage Loans will not bear an increased interest rate if the Mortgagor receives a DPAL, and (ii) for which the Mortgagor satisfies the requirements of Section 416 of the Tax Relief and Health Care Act of 2006, which amends Section 143(d)(2) of the Code by providing that Mortgagors who are veterans and who have never previously received a mortgage revenue bond loan, need not meet the first-time homebuyer requirement.

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

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

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

The Agency develops new program initiatives to address the housing needs of residents of the State, such as the recently authorized Neighborhood Revitalization and Graduate to Homeownership Programs. Both programs have been recently launched. The Agency may use proceeds of Bonds to finance Mortgage Loans originated under such new program initiatives.

The Neighborhood Revitalization Mortgage Program encourages the purchase and renovation of vacant and abandoned properties in select counties hard-hit by the foreclosure crisis by owner occupant buyers. The program uses the RemodelNY structure with an additional \$20,000 second lien for property repairs funded entirely with settlement funds received by the Agency in June 2016, Borrowers can also receive up to \$500 per transaction for homebuyer education. In order to maximize the pool of eligible buyers, the Agency waived the first time homebuyer requirement on these loans, and offers higher income limits when determining borrower eligibility. Any loan that does not meet the first time homebuyer requirement, or exceeds the standard SONYMA income limits will be funded with taxable proceeds.

The Agency has established the Graduate to Homeownership program intended to promote homeownership in communities in receipt of Downtown Revitalization Initiative funding awards. First time homebuyers who graduated from a US Department of Education accredited school with an Associates, Bachelor, or graduate degree within 48 months of their Mortgage Loan Application Date and within the SONYMA Low Interest Rate Program income limits, are eligible for a mortgage with the Achieving the Dream interest rate, and no interest rate increase for using the Down Payment Assistance Loan (DPAL).

Second Lien Loans

At present, the Act permits the Agency to finance Mortgage Loans secured by a second lien only when such second lien loans are purchased or originated by the Agency and made at the same time as a first lien loan purchased by either the Agency or a government sponsored enterprise. Second Lien DPALs are DPALs financed by the Agency with the proceeds of Bonds on or after January 1, 2010 and are Mortgage Loans secured by second liens. Pledged CCALs, however, are not Mortgage Loans. See “The Program — Down Payment Assistance and Closing Cost Assistance Loans” above. Also see Part 1 “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — Mortgages.”

Recent Government Actions

Since 2008, the Federal government has undertaken a number of measures designed to address the current economic conditions facing the United States. Additional measures and legislation may be considered by the Federal government, or the State Legislature, which measures may affect the Program, the Bonds or the Mortgage Loans. While some of these measures may benefit the Program, no assurance can be given that the Program, the Bonds or the holders of such Bonds will not be adversely affected by such measures.

OTHER AGENCY PROGRAMS

Mortgage Revenue Bond Resolution Forward Commitment Program

Beginning in 1983, the Agency has issued its Mortgage Revenue Bonds, which include both taxable and tax-exempt bonds, under its MRB Resolution, for the primary purpose of purchasing mortgage loans. As of August 31, 2018, there was approximately \$623.9 million aggregate principal amount of Mortgage Revenue Bonds outstanding (including accreted value of Mortgage Revenue Bonds issued at less than the maturity value thereof). The Agency has not redeemed any of its long-term, fixed-rate Mortgage Revenue Bonds from unexpended proceeds of such bonds not used to purchase mortgage loans and related amounts since 1987. As of August 31, 2018, there was approximately \$717 million aggregate outstanding principal balance of MRB Loans. In the past, the Agency has applied excess revenues (including principal prepayments) available under the MRB Resolution to finance \$58.4 million of MRB Loans. The Agency has also used revenues under the MRB Resolution to acquire existing MRB Loans. In addition, the Agency can issue Mortgage Revenue Bonds and also apply other excess revenues (including Principal Prepayments) in the future for such purpose. All of the Mortgage Revenue Bonds are secured separately from the Bonds. There are no lendable proceeds of Mortgage Revenue Bonds available to finance mortgage loans.

Since 2009, the Agency has issued eighteen series of bonds under the MRB Resolution in an approximate aggregate principal amount of \$1.14 billion, eight of which were issued in connection with the New Issue Bond Program of the United States Department of the Treasury. The Agency has utilized the proceeds of such Mortgage Revenue Bonds to purchase approximately \$977 million of MRB Loans from 2009 to and including August 31, 2018.

Mortgage Insurance Fund

In addition to its other programs, the Act authorizes the Agency to operate a mortgage insurance program. The MIF was created by the State Legislature in 1978 and is described in Part 2 — “Mortgage Insurance and New York Foreclosure Procedures — MIF.” The payment of principal and interest on the Bonds is not secured by or payable from moneys held in the MIF. The MIF currently provides mortgage pool insurance coverage and/or primary mortgage insurance coverage on (i) certain mortgage loans purchased with proceeds attributable to several series of the Agency’s Mortgage Revenue Bonds (including the MRB Originated Series 182/183/184 Mortgage Loans) and (ii) Mortgage Loans as described in the table in Appendix D — “Certain Agency Financial Information and Operating Data — Mortgage Loans — Mortgage Pool Insurance Coverage” and “— PMI Coverage” to this Part 2. The Agency has entered into an agreement with the MIF under which the MIF will provide mortgage pool insurance coverage with respect to the new Mortgage Loans and mortgage loans financed pursuant to the MRB Resolution. For information regarding such insurance coverage, see Appendix B — “Mortgage Insurance and New York Foreclosure Procedures — Mortgage Pool Insurance Policies — General,” “— Mortgage Pool Insurance Policies — MIF Policies,” and “— PMI Programs — MIF PMI” to this Part 2.

FHA Plus and Fannie Mae Conventional Plus Programs

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

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

require eligible borrowers to satisfy any household income limits (the income limits under the Conventional Plus Program are the higher of those imposed under the Low Interest Rate Program or allowed by Fannie Mae).

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

Educational Loans

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

On December 15, 2009, the Agency issued a series of bonds in connection with the NYHELPS Program, \$97,795,000 aggregate principal amount NYHELPS Education Loan Revenue Bonds, 2009 Series A, of which \$5,275,000 were outstanding as of August 31, 2018.

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

Other Activities

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

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

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

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

Certain Definitions

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

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

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

thus obtained from the purchase price, and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

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

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

“Cash Equivalent” means Security Arrangement.

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

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

“Collateral Mortgage Loans” means mortgage loans credited to the Collateral Mortgage Loan Fund in a Series Resolution. As of August 31, 2018, there are no Collateral Mortgage Loans, however, the General Resolution allows the Agency to credit mortgage loans to the Collateral Mortgage Loan Fund in the future.

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

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

“Debt Reserve Requirement” means, as of any particular date of calculation, an amount equal to the aggregate of all amounts established for all Series of Bonds Outstanding in the Series Resolutions authorizing the issuance of such Bonds, at least equal in the aggregate to three per centum (3%) of the sum of (i) the outstanding principal balance of Mortgage Loans (except Mortgage Loans underlying certificates of the Government National Mortgage Association or Fannie Mae), (ii) the amount on deposit to the credit of the Acquisition Fund, and (iii) the outstanding principal balance of Collateral Mortgage Loans pledged to secure Bonds at the time of issuance of a Series of Bonds (or Collateral Mortgage Loans substituted therefor). The

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

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

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

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

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

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

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

“Interest” means, with respect to Bonds, Parity Interest.

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

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

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

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

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

“Mortgage Loans” described above in the definition of Investment Obligations are Mortgage Loans (including Second Lien DPALs) but only with respect to investment of moneys on deposit in (a) the Debt Reserve Fund and Loan Loss Fund (the “Reserves”), and only if and to the extent that the aggregate principal amount on deposit in the Reserves invested in Investment Obligations with remaining terms to maturity of three years or less exceeds three percent of the sum of (1) Mortgage Loans and (2) the amount on deposit in the Acquisition Fund, and (b) the General Fund, so long as the aggregate amount on deposit in the General Fund invested at any one time in Mortgage Loans (including Second Lien DPALs) does not exceed \$150,000,000 and any such Mortgage Loan shall be an investment of General Fund moneys for no longer than 14 months. Investment agreements, time deposits, and other Investment Obligations that allow withdrawals of deposited funds at least once every three years and Investment Obligations redeemable at the option of the holder shall be treated as Investment Obligations with terms of three years or less.

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

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

- (i) any Bond, following its maturity date, if sufficient moneys or Government Obligations are held in trust for the owner of such Bond by the Trustee on such maturity date to pay the principal amount of and accrued interest on such Bond;
- (ii) any Bond canceled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity;
- (iii) any Bond deemed paid in accordance with the redemption provisions of the General Resolution;
- (iv) any Bond deemed paid in accordance with the defeasance provisions of the General Resolution; and
- (v) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the General Resolution, unless proof satisfactory to the Trustee is presented that any Bond for which a Bond in lieu thereof or in substitution therefor shall have been authenticated and delivered is held by a bona fide purchaser, as that term is defined in Article Eight of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu thereof or in substitution therefor shall be deemed Outstanding.

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

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

“Parity Obligation” means Parity Interest and Parity Principal.

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

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

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

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

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

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

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

“Qualified Hedge Provider” means an entity (a) whose senior long-term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, at the time of entering into the related Qualified Hedge, are rated at least AA (or an equivalent rating) by the Rating Agency, or whose payment obligations under a Qualified Hedge are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability are rated at least AA (or an equivalent rating) by the Rating Agency, or (b) whose payment obligations under the related Qualified Hedge are secured by a collateral agreement that, at the time of entering into the collateral agreement, is rated, or the entity’s (or a guarantor of the entity’s) obligations under the collateral agreement are rated, at least AA (or an equivalent rating) by the Rating Agency; *provided*, that it is expressly understood that the definition of Qualified Hedge Provider shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the General Resolution by a Supplemental Resolution, thus permitting hedge providers with different characteristics from those permitted pursuant to (a) and (b) which the Board of Directors of the Agency deems from time to time to be in the interests of the Agency to include as

Qualified Hedge Providers if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by any Rating Agency.

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

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

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

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

“Serial Bonds” means the Bonds which are not Term Bonds.

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

“Sinking Fund Requirement” means, as of any particular date of calculation, with respect to the Term Bonds of any Series and maturity, the amount of money required to be applied on any applicable date to the redemption prior to maturity or the purchase of the Term Bonds, except as such Requirement shall have been previously reduced by the principal amount of any Term Bonds of such Series and maturity with respect to which such Sinking Fund Requirement is payable which are to be purchased or redeemed (except out of Sinking Fund Requirements). Sinking Fund Requirements may be established as fixed dollar amounts or as method(s) of calculation thereof.

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

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

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

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

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

Payment Due or Acts to be Performed on Weekends and Holidays

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

General Resolution to Constitute Contract

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

Issuance of Bonds

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

- (a) a copy, duly certified by an Authorized Representative, of the General Resolution and the Series Resolution for such Series of Bonds;
- (b) a Counsel's Opinion stating in the opinion of such counsel that (i) the General Resolution and the applicable Series Resolution have been duly adopted and are valid and binding upon the Agency and (ii) said Bonds are valid and legally binding special obligations of the Agency secured in the manner and to the extent set forth in the General Resolution and the applicable Series Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained therein;
- (c) a Cash Flow Statement conforming to the requirements of the General Resolution; and
- (d) a request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Representative, to authenticate and deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor.

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

- (i) an amount shall be transferred to and deposited to the credit of the Debt Reserve Fund such that the amount on deposit in such Fund will at least equal the Debt Reserve Requirement;
- (ii) an amount shall be transferred to and deposited to the credit of the Loan Loss Fund such that the amount on deposit in such Fund will at least equal the Loan Loss Requirement;
- (iii) the total amount of such proceeds designated by the Agency as accrued interest and capitalized interest shall be transferred to and deposited to the credit of the Revenue Fund;
- (iv) an amount equal to pay the Costs of Issuance for such Bonds shall be transferred to and deposited to the credit of the Series Account in the Costs of Issuance Fund established for such Series;
- (v) an amount to the extent set forth in the applicable Series Resolution shall be transferred to and deposited in the Expense Fund;
- (vi) an amount to be transferred to and deposited into any Fund or Account not referred to in clauses (i)-(v) above or (vii) below as provided in the applicable Series Resolution; and
- (vii) the balance of such moneys shall be transferred to and deposited to the credit of the Acquisition Account in the Acquisition Fund established for such Series.

Refunding Bonds

Refunding Bonds of the Agency may be issued under and secured by the General Resolution for the purpose of providing funds, with any other available funds, for (i) redeeming (or purchasing in lieu of redemption) prior to their maturity or maturities, or retiring at their maturity or maturities, all or any part of the

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

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

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

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

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

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

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

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

Security Arrangements; Qualified Hedges; and Other Similar Arrangements

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

(1) So long as a Security Arrangement providing security (but not liquidity) is in full force and effect, and payment on the Security Arrangement is not in default and the issuer of the Security Arrangement is qualified to do business, then, in all such events, the issuer of the Security Arrangement shall be deemed to be the sole Owner of the Outstanding Bonds the payment of which such Security

Arrangement secures when the approval, consent or action of the Owners for such Bonds is required or may be exercised under the General Resolution, or, in the alternative (if so provided in the Series Resolution or Supplemental Resolution authorizing such Security Arrangement), that the approval, consent or action of the issuer of the Security Arrangement shall be required in addition to the approval, consent or action of the applicable percentage of the Owners of the Outstanding Bonds.

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

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

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

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

Funds and Accounts

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

Bond Proceeds Fund	Redemption Fund
Series Bond Proceeds Accounts	Special Redemption Account
Acquisition Fund	Optional Redemption Account
Series Acquisition Accounts	Expense Fund
Costs of Issuance Fund	Debt Reserve Fund
Series Costs of Issuance Accounts	Loan Loss Fund
Revenue Fund	General Fund
Debt Service Fund	Principal Prepayment Fund
Interest Account	Series Principal Prepayment Accounts
Principal Account	Collateral Mortgage Loan Fund

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

Bond Proceeds Fund—Series Bond Proceeds Accounts

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

Acquisition Fund—Series Acquisition Accounts

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

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

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

Costs of Issuance Fund—Series Costs of Issuance Accounts

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

of Issuance Account shall be transferred to the Revenue Fund and treated as Revenues, to the Acquisition Fund or to the Special Redemption Account of the Redemption Fund.

Revenue Fund; Application of Revenues

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

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

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

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

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

- (i) To any Rebate Fund or Account, the amount(s), if any, specified by the Agency;
- (ii) Principal payments, including Principal Prepayments, of Mortgage Loans in an amount equal to the amounts required by the Code to be applied to pay principal of Bonds shall be transferred to the Principal Account or the Special Redemption Account, as directed by the Agency;
- (iii) To the Interest Account, to pay interest due on such succeeding debt service payment date on the Bonds, plus any Parity Interest not already included under this clause;
- (iv) To the Principal Account, to pay principal due on such succeeding debt service payment date on the Bonds, plus the amount related to Parity Principal that is not already included in this clause;
- (v) To the Interest Account, to pay any fees in connection with tender option features, letters of credit, standby bond purchase agreements and other forms of liquidity related to such Bonds as set forth in a Series Resolution or a Supplemental Resolution;
- (vi) To the credit of the Expense Fund, an amount of Expenses specified in the Agency Request not to exceed one-half of the maximum amount of Expenses which may be deposited in the Expense Fund in such Fiscal Year, but in no event in any Fiscal Year can the amount deposited on any date, when aggregated with amounts already deposited during such Fiscal Year, cause the aggregate amount deposited in any Fiscal Year to exceed the maximum amount of Expenses which may be deposited in the Expense Fund in a Fiscal Year;
- (vii) To the credit of the Interest Account, to pay any fees in connection with any Security Arrangements credited to either or both of the Debt Reserve Fund and the Loan Loss Fund;
- (viii) To the credit of the Debt Reserve Fund, an amount sufficient to cause the amount on deposit in and credited to said Fund to equal the Debt Reserve Requirement;

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

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

(xi) To the General Fund, the balance.

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

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

Debt Service Fund—Interest Account

The Trustee shall, on each interest payment date, withdraw from the Interest Account and remit by mail (or other method of transfer acceptable to the Agency) (i) to each owner of Bonds the amounts required for paying the Parity Interest on such Bonds as such Parity Interest becomes due and payable, and to each Qualified Hedge Provider the amount due which is Parity Interest, and (ii) to each issuer of a Security Arrangement, the amount due which is Parity Interest and which is not already included in clause (i) any liquidity fees related to such Bonds.

Debt Service Fund—Principal Account

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

Amounts on deposit in the Revenue Fund prior to being deposited to the credit of the Principal Account in satisfaction of Sinking Fund Requirements shall be applied as applicable to the purchase of Term Bonds of each Series then Outstanding subject to Sinking Fund Requirements on the next date such payments are scheduled as provided in this paragraph. The Trustee, upon direction of an Authorized Representative, shall endeavor to purchase the Term Bonds or portions of Term Bonds of each Series stated to mature on the next maturity date or to be redeemed pursuant to Sinking Fund Requirements for Term Bonds of such Series then Outstanding at a price not to exceed the Redemption Price (plus accrued interest to the date of redemption) which would be payable on the next redemption date to the owners of such Term Bonds under the provisions of the applicable Series Resolution if such Term Bonds or portions of Term Bonds under the provisions of the applicable Series Resolution should be called for redemption on such date. *Provided, however,* that subject to applicable law, notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time

the investment earnings on the moneys in the Revenue Fund equal to the Sinking Fund Requirements for the next date such payments are scheduled shall be less than the interest accruing on the Bonds to be redeemed on such date from such Sinking Fund Requirement, then the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Bond under the provisions of the applicable Series Resolution, if an Authorized Representative certifies to the Trustee that the amount paid in excess of said Redemption Price is expected to be less than the interest which is expected to accrue on said Bond less any investment earnings on such available moneys for the period from the settlement date of the proposed purchase to the redemption date. The Trustee shall pay the interest accrued on such Term Bonds or portions of Term Bonds to the date of settlement therefor from the Revenue Fund. Notwithstanding the foregoing, no such purchase shall be made by the Trustee after the giving of notice of redemption by the Trustee.

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

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

Redemption Fund

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

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

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

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

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

Expense Fund

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

- (a) the payment of the fees and expenses of the Trustee, and the providers of credit enhancement on Bonds, Funds and Mortgage Loans; and
- (b) for transfer to the Interest or Principal Accounts, pursuant to the Resolution; and
- (c) upon requisition by Agency Request, the payment or reimbursement of any Expenses; and
- (d) for payment or provision for payment of any rebate required to be paid to mortgagors or the United States pursuant to the Code; and
- (e) to any Rebate Fund or Account, to cause the amount on deposit therein to equal the amount required pursuant to the Code to be rebated to Mortgagors or the United States; and
- (f) upon Agency Request, for transfer to the Revenue Fund and thereafter to be treated as Revenues.

Debt Reserve Fund

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

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

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

Loan Loss Fund

Moneys and Cash Equivalents held for the credit of the Loan Loss Fund shall be transferred or drawn upon for transfer, as applicable, by the Trustee to the Interest or Principal Account, in that order, to the extent that amounts on deposit (excluding amounts on deposit in the Special Redemption Account, the Optional

Redemption Account, or the Principal Prepayment Fund to the extent that such amounts have been set aside for the payment of Bonds which have been identified for purchase or called for redemption) in such Accounts, the Revenue Fund, the General Fund, the Optional Redemption Account, the Principal Prepayment Fund, and the Special Redemption Account are insufficient to pay the interest or the principal or Redemption Price payable on the Bonds.

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

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

General Fund

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

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

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

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

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

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

(vi) Subject to Section 413, and unless a lower priority of payment is provided in the Series Resolution or Supplemental Resolution authorizing such Qualified Hedge, pursuant to the terms of any Qualified Hedge, to pay to Qualified Hedge Providers the amount of Subordinated Contract Obligations then due, but if available amounts shall be insufficient for such purposes, the amounts payable pursuant to each Qualified Hedge will be pro rata based upon the respective amounts due thereunder; *provided, however*, that such amounts shall be payable only if and to the extent that a Cash Flow Statement filed with the Trustee in accordance

with Section 607 hereof shows that, following each transfer pursuant to this subsection (vi), the aggregate of the amounts on deposit in all Funds and Accounts hereunder, other than the Cost of Issuance Fund, Expense Fund and Interest Account and excluding the principal amount of any Security Arrangements credited to the Debt Reserve Fund or Loan Loss Fund, plus the aggregate principal balances of all Mortgage Loans, shall at least equal one hundred one per centum (101%) of the sum of the aggregate principal amount of the Bonds Outstanding and the aggregate amount of any additional amounts attributable to Parity Principal (“101% Parity Test”);

(vii) To the credit of the Expense Fund;

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

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

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

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

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

Principal Prepayment Fund—Series Principal Prepayment Accounts

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

Deficiencies in Debt Service Fund

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

originate identified Mortgage Loans acceptable for financing with amounts on deposit in such Series Acquisition Account:

- (a) Revenue Fund;
- (b) General Fund;
- (c) Optional Redemption Account;
- (d) Principal Prepayment Fund;
- (e) Special Redemption Account;
- (f) Loan Loss Fund;
- (g) Expense Fund;
- (h) Acquisition Fund (but only if the Agency has received a Counsel's Opinion that such use will not adversely affect the exclusion (if excluded) of interest on the Bonds from gross income of the Owners thereof for Federal income tax purposes);
- (i) Bond Proceeds Fund (but only if the Agency has received a Counsel's Opinion that such use will not adversely affect the exclusion (if excluded) of interest on the Bonds from gross income of the Owners thereof for Federal income tax purposes);
- (j) Costs of Issuance Fund;
- (k) Debt Reserve Fund;
- (l) Principal Account;
- (m) Acquisition Fund (if the Counsel's Opinion referred to in (h) above has not been received); and
- (n) Bond Proceeds Fund (if the Counsel's Opinion referred to in (i) above has not been received).

Collateral Mortgage Loan Fund

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

Moneys Sufficient to Redeem Bonds

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

Security for Deposits; Investment of Moneys

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

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

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

Tax Covenants

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

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

Books and Records

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

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

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

Annual Audit and Report

Within 120 days of each October 31 (the period from the immediately preceding November 1 to and including October 31, the “reporting period”), the Agency shall furnish to the Trustee (i) a statement of its revenues and expenses and of the changes in its fund balances during the previous reporting period, certified to by an Accountant, (ii) a report of its activities during the previous reporting period, and (iii) a certificate from

an Authorized Representative stating that there is no current Event of Default and that no Event of Default occurred during the preceding reporting period (or if there has been an Event of Default, providing the details thereof and describing the steps the Agency took, or is taking, to cure such Event of Default).

Program Covenants

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

Events of Default

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

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

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

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

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

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

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

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

Acceleration of Maturity

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

Enforcement of Remedies

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

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

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

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

Pro Rata Application of Funds

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

available for such purpose, shall be applied, following the satisfaction of any payments due to the Trustee, as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FOURTH: to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the subordinated Bonds, without preference or priority of principal over interest or of interest over principal, or of any daily accrual of interest over any other daily accrual of interest, or of any subordinated Bond over any other subordinated Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to the respective rates of interest specified in the subordinated Bonds; and

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

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

Restrictions Upon Actions by Individual Bondowner

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

Trustee Entitled to Indemnity

The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under the General Resolution, or to enter any appearance or in any way defend in any suit in which it may be named a defendant, or to take any steps in the execution of the trusts created by the General Resolution or in the enforcement of any rights and powers under the General Resolution, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything

else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Agency shall reimburse the Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith.

Compensation and Indemnification of Trustee

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

Resignation and Removal of Trustee

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

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

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

Appointment of Successor Trustee

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

Supplemental Resolutions

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

- (a) to cure any ambiguity or defect or omission in the General Resolution or in any supplemental resolutions; or
- (b) to grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or the Trustee; or
- (c) to include as pledged revenues or money under, and subject to the provisions of, the General Resolution any additional revenues or money legally available therefor; or
- (d) to cure any ambiguity, to correct or supplement any provision of the General Resolution which may be inconsistent with any other provision thereof, or to make any other provisions with respect to matters or questions arising under the General Resolution which shall not be inconsistent with the provisions thereof, provided such action shall not adversely affect the interests of the Bondowners; or
- (e) to add to the covenants and agreements of the Agency in the General Resolution other covenants and agreements thereafter to be observed by the Agency or to surrender any right or power in the General Resolution reserved to or conferred upon the Agency; or
- (f) to add provisions relating to coupon Bonds or Bonds issued with full book-entry delivery; or
- (g) to modify any of the provisions of the General Resolution in any respect whatever; *provided, however,* that either (i) such modification shall apply only to Series of Bonds issued after the effective date of the Supplemental Resolution and shall not materially adversely affect the interests of the owners of Bonds of any Series Outstanding on the effective date of the Supplemental Resolution or (ii)(a) such modification shall be effective only after all Bonds then Outstanding shall cease to be Outstanding, and (b) such Supplemental Resolution shall be specifically referred to in the text of all Bonds authenticated and delivered after the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof; or
- (h) to modify, amend or supplement the General Resolution or any Supplemental Resolution in such manner as to permit, if presented, the qualification thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law; or
- (i) to surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of the General Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the General Resolution; or
- (j) to add to the definition of Investment Obligations, Parity Hedge Provider, or Security Arrangement pursuant to the respective last proviso of the definition thereof; or
- (k) to modify, amend or supplement the General Resolution or any Supplemental Resolution in such manner as to permit a trustee (other than the Trustee) with respect to any subordinated Bonds issued under the General Resolution; or
- (l) to authorize Qualified Hedges and Security Arrangements and establish their terms; or
- (m) to make any other change which, in the judgment of the Trustee, does not materially adversely affect the interests of the Bondowners.

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

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

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

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

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

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

Defeasance

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

Agency, and shall turn over to the Agency or to such officer, board or body as may then be entitled to receive the same, all the remaining property held by the Trustee under the General Resolution.

Governing Law

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

STATE NOT LIABLE ON BONDS

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

AGREEMENT OF THE STATE

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

LEGALITY OF BONDS FOR INVESTMENT AND TO SECURE STATE DEPOSITS

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

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

FINANCIAL STATEMENTS OF THE AGENCY AND INDEPENDENT AUDITORS' REPORT

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

SONYMA

Financial Statements

Fiscal Year

2017

State of New York Mortgage Agency

(A Component Unit of the State of New York)

Financial Statements

Fiscal Years Ended October 31, 2017 and 2016

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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, 2017 and 2016, 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
President/Chief Executive Officer



Sheila Robinson
Senior Vice President/Chief Financial Officer

January 25, 2018



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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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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, 2017 and 2016, 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 Funding Progress – Postretirement Healthcare Plan, the Schedule of the 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The Supplementary Section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United



States. In our opinion, the Supplementary Section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated January 25, 2018 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Ernst & Young LLP

January 25, 2018

STATE OF NEW YORK MORTGAGE AGENCY

(A Component Unit of the State of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended October 31, 2017 and October 31, 2016

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, 2017 ("fiscal 2017") and October 31, 2016 ("fiscal 2016") with selective comparative information for the fiscal year ended October 31, 2015 ("fiscal 2015"). 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 2017 and fiscal 2016. 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 since 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 creates 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”). Moneys in this fund are not to be commingled with any other monies of SONYMA. The Agency currently owns approximately 398 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 \$10.1 million to date, and has invested \$7.6 million into the partnership.

Single Family Operations Highlights

General

Fiscal 2017 saw continued uncertainty in the housing market coupled with the lingering impact of the Federal Reserve's post-Financial Crisis monetary policy impacting SONYMA's ability to maintain its traditional interest rate advantage. As a result of continued aggressive efforts to reduce the Agency's cost of funds and offer the most competitively priced mortgages on the market in the State, SONYMA's loan production remained at the high levels seen in fiscal year 2016. During fiscal year 2017, SONYMA assisted 1,873 low and moderate-income households (compared to 2,022 households in fiscal 2016 and 1,133 households in fiscal 2015) by purchasing \$369.9 million in mortgage loans (compared to \$368.0 million in fiscal 2016 and \$182.5 million in fiscal 2015). In fiscal year 2017, the Agency funded 0.5% more in mortgage loans than during fiscal 2016, and 103% more than in fiscal year 2015. The majority of the bond financed loans were purchased under SONYMA's two primary programs - Low Interest Rate and Achieving the Dream.

During fiscal 2017, the Low Interest Rate Program provided financing to 540 households (compared to 585 households in fiscal 2016 and 257 in fiscal 2015), and the Achieving the Dream Program, which assists lower-income homebuyers (80% of area median income or less), provided financing for 1,249 households (compared to 1,351 households in fiscal 2016 and 832 in fiscal 2015). The continuing success of the Achieving the Dream Program, which continues to outperform the Low Interest Rate Program in terms of production, continues to signal 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, 930 borrowers (49.7%) received down payment assistance totaling \$6.6 million in fiscal year 2017, compared to 1,017 borrowers, totaling \$6.7 million in fiscal 2016 and 548 borrowers, totaling \$3.4 million in fiscal 2015.

SONYMA continues to provide financing to underserved populations and communities. In fiscal year 2017, 891 loans were made to low-income households and 583 loans were made to minorities, compared to 1,087 and 539 respectively in fiscal 2016 as well as 719 and 311 respectively in fiscal 2015. In addition, 220 loans were made to households buying in Federally-designated target areas, up from 129 in fiscal 2016 and 83 the prior year.

During fiscal 2017, 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 on the Achieving the Dream Program, which assists lower-income homebuyers. In fiscal year 2017, 1,249 of the Agency's mortgages were originated under this program, keeping close pace with 1,351 in 2016 and 832 in 2015. Overall, 891 of the mortgages purchased were made to low-income homebuyers (80% of area median income or less), keeping pace with 1,017 in 2016, and 225 of the loans SONYMA purchased statewide were made to low-income, minority households.
- Continuing to promote and expand the reach of the Conventional Plus Program in fiscal 2017. Conventional Plus was launched in November 2012 and complements SONYMA's existing tax-exempt bond financed programs and the FHA Plus Program described below. The product takes advantage of certain pricing and underwriting benefits afforded to SONYMA by Fannie Mae. The features of Conventional Plus are as follows:
 - No loan level price adjustments;
 - Lower mortgage insurance coverage requirements than standard loans;
 - The availability of mortgage insurance provided by Genworth Mortgage Insurance (or SONYMA's MIF, in the event that Genworth is unwilling to insure the loan); and

- Down payment and/or closing cost assistance up to 3% of the home purchase price (SONYMA allows its Down Payment Assistance Loan to be used to pay a one-time upfront mortgage insurance premium, thus eliminating the monthly mortgage insurance premium and significantly lowering the monthly payment).

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

Under Conventional Plus, 61 mortgages of \$6.9 million in total principal and \$32 thousand in Down Payment Assistance were originated in fiscal year 2017. In addition, as of October 31, 2017, the Agency had 10 mortgages of \$0.9 million in total principal and \$7 thousand in Down Payment Assistance in its pipeline.

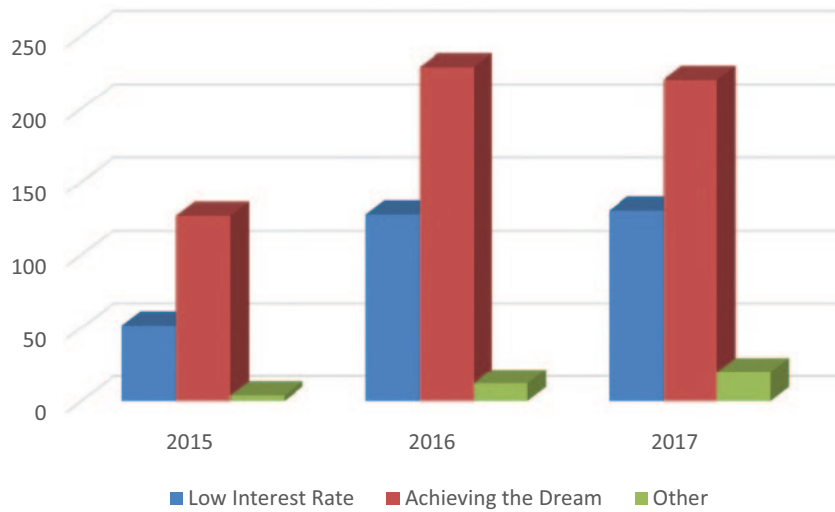
- Continuing to promote and expand the footprint of the FHA Plus Program SONYMA launched in December 2013. Complementing SONYMA's existing tax-exempt bond financed programs and the Conventional Plus Program, FHA Plus takes advantage of a special exemption from HUD that enables state housing finance agencies to offer down payment assistance on FHA-insured mortgages, where the down payment assistance may be used towards the borrower's minimum cash investment. The benefits of FHA Plus are:
 - Eligible borrowers do not have to be first-time homebuyers;
 - No income or purchase price limits; and
 - Availability of SONYMA down payment assistance:
 - for purchase transactions, up to 3% of the home purchase price.
 - for refinance transactions, up to 3% of the lower of the unpaid principal balance or the appraised value. (The assistance may be used as a credit against closing costs and prepaids.)

Under this program, 271 mortgages of \$72.5 million in total principal and \$2.2 million in Down Payment Assistance were originated in fiscal year 2017. In addition, as of October 31, 2017, the Agency had 52 mortgages of \$13.4 million in total principal and \$410 thousand in Down Payment Assistance in its pipeline.

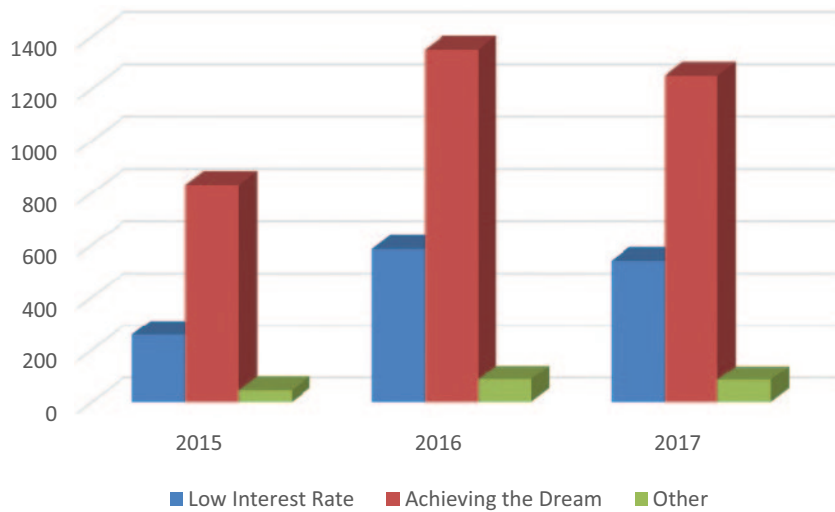
- The Agency has continued to enhance the SONYMA Express® automated system that was developed to assist participating lenders by providing expedited decisions on SONYMA loan eligibility. The system has: (a) streamlined the Agency's loan origination process and dramatically reduced the time it takes participating 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. Continued efforts to improve user experience through SONYMA Express®, led to an additional 21 lenders opting to use the system in 2017. It is anticipated that approximately 85% of the SONYMA volume will come through SONYMA Express® in fiscal year 2018 as a result.
- 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. The Agency held two meetings with the Advisory Council in fiscal 2017, including a roundtable session with council member guests and SONYMA staff members, as well as monthly subcommittee meetings.
- Continuing Outreach Efforts to Industry Partners by participating in 65 events across the state with homeownership counseling organizations, realtors, lenders, not-for profits, veterans groups, community groups and others. 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.

- Growing 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. 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 downpayment assistance, a subsidized interest rate, and \$20,000 toward property repairs with the ability to finance any additional necessary repairs into the loan. Significant outreach has been undertaken to develop a template for success in each community and the first loans are in the process of negotiating contracts, getting estimates for renovations, and submitting mortgage applications. In fiscal 2017, SONYMA funded 30 NRP properties investing over \$7.0 million in the effort. The decision was made to expand access to the program into all of Orange County, Rensselaer County, Schenectady County, Staten Island, the Bronx, and Buffalo.
- Expanding the SONYMA Spruce Up Initiative. SONYMA Spruce Up is an event in which SONYMA, local nonprofit partners, lenders, sponsors, contractors and neighborhood associations partner to do a one-day exterior clean-up of a targeted area. SONYMA held its first event in the Sheridan Hollow neighborhood in Albany with the assistance of the Affordable Housing Partnership and the Sheridan Hollow Neighborhood Association in 2016. This pilot was continued with another four events in 2017 throughout New York State (Buffalo, Newburgh, Troy and Brentwood). 470 volunteers completed exterior repairs, such as repair/painting of stoops, planting trees, and cleaning up sidewalks on over 150 homes, completed a total renovation of five local parks, five vacant lots as well as the clean-up and painting of a playground, and an outdoor classroom. Local lenders, community volunteers, school civics clubs, several local nonprofits, realtors and SONYMA's MI partners both sponsored and contributed volunteers to complete the work.. There was radio and media coverage across all the local networks.
- Buying nearly 400 delinquent mortgage notes through Community Restoration Fund. Legislation was passed in the summer of 2016 to create the SONYMA Community Restoration Fund (CRF). This fund 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. During fiscal 2017, the SONYMA CRF, in partnership with New Jersey Community Capital, a nonprofit organization specializing in this work, leveraged \$7.6 million in Morgan Stanley settlement dollars against \$76 million in private financing to purchase the mortgages for nearly 400 homes in a strategic effort to bring owners out of foreclosure and keep the homes from abandonment. The 398 homes in the CRF program are in 33 of the State's 62 counties, with the majority of the homes located on Long Island and in the Mid-Hudson Valley.
- We have continued to offer bi-monthly webinars through SONYMA University using content with topics coming from attendee feedback and the SONYMA Advisory Council. To date, more than 3,000 attendees, from our lender, nonprofit and realtor partners, have participated in web-based training on SONYMA programs. The course content has also been used to create consistent presentations for onsite trainings that are given by our three Business Development Officers throughout the State.
- 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. In order to address this increasing need, SONYMA made a number of enhancements to its Remodel NY program in 2015 and 2016. In 2016, the Agency hired a dedicated Renovation Loan Analyst to enable the quick and efficient review of Remodel NY loans submitted pre- and post-purchase. In addition, during fiscal 2017, SONYMA purchased approximately \$3.2 million in Remodel NY loans, with another \$1.7 million in the pipeline for purchase in late 2017 and early 2018. The program continues to gain momentum and assist first time homebuyers purchasing homes in need of repair.

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



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



Performance of Mortgage Portfolio

At the end of fiscal 2017, SONYMA's 60 days or more delinquencies were 3.19% (based on the number of loans). This compares to the New York State and national averages of 6.33% and 3.38%, respectively¹. As of the end of fiscal year 2016, the percentage of 60 days or more delinquencies was 3.94%.

Since the end of fiscal year 2009, the percentage of the Agency's delinquencies has increased by over 58% (from 2.02% as of October 31, 2009 to 3.19% as of October 31, 2017). The increase is primarily due to the significant increases in the elapsed time to complete a foreclosure proceeding. Foreclosure timeframes have been increasing in New York since the State is a state in which judicial intervention is required 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 have caused the time for a foreclosure completion in the State to average over 3 years.

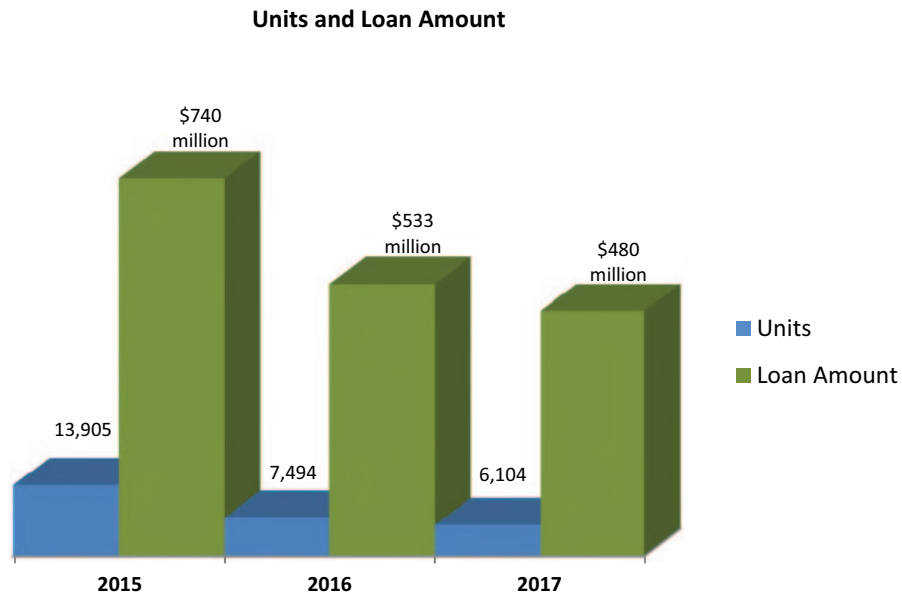
With respect to mortgage loans foreclosed between January 1, 2017 and October 31, 2017, an average of 1,441 days elapsed between the date of default and the date foreclosure proceedings were completed. In contrast, with respect to Agency mortgage loans foreclosed in 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016, an average of, respectively, 502 days, 644 days, 803 days, 931 days, 1,071 days, 1,171 days, 1,247 days and 1,292 days elapsed between such dates.

¹ National Delinquency Survey (NDS) latest quarterly figures on conventional delinquencies, as of 9/30/17

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.

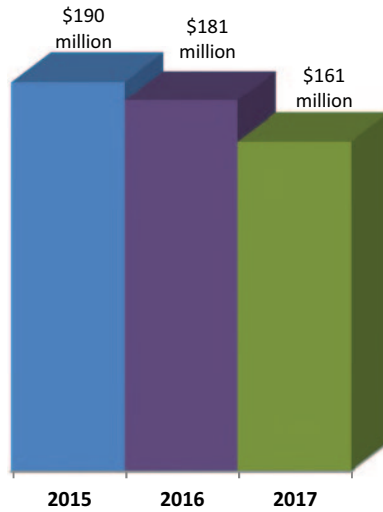
The following graph highlights the MIF's project insurance commitments for the fiscal years indicated.



The decrease in both loan amount and number of units in 2017 was due primarily to the absence of large NYC Housing Development Corporation affordable housing rehabilitation loans.

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 \$160.5 million during fiscal 2017, \$180.8 million during fiscal 2016 and 190.1 million during fiscal 2015. The decline was due to a reduced rate of mortgage recordings principally of large commercial projects in NYC. The MIF also received \$22.4 million in insurance recoveries, application fees and insurance premiums during fiscal 2017 as compared with \$23.7 million during fiscal 2016 and \$19.4 million during fiscal 2015. Interest earned on investments by the MIF during fiscal years 2017, 2016 and 2015 was \$29.5 million, \$26 million and \$22.7 million, respectively.

The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the MIF are rated "AA-" and "AA+", respectively by Fitch Inc. ("Fitch"). Fitch affirmed its ratings on the Single Family Pool Insurance Account and the Project Pool Insurance Account, with a stable outlook on July 21, 2016.

On November 8, 2016, Moody's affirmed the "Aa1" rating on the Project Pool Insurance Account with a stable outlook and its "Aa1" rating on the Single Family Pool Insurance Account with a negative outlook.

Condensed Financial Information

Net Position Summary Schedules

Condensed Statement of Net Position

	October 31,			% Change	
	2017	2016	2015	2017- 2016	2016- 2015
	(in thousands)				
Assets					
Cash	\$ 15,967	\$ 13,873	\$ 14,761	15%	(6%)
Investments	2,364,584	2,401,691	2,416,548	(2%)	(1%)
Mortgage and student loans receivables	2,794,636	2,710,011	2,644,084	3%	2%
Interest receivable	19,748	19,806	19,659	"-	1%
Other assets	24,029	17,732	13,830	36%	28%
Total assets	5,218,964	5,163,113	5,108,882		
Deferred outflows of resources					
Accumulated decrease in fair value of hedging derivatives	2,990	14,021	21,508	(79%)	(35%)
Deferred loss on refunding	4,982	5,258	5,535	(5%)	(5%)
Deferred outflows relating to pension	2,025	4,771	327	(58%)	1,359%
Total deferred outflows of resources	9,997	24,050	27,370		
Liabilities					
Bonds payable	2,552,343	2,524,109	2,611,563	1%	(3%)
Derivative instruments - interest rate swaps	16,057	27,088	34,575	(41%)	(22%)
Interest payable	6,422	6,942	6,083	(7%)	14%
Allowance for anticipated claims	17,164	17,164	16,756	"-	2%
Unearned income, accounts payable and other liabilities	156,466	168,783	91,253	(7%)	85%
Other postemployment retirement benefits	51,906	49,145	46,591	6%	5%
Total liabilities	2,800,358	2,793,231	2,806,821		
Deferred inflows of resources					
Deferred inflows relating to pension	466	595	—	(22%)	N/A
Total deferred outflows of resources	466	595	—		
Net position					
Restricted for bond obligations	657,499	630,765	613,524		
Restricted for insurance requirements	1,795,027	1,785,332	1,735,314		
Unrestricted (deficit)	(24,389)	(22,760)	(19,407)		
Total net position	\$ 2,428,137	\$ 2,393,337	\$ 2,329,431		

N/A - Not applicable

"-" Indicates a % < 1%

Assets

Investments

Investments held by the Agency vary throughout the year as funds are received or disbursed by the Agency. Investments decreased from \$2.40 billion at October 31, 2016 to \$2.36 billion at October 31, 2017, a decrease of \$37.1 million or 2%. This compares with a decrease from \$2.42 billion at October 31, 2015 to \$2.4 billion at October 31, 2016, a decrease of approximately \$14.9 million or 1%. The decrease in investments for both periods was primary a result of an increase in mortgage loans purchased by the Agency.

Mortgage and Student Loans Receivables

Mortgage and student loans receivables are the primary assets of the Agency's Single Family operation and the Student Loan Program constituting 54% of the Agencies total assets at October 31, 2017, 52% as of October 31, 2016 and 52% as of October 31, 2015.

Mortgage and student loans receivables increased from \$2.71 billion at October 31, 2016 to \$2.79 billion at October 31, 2017, an increase of approximately \$84.6 million or 3%. This compares to an increase from \$2.64 billion at October 31, 2015 to \$2.71 billion at October 31, 2016, an increase of approximately \$65.9 million or 2%. The increases in mortgage loans during both periods was due to an uptick in loans purchased as a result of new incentive programs.

Interest Receivable

Interest receivable has remained fairly constant during the period, decreasing from \$19.8 million at October 31, 2016 to \$19.7 million at October 31, 2017, a slight decrease of approximately \$58 thousand. This compares with \$19.7 million in fiscal 2015.

Other Assets

Other assets are primarily comprised of Owned Real Estate held by the Agency's Single Family operations and the CRF which invested \$7.5 million into a non-profit corporation to assist with foreclosure and abandoned home mitigation. This program was funded from settlement fees from the Attorney General's office in the amount of \$10.1 million.

Other assets increased from \$17.7 million at October 31, 2016 to \$24.0 million at October 31, 2017 an increase on \$6.3 million or 36%. This compares to an increase \$13.8 million at October 31, 2015 to \$17.7 million at October 31, 2016, an increase of approximately \$3.9 million or 28%. The increase during this period year results from increases in the number of loans being moved from the loan portfolio to Owned Real Estate status and remaining in that status for longer periods of time.

Liabilities

Bonds Payable

At approximately 91% of total liabilities at October 31, 2017 (90% at October 31, 2016 and 93% at October 31, 2015), 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 increased from \$2.52 billion at October 31, 2016, to \$2.55 billion at October 31, 2017, an increase of approximately \$28.2 million or 1%. This compares with a decrease from \$2.61 billion at October 31, 2015, to \$2.52 billion at October 31, 2016, a decline of approximately \$87.4 million or 3%. The change in bonds payable during both periods is the 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 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 2017, 2016 and 2015, all of the Agency's interest rate swaps were determined to be effective hedges. Therefore, the Agency recorded the amount of the fair values of these interest rate swaps along with a corresponding deferred outflow of resources.

Due to the maturity of several swaps there was a decline in fair value from \$27.1 million at October 31, 2016 to \$16.1 million at October 31, 2017, a decrease of \$11 million or 41%. This compares to a decline from \$34.6 million at October 31, 2015 to \$27.1 million at October 31, 2016, a decline of 7.5 million or 22%

Interest Payable

Interest payable decreased from \$6.9 million at October 31, 2016 to \$6.4 million at October 31, 2017, a decrease of approximately \$500 thousand, or 7%. This compares with an increase from \$6.1 million at October 31, 2015 to \$6.9 million at October 31, 2016, an increase of approximately \$900 thousand, or 14%. The decline at October 31, 2017 was a result of a large bond sale in September causing an increase in bonds outstanding but accruing only two months of interest payable. The increase in interest payable during fiscal 2016 was a result of an increase in interest rates on variable rate debt and an extended interest period for HMB bond series 197, 198 and 199. The bonds were delivered on July 21, 2016 with a first coupon date of April 1, 2017 which was a result of lower interest rates paid on refunding bonds.

Allowance for Anticipated Claims

Allowance for anticipated claims remained unchanged with a balance of \$17.2 million for October 31, 2017 and 2016. This compares with an increase from \$16.8 million at October 31, 2015 to \$17.2 million at October 31, 2016, an increase of approximately \$400 thousand or 2%. 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 2017, 2016 and 2015 the MIF made claim payments in the amounts of \$13.1 million, \$9.9 million and \$9.5 million respectively.

Unearned Income, Accounts Payable and Other Liabilities

Unearned income, accounts payable and other liabilities decreased from \$168.8 million at October 31, 2016 to \$156.5 million at October 31, 2017, a decrease of \$12.3 million or 7%. This compares to an increase from \$91.3 million at October 31, 2015 to \$168.8 million at October 31, 2016, an increase of approximately \$77.5 million or 85%. The continued fluctuation year to year is primarily due to the MIF and changes in insurance requirements and mortgage record surtax received. The increase in fiscal 2016 was primarily a result of the commitment by the MIF to transfer an additional \$100 million to the State and its Agencies. The same commitment was made again during fiscal 2017.

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 OPEB balance represents the accumulated unfunded actuarial liability required to pay the cost to eligible retirees. The accumulated amount of OPEB increased from \$49.1 million in fiscal 2016 to \$51.9 million in fiscal 2017, an increase of approximately \$2.8 million, or 6%. This compares to an increase from \$46.6 million in fiscal 2015 to \$49.1 million in fiscal 2016, an increase of approximately \$2.5 million, or 5%. An actuarial calculation using updated census data occurred at October 31, 2016, using a November 1, 2015 measurement date.

Summary of Revenues, Expenses and Changes in Net Position

	October 31,			% Change	
	2017	2016	2015	2017- 2016	2016- 2015
	(in thousands)				
Operating Revenues					
Interest on loans	\$ 131,632	\$ 130,697	\$ 133,147	1%	(2%)
Recoveries	5,236	5,709	14,689	(8%)	(61%)
Investment Income	37,507	32,896	30,066	14%	9%
Net change in fair value of investments	(36,968)	10,407	10,236	(455%)	2%
Other operating revenues	18,701	17,030	16,876	10%	1%
Total operating revenues	<u>156,108</u>	<u>196,739</u>	<u>205,014</u>		
Operating Expenses					
Interest expense and amortization of discount on debt	79,859	82,170	83,613	(3%)	(2%)
Provision for estimated claims	13,087	10,371	9,596	26%	8%
Pool insurance	547	530	578	3%	(8%)
Expenditures related to federal grants	602	763	378	(21%)	102%
Other operating expenses	48,936	45,973	36,954	6%	24%
Total operating expenses	<u>143,031</u>	<u>139,807</u>	<u>131,119</u>		
Net operating revenue	13,077	56,932	73,895	(77%)	(23%)
Non-operating revenues (expenses)					
Mortgage insurance reserves retained	111,419	117,076	147,990	(5%)	(21%)
Federal grants	602	763	378	(21%)	102%
Transfers to New York State and its Agencies	(90,298)	(110,865)	(75,000)	(19%)	48%
Total non-operating revenues (expenses)	<u>21,723</u>	<u>6,974</u>	<u>73,368</u>		
Increase in net position	34,800	63,906	147,263		
Total net position - beginning of	2,393,337	2,329,431	2,183,390		
Cumulative effect of implementing GASB No. 68	—	—	(1,222)		
Net position, beginning of fiscal year (as restated)	<u>2,393,337</u>	<u>2,329,431</u>	<u>2,182,168</u>		
Total net position- end of fiscal year	<u>\$ 2,428,137</u>	<u>\$ 2,393,337</u>	<u>\$ 2,329,431</u>		

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 increased from \$130.7 million in fiscal 2016 to \$131.6 million in fiscal 2017, an increase of approximately \$900 thousand or 1%. This compares to a decline from \$133.1 million in fiscal 2015 to \$130.7 million in fiscal 2016, a decrease of approximately \$2.4 million or 2%. The increase in interest income during fiscal 2017 was directly related to an increase in mortgage loans outstanding. The prior fiscal year's decline was primarily due to the duration of mortgages loans outstanding and lower interest rates on loans held by the Agency during these periods.

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 declined from \$5.7 million at October 31, 2016 to \$5.2 million at October 31, 2017 a decline of \$500 thousand or 8%. This compares to a decline from \$14.7 million in fiscal year 2015 to \$5.7 million in fiscal year 2016, a decrease of approximately \$9 million, or 61%. During fiscal 2015 three projects were returned to performing status totaling \$10.2 million.

Investment Earnings and Net Change in Fair Value of Investments

During fiscal 2017, the Agency recognized \$37.5 million in net investment income from maturities, sales and investments amortization (compared with \$32.9 million and \$30 million during fiscal years 2016 and 2015, 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 2017 of \$37 million, and increases of \$10.4 million and \$10.2 million, for fiscal years 2016 and 2015 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 increased from \$17 million at October 31, 2016 to \$18.7 million at October 31, 2017, an increase of approximately \$1.7 million or 10%. This compares to an increase from \$16.9 million at October 31, 2015 to \$17 million at October 31, 2016, an increase of approximately \$154 thousand or 1%. The variances are primarily due to an increase in the level of insurance commitments issued by the MIF during fiscal years 2017, 2016 and 2015.

Expenses

Interest Expense and Amortization of Discount on Debt

Interest expense and amortization of discount on debt declined from \$82.1 million in fiscal 2016 to \$79.8 million in fiscal 2017, a decline of approximately \$2.3 million or 3%. This compares with a decline from \$83.6 million in fiscal 2015 to \$82.1 million in fiscal 2016, a decline of approximately \$1.5 million or 2%. The decreases were due to the continued issuance of refunding bonds at lower rates and the decline in the balance of outstanding bonds.

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 increased from approximately \$10.4 million in fiscal year 2016 to \$13.1 million in fiscal year 2017, an increase of approximately \$2.7 million, or 26%. This compares to an increase from approximately \$9.6 million in fiscal year 2015 to \$10.4 million in fiscal year 2016, an increase of approximately \$775 thousand, or 8%.

In fiscal 2017, 2016 and 2015, 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 2017 and 2016, 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. Other operating expenses increased from \$46 million at October 31, 2016 to \$48.9 million at October 31, 2017, an increase of approximately \$2.9 million or 6%. This compares to an increase from \$37.0 million at October 31, 2015 to \$46.0 million at October 31, 2016, an increase of approximately \$9.0 million or 24%. The variations were primarily the result of fluctuations in legal expenses, information technology expenses and other general operating expenses.

Non-Operating Revenues (Expenses)

Mortgage Insurance Reserves Retained

Mortgage insurance reserves retained totaled \$111.4 million during fiscal 2017 as compared to \$117.1 million during fiscal 2016 and \$148 million during fiscal 2015. Such reserves are funded by mortgage recording surtax receipts. Mortgage surtax receipts for fiscal years 2017, 2016 and 2015 were received in the amounts of \$160.5 million, \$180.8 million and \$190.1 million, respectively. 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

Net transfers decreased from \$110.9 million at October 31, 2016 to \$90.3 million at October 31, 2017, a decrease of approximately \$19 million or 21%. This compares with an increase from \$75 million at October 31, 2015 to \$110.9 million at October 31, 2016, an increase of approximately \$35.9 million or 48%. During the fiscal years ended October 31, 2017, 2016 and 2015, the balance was primarily a result of the MIF being directed by the State to transfer the amount of \$100 million during both fiscal years 2017 and 2016 and \$75 million for fiscal 2015 along with other transfers. During fiscal 2017 Agency received \$10 million to fund the CRF lowering the net transfer amount. During fiscal 2016, the Agency transferred an excess of \$10 million from the Credit Support Account in the MIF increasing the net transfer amount.

State of New York Mortgage Agency

(A Component Unit of the State of New York)

Statements of Net Position

	October 31,	
	2017	2016
	(in thousands)	
Assets		
Current assets:		
Cash-demand deposits unrestricted	\$ 2,660	\$ 1,940
Cash-demand deposits restricted	9,936	8,399
Cash-custodian deposits	3,371	3,534
Investments unrestricted	24,862	36,095
Investments restricted	828,036	748,292
Total cash and investments	<u>868,865</u>	<u>798,260</u>
Mortgage loans receivable	165,067	166,321
Accrued interest receivable:		
Mortgage and student loans	8,224	8,504
Investments	11,524	11,302
Other assets	22,859	16,720
Total current assets	<u>1,076,539</u>	<u>1,001,107</u>
Non-current assets:		
Investments restricted	1,511,686	1,617,304
Mortgage loans receivable	2,623,653	2,536,069
Student loans receivable	5,916	7,621
Capital assets - internal use software	1,170	1,012
Total non-current assets	<u>4,142,425</u>	<u>4,162,006</u>
Total assets	<u>5,218,964</u>	<u>5,163,113</u>
Deferred outflows of resources		
Accumulated decrease in fair value of hedging derivatives	2,990	14,021
Deferred loss on refunding	4,982	5,258
Deferred outflows relating to pension	2,025	4,771
Total deferred outflows of resources	<u>9,997</u>	<u>24,050</u>
Liabilities		
Current liabilities:		
Bonds payable, net	147,745	105,080
Interest payable	6,422	6,942
Allowance for anticipated claims	17,164	17,164
Unearned income, accounts payable and other	53,632	63,768
Amounts due to New York State and its Agencies	100,000	100,000
Total current liabilities	<u>324,963</u>	<u>292,954</u>
Non-current liabilities:		
Bonds payable, net	2,404,598	2,419,029
Derivative instruments - interest rate swaps	16,057	27,088
Other postemployment benefits payable	51,906	49,145
Net pension liability	2,834	5,015
Total non-current liabilities	<u>2,475,395</u>	<u>2,500,277</u>
Total liabilities	<u>2,800,358</u>	<u>2,793,231</u>
Deferred inflows of resources		
Deferred inflows relating to pension	466	595
Total deferred inflows of resources	<u>466</u>	<u>595</u>
Net position		
Restricted for bond obligations	657,499	630,765
Restricted for insurance requirements	1,795,027	1,785,332
Unrestricted (deficit)	(24,389)	(22,760)
Total net position	<u>\$ 2,428,137</u>	<u>\$ 2,393,337</u>

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,	
	2017	2016
	(in thousands)	
Operating revenues		
Interest earned on loans	\$ 131,632	\$ 130,697
Recoveries	5,236	5,709
Investment income	37,507	32,896
Net change in fair value of investments	(36,968)	10,407
Commitment fees, insurance premiums and application fees earned	16,545	15,521
Other income	2,156	1,509
Total operating revenues	156,108	196,739
Operating expenses		
Interest and amortization of discount on debt	79,859	82,170
Bond issuance costs	2,814	2,250
Postemployment retirement benefits expense	2,761	2,553
General expenses	22,410	22,060
Overhead assessment by State of New York	4,556	4,556
Pool insurance	547	530
Provision for estimated claims	13,087	10,371
Expenses related to federal grants	602	763
Other	16,395	14,554
Total operating expenses	143,031	139,807
Operating income	13,077	56,932
Non-operating revenues (expenses)		
Mortgage insurance reserves retained	111,419	117,076
Federal grants	602	763
Transfers to/from New York State and its Agencies (net)	(90,298)	(110,865)
Total non-operating (expenses) revenues	21,723	6,974
Increase in net position	34,800	63,906
Total net position, beginning of fiscal year	2,393,337	2,329,431
Total net position, end of fiscal year	\$ 2,428,137	\$ 2,393,337

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,	
	2017	2016
	(in thousands)	
Cash flows from operating activities		
Interest received on loans	\$ 131,815	\$ 130,558
Principal payment on loans	285,085	302,024
Purchase of loans	(369,692)	(367,889)
Commitment fees, insurance premium and application fees earned	22,121	23,618
General expenses	(28,120)	(27,145)
Expenditures related to federal and state grants	(602)	(763)
Transfers	11,100	365
Other	(41,597)	(23,173)
Net cash provided by operating activities	10,110	37,595
Cash flows from non-capital financing activities		
Interest paid on bonds	(80,056)	(79,293)
Mortgage recording surtax receipts	160,510	180,831
Payments to New York State and its Agencies	(154,743)	(115,854)
CRF funds received	—	10,100
Federal grants	602	763
Bond proceeds	336,135	278,590
Retirement and redemption of bonds	(307,889)	(371,233)
Net cash used in non-capital financing activities	(45,441)	(96,096)
Cash flows from investing activities		
Purchase of internal software	(152)	(119)
Earnings on investments	45,276	41,449
Proceeds from the sale or maturities of investments	3,981,940	3,217,456
Purchase of investments	(3,989,639)	(3,201,173)
Net cash provided by investing activities	37,425	57,613
Net change in cash	2,094	(888)
Cash at beginning of fiscal year	13,873	14,761
Cash at end of fiscal year	\$ 15,967	\$ 13,873
Reconciliation of operating revenues to net cash provided by operating activities:		
Operating income	\$ 13,077	\$ 56,932
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:		
CRF funds received	—	(10,100)
Investment income	(37,486)	(32,901)
Interest payments and amortization	79,859	82,170
Net change in fair market value	36,969	(10,407)
Other	4,512	4,134
Transfers	11,100	365
Changes in assets and liabilities		
Mortgage loans and other loans, net	(86,329)	(67,693)
Interest, fees and other receivables	(5,861)	(3,520)
Student loans	1,705	1,765
Allowance for anticipated claims	—	408
Unearned income, accounts payable and other	(8,016)	9,801
Postemployment retirement benefits payable	(2,181)	2,554
Net pension liability	2,761	4,087
Net cash provided by operating activities	\$ 10,110	\$ 37,595
Non-cash investing activities		
Net (decrease) increase in fair value of investments	\$ (36,969)	\$ 10,407

See notes to financial statements.

State of New York Mortgage Agency

(A Component Unit of the State of New York)

Notes to Financial Statements

October 31, 2017 and 2016

1. Organization and Basis of Presentation

The State of New York Mortgage Agency (the "Agency") is a public benefit corporation of the State of New York (the "State") created by statute in 1970 and for financial reporting purposes is a component unit of the State. The purpose of the Agency is to make mortgages available to low and moderate income first-time homebuyers and to other qualifying homebuyers through its various mortgage programs. The Agency provides mortgage insurance for qualifying real property loans. In addition, credit support is provided for obligations of the Convention Center Development Corporation through its Mortgage Insurance Program, in exchange for a one-time fee received by the Agency in fiscal year 2006. Under State statutes, the Agency's operating provisions are subject to periodic legislative renewal. The Agency is exempt from Federal, State and local income taxes. In April 2009, the Agency's statutory authority to purchase education loans was updated and expanded in order to permit the Agency to work with the New York State Higher Education Services Corporation ("HESC") in developing a new program to offer education loans to eligible students attending colleges and universities in New York State ("Student Loan Program"). The financial statements of the Agency include the accounts of the respective bondholder funds as well as the Mortgage Insurance Fund, Student Loan Program and the General Operating Fund.

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

1. Organization and Basis of Presentation (continued)

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

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

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.

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

As of October 31, 2017 and 2016, the MIF has outstanding mortgage insurance policies of approximately \$3.66 billion and \$3.4 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.

1. Organization and Basis of Presentation (continued)

b. Mortgage Insurance Fund

Legislation adopted in 2004 added an account to the Agency's MIF, the Development Corporation Credit Support Account, and expanded the powers of the MIF to permit the Agency to provide credit support for the bonds and ancillary bond facilities of the Convention Center Development Corporation, a subsidiary of the New York State Urban Development Corporation. The legislation further limits the aggregate annual amount to be transferred from the Special Account to the Development Corporation Credit Support Account within the MIF during any twelve month period ending on March 31st to the lesser of \$50 million or the aggregate of the amounts required under such contracts. The Agency had set aside \$34.4 million for this purpose. Approximately \$37 million and \$36.8 million remains on deposit for this purpose as of October 31, 2017 and 2016 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 shall be 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 shall 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.

c. General Operating Fund

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

2. Significant Accounting Policies (continued)

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.

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. Further, most of these loans (70%) were originated in 2004 or earlier and 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.

2. Significant Accounting Policies (continued)

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.

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. Accounting Pronouncements

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB No. 75"). The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Agency is currently evaluating the impact this standard will have on its financial statements.

In January 2016, GASB issued Statement No. 80, Blending Requirements for Certain Component Units — an Amendment of GASB Statement No. 14 ("GASB No. 80"). The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The provisions of this statement are effective for fiscal years beginning after June 15, 2016. The Agency is currently evaluating the impact this standard will have on its financial statements.

In March 2016, GASB issued Statement No. 82, Pension Issues — an Amendment of GASB Statements No. 67, No. 68 and No. 73 ("GASB No. 82"). The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting

2. Significant Accounting Policies (continued)

and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Agency adopted this statement, which had an impact on the Agency's required supplementary information only.

In March 2017, GASB issued Statement No. 85, Omnibus 2017 ("GASB No. 85"). The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits ("OPEB")). The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Agency is currently evaluating the impact this standard will have on its financial statements.

In May 2017, GASB issued Statement No. 86, Certain Debt Extinguishment Issues ("GASB No. 86"). The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Agency is currently evaluating the impact this standard will have on its financial statements.

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 December 15, 2019. The Agency is currently evaluating the impact this standard will have on its financial statements.

3. Investments

The Agency's investments at October 31, 2017 and October 31, 2016, excluding accrued interest, consisted of the following:

October 31, 2017:					
Category	Collateralized investment agreements,			Total Fair Value	
	Money Market and Trust Accounts/CDs	U.S. Treasury Obligations	Government Agencies		
(in thousands)					
Invested revenues	\$ 4,006	\$ 245,078	\$ 929	\$	250,013
Mortgage insurance reserves	—	1,633,378	313,335		1,946,713
Mortgage acquisition and other bond proceeds	—	3,582	—		3,582
Bondholder reserves	46,592	117,684	—		164,276
Total	\$ 50,598	\$ 1,999,722	\$ 314,264	\$	2,364,584

October 31, 2016:					
Category	Collateralized investment agreements,			Total Fair Value	
	Money Market and Trust Accounts/CDs	U.S. Treasury Obligations	Government Agencies		
(in thousands)					
Invested revenues	\$ 3,862	\$ 293,554	\$ 946	\$	298,362
Mortgage insurance reserves	—	1,703,011	238,064		1,941,075
Bondholder reserves	46,592	115,662	—		162,254
Total	\$ 50,454	\$ 2,112,227	\$ 239,010	\$	2,401,691

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, 2017 are as follows:

	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
	(in thousands)				
Collateralized investment					
Agreements	\$ 46,591	\$ —	\$ 5,685	\$ —	\$ 40,906
Trust Accounts/CDs	4,006	4,006	—	—	—
Municipal Bonds	929	—	—	—	929
U.S. Treasury Bills	375,223	375,223	—	—	—
U.S. Treasury Notes	1,624,499	476,423	901,281	246,795	—
U.S. Government Agencies	313,336	—	—	290,419	22,917
Total	\$ 2,364,584	\$ 855,652	\$ 906,966	\$ 537,214	\$ 64,752

Interest Rate Risk

The Agency’s exposure to fair value losses arising from rising interest rates is limited by the short term duration of 36% and 30% of the Agency’s investments for fiscal years ended 2017 and 2016, 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, 2017 and October 31, 2016.

Investment and Derivative Instruments Measured at Fair Value	October 31, 2017		October 31, 2016	
	Amount	Level	Amount	Level
	(in thousands)		(in thousands)	
Investments (debt securities):				
U.S. Treasury Notes	\$ 1,624,498	2	\$ 1,672,618	2
U.S. Treasury Bills	375,223	2	439,609	2
Government Agencies	313,335	2	238,064	2
Municipal Bonds	929	2	946	2
Total	<u>\$ 2,313,985</u>		<u>\$ 2,351,237</u>	
Interest rate swaps	<u>\$ (16,057)</u>	2	<u>\$ (27,088)</u>	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, 2017 and October 31, 2016 were as follows:

October 31, 2017:

	Balance at October 31, 2016	Scheduled Principal Payments	Prepayments, Transfers and Other Credits	Purchase of New Loans	Balance at October 31, 2017
(in thousands)					
Homeowner Mortgage					
Revenue	\$ 1,965,990	\$ (78,317)	\$ (133,551)	\$ 263,928	\$ 2,018,050
Mortgage Revenue	734,374	(23,065)	(48,007)	105,166	768,468
Homeownership Program	2,026	(167)	(255)	598	2,202
Student Loan	7,621	—	(1,705)	—	5,916
Total Mortgage and Student Receivable	\$ 2,710,011	\$ (101,549)	\$ (183,518)	\$ 369,692	\$ 2,794,636

October 31, 2016:

	Balance at October 31, 2015	Scheduled Principal Payments	Prepayments, Transfers and Other Credits	Purchase of New Loans	Balance at October 31, 2016
(in thousands)					
Homeowner Mortgage					
Revenue	\$ 1,913,864	\$ (76,083)	\$ (137,978)	\$ 266,187	\$ 1,965,990
Mortgage Revenue	718,628	(22,647)	(63,309)	101,702	734,374
Homeownership Program	2,206	(177)	(3)	—	2,026
Student Loan	9,386	—	(1,765)	—	\$ 7,621
Total Mortgage and Student Receivable	\$ 2,644,084	\$ (98,907)	\$ (203,055)	\$ 367,889	\$ 2,710,011

5. Mortgage and Student Loans Receivables (continued)

Mortgage loans outstanding were as follows at October 31, 2017 and October 31, 2016:

October 31, 2017:	Number of Mortgage Loans	Outstanding Principal Balance (in thousands)
Homeowner Mortgage Revenue:		
Uninsured	7,152	\$ 679,433
Private mortgage insurance (at time of purchase)	14,576	1,323,967
Deferred Participation	—	14,650
	21,728	2,018,050
Mortgage Revenue:		
Uninsured	2,296	306,179
F.H.A. (insured)	1	1
Private mortgage insurance (at time of purchase)	3,632	476,938
Participation	—	(14,650)
	5,929	768,468
Homeownership Program:		
Uninsured	4	746
Private mortgage insurance (at time of purchase)	39	1,456
	43	2,202
Total	27,700	\$ 2,788,720
October 31, 2016:	Number of Mortgage Loans	Outstanding Principal Balance (in thousands)
Homeowner Mortgage Revenue:		
Uninsured	7,292	\$ 657,149
Private mortgage insurance (at time of purchase)	15,081	1,298,638
Deferred Participation	—	10,203
	22,373	1,965,990
Mortgage Revenue:		
Uninsured	2,307	295,129
F.H.A. (insured)	3	11
Private mortgage insurance (at time of purchase)	3,644	449,437
Participation	—	(10,203)
	5,954	734,374
Homeownership Program:		
Uninsured	3	169
Private mortgage insurance (at time of purchase)	45	1,857
	48	2,026
Total	28,375	\$ 2,702,390

5. Mortgage and Student Loans Receivables (continued)

The principal balances of mortgage loans receivables in arrears for the years ended October 31, 2017 and October 31, 2016 were as follows:

October 31, 2017:

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	164	\$ 14,422	0.72%
90 plus	537	60,518	3.02%
	701	74,940	3.74%
Mortgage Revenue:			
60	36	4,389	0.56%
90 plus	140	17,441	2.23%
	176	21,830	2.79%
Homeownership Program:			
60	3	139	6.32%
90 plus	3	95	4.30%
	6	234	10.62%
Combined:			
60	203	18,950	0.68%
90 plus	680	78,054	2.80%
	883	\$ 97,004	3.48%

October 31, 2016:

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	227	\$ 17,903	0.92%
90 plus	683	76,450	3.91%
	910	94,353	4.83%
Mortgage Revenue:			
60	43	4,749	0.64%
90 plus	160	19,737	2.65%
	203	24,486	3.29%
Homeownership Program:			
90 plus	6	223	10.98%
	6	223	10.98%
Combined:			
60	270	22,652	0.84%
90 plus	849	96,410	3.57%
	1,119	\$ 119,062	4.41%

6. Bonds Payable

Changes in bonds payable, net for the year ended October 31, 2017 and October 31, 2016 were as follows:

October 31, 2017:

	Bonds Outstanding at October 31, 2016	Matured/ Called/ Redeemed	Issued	Changes in Bond Premium and Discount (net)	Bonds Outstanding at October 31, 2017
(in thousands)					
Homeowner Mortgage Revenue	\$ 1,853,552	\$ (231,355)	\$ 233,690	\$ 2,884	\$ 1,858,771
Mortgage Revenue	660,960	(78,845)	102,445	1,772	686,332
NYHELPS (Student Loan program)	9,597	(2,357)	—	—	7,240
Total Bonds Outstanding	\$ 2,524,109	\$ (312,557)	\$ 336,135	\$ 4,656	\$ 2,552,343

October 31, 2016:

	Bonds Outstanding at October 31, 2015	Matured/ Called/ Redeemed	Issued	Changes in Bond Premium and Discount (net)	Bonds Outstanding at October 31, 2016
(in thousands)					
Homeowner Mortgage Revenue	\$ 1,871,926	\$ (302,925)	\$ 278,590	\$ 5,961	\$ 1,853,552
Mortgage Revenue	728,562	(66,830)	—	(772)	660,960
NYHELPS (Student Loan program)	11,075	(1,478)	—	—	9,597
Total Bonds Outstanding	\$ 2,611,563	\$ (371,233)	\$ 278,590	\$ 5,189	\$ 2,524,109

6. Bonds Payable (continued)

Homeowner Mortgage Revenue Bonds

Homeowner Mortgage Revenue Bonds have been issued between 1988 and 2017 in a total original amount of \$11,102,848,000. At October 31, 2017, the interest rates for the fixed rate bonds outstanding ranged from 1% to 5% and the interest on the variable rate debt ranged from .93% to 1%.

The below table assumes the variable rate bonds at the October 31, 2017 rate for the calculation of future debt service costs.

The schedule of Total Annual Maturities as of October 31, 2017 was as follows:

Fiscal Year Ending Oct 31,	Interest Payable	Bonds Outstanding	Debt Service
(in thousands)			
2018	\$ 50,976	\$ 80,355	\$ 131,331
2019	49,153	85,595	134,748
2020	46,987	89,650	136,637
2021	44,547	93,625	138,172
2022	41,933	92,340	134,273
2023-2027	167,385	442,800	610,185
2028-2032	106,881	344,480	451,361
2033-2037	64,189	361,045	425,234
2038-2042	32,212	152,260	184,472
2043-2047	7,684	102,740	110,424
Total Debt Service			
Requirement	611,947	1,844,890	2,456,837
Unamortized bond premium	—	13,881	—
Total	\$ 611,947	\$ 1,858,771	\$ 2,456,837

6. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds

At October 31, 2017, the interest rate for fixed rate Homeowner Mortgage Revenue Bonds outstanding ranged from 1% to 5%.

The schedule of Homeowner Mortgage Revenue Bonds outstanding by series as of October 31, 2017 was as follows:

Series	Originally Issued	Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
	(in thousands)			
129	\$ 34,000	\$ 26,715	Reset Weekly	2035
132	34,000	26,745	Reset Daily	2037
135	34,000	20,620	Reset Daily	2037
139	34,000	31,950	Reset Daily	2037
142	34,000	31,135	Reset Daily	2037
144	30,000	27,965	Reset Daily	2037
147	50,000	41,185	Reset Weekly	2037
153	50,000	43,025	Reset Weekly	2047
159	60,000	60,000	Reset Weekly	2038
162	25,000	24,630	Reset Weekly	2039
163	66,825	29,300	2.55% - 4.0%	2026
165	50,000	625	4.75%	2042
166	107,585	71,745	3.146% - 3.999%	2021
167	10,695	6,445	3.1% - 4.1%	2022
168	50,065	45,860	2.10% - 5%	2040
169	43,060	3,420	1.8% - 2.6%	2021
170	19,940	17,265	2.4% - 3.9%	2027
171	12,000	12,000	3.40%	2022
172	150,000	139,690	1.97% - 4.203%	2027
175	82,660	69,510	2.414% - 4.116%	2028
176	66,835	66,745	1.45% - 3.75%	2042
177	33,200	5,460	2.5% - 3.05%	2027
178	79,370	12,855	3.5% - 4.2%	2043
180	33,405	23,785	2.6% - 4.1%	2023
182	25,385	3,555	4.40%	2034
183	96,480	73,450	1.75% - 4.45%	2029
184	18,960	9,925	1.59% - 2.685%	2020
185	12,000	6,245	3.95%	2029
186	80,190	63,845	1.70% - 4.30%	2029

6. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds (continued)

Series		Originally Issued		Currently Outstanding	Range of Interest Rates	Last Remaining Maturity
		(in thousands)				
187	\$	31,650	\$	4,300	1.59%	2018
188		27,920		25,520	3.60% - 3.85%	2044
189		88,850		72,895	1.4% - 3.85%	2034
190		60,000		58,650	3.45% - 3.85%	2045
191		72,935		52,535	1.2% - 3.5%	2034
192		45,410		45,410	3.8% - 4.0%	2035
193		20,640		14,215	1.1% - 4.1%	2040
194		85,020		76,975	1.35% - 3.8%	2035
195		66,185		64,690	3.0% - 4.0%	2046
196		38,595		35,830	1% - 3.7%	2037
197		100,715		99,475	1.4% - 3.5%	2044
198		23,095		18,645	0.95% - 1.75%	2022
199		50,000		50,000	Reset Weekly	2037
200		64,025		61,455	3.5% - 3.9%	2045
201		18,945		17,880	1.15% - 3.85%	2031
202		29,345		29,345	Reset Daily	2034
203		102,190		102,190	2.0% - 3.5%	2047
204		19,185		19,185	1.1% - 2.4%	2025
Unamortized bond premium				—		13,881
Total	\$	2,368,360	\$	1,858,771		

6. Bonds Payable (continued)

Outstanding Homeowner Mortgage Revenue Bonds (continued)

As of October 31, 2017, 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)				
2018	\$ 161,365	\$ 6,546	(1,923)	\$ 4,623
2019	1,440	2,332	(682)	1,650
2020	1,520	2,280	(666)	1,614
2021	1,600	2,225	(651)	1,574
2022	1,450	2,172	(635)	1,537
2023-2027	6,665	9,964	(2,916)	7,048
2028-2032	29,200	7,274	(2,130)	5,144
2033-2037	24,760	1,773	(520)	1,253
Total	<u>\$ 228,000</u>	<u>\$ 34,566</u>	<u>\$ (10,123)</u>	<u>\$ 24,443</u>

The above amounts assume that current interest rates on October 31, 2017 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 2016 in a total original amount of \$4,515,094,000. At October 31, 2017, the interest rates for the fixed rate bonds outstanding ranged from .2% to 5.0%.

The Schedule of Total Annual Maturities at October 31, 2017 was as follows:

Fiscal Year Ending Oct 31,	Interest Payable	Bonds Outstanding	Debt Service
(in thousands)			
2018	\$ 23,397	\$ 22,165	45,562
2019	22,372	21,670	44,042
2020	22,257	22,280	44,537
2021	21,498	23,060	44,558
2022	20,590	18,515	39,105
2023-2027	95,871	77,960	173,831
2028-2032	78,116	137,080	215,196
2033-2037	51,698	162,625	214,323
2038-2042	21,998	162,310	184,308
2043-2047	2,859	33,860	36,719
Total Debt Service Requirement	360,656	681,525	1,042,181
Unamortized bond premium	—	5,144	—
discount	—	(337)	—
Total	\$ 360,656	\$ 686,332	\$ 1,042,181

6. Bonds Payable (continued)

Outstanding Mortgage Revenue Bonds

At October 31, 2017, the interest rate for fixed rate Mortgage Revenue Bonds outstanding ranged from 1% to 5%.

The schedule of Mortgage Revenue Bonds outstanding by series as of October 31, 2017 as follows:

Series	Originally Issued	Currently Outstanding	Range of Interest Rates	Remaining Maturity
(in thousands)				
38B	\$ 30,000	\$ 25,710	3.07%	2041
38C	66,000	49,070	3.01%	2041
38D	138,110	101,140	3.55%	2041
38E	35,000	25,610	3.55%	2035
39	57,385	20,065	3.25% - 5.0%	2028
41	14,820	10,315	2.45% - 4.0%	2028
42	5,180	400	2.50%	2018
44	38,555	16,290	3.40% - 4.0%	2021
45	44,000	21,875	2.9% - 5.0%	2029
46	97,855	23,110	3.15% - 5.0%	2029
48	110,905	101,215	2.625% - 3.75%	2041
49	54,755	53,945	2.45% - 4%	2043
50	33,165	5,455	2.35% - 3.15%	2027
51	75,180	74,835	2.25% - 4.0%	2045
52	40,220	36,900	1.30% - 3.50%	2030
53	20,135	14,170	1.5% - 3.069%	2023
54	80,070	79,920	2.45% - 4.0%	2047
55	22,375	21,500	1.0% - 2.80%	2024
Unamortized bond premium	—	5,144		
discount	—	(337)		
Total	\$ 963,710	\$ 686,332		

6. Bonds Payable (continued)

Student Loan Program

The Agency, doing business as The State of New York Higher Education Finance Authority issued the NYHELPs Educational Loan Revenue Bond, 2009 Series A in a total original amount of \$97,795,000. At October 31, 2017, the amount of \$7,240 remained outstanding with the interest rates ranging from 4.125% to 5.25%.

The schedule of Total Annual Maturities as of October 31, 2017 was as follows:

Fiscal Year Ending Oct 31,	Interest Payable	Bonds Payable	Total Debt Service
(in thousands)			
2018	\$ 306	\$ 1,640	\$ 1,946
2019	239	1,295	1,534
2020	174	1,435	1,609
2021	110	1,210	1,320
2022	80	-	80
2023-2027	324	1,660	1,984
Total Debt Service Requirement	\$ 1,233	\$ 7,240	\$ 8,473

7. Other Assets

At October 31, 2017 and October 31, 2016, other assets consisted primarily of Owned Real Estate and CRF for which the balances were as follows:

October 31, 2017:

Bondholder Funds	Number of Loans	Book Value	Appraised Value
		(\$ in thousands)	
Homeowner Mortgage Revenue	185	\$ 12,507	\$ 19,750
Mortgage Revenue	29	2,327	4,527
Prepaid Mortgage Insurance	—	483	—
Sub Total bondholder funds	214	\$ 15,317	\$ 24,277
Community Restoration Fund		7,542	
Total Other Assets		\$ 22,859	

October 31, 2016:

Bondholder Funds	Number of Loans	Book Value	Appraised Value
		(\$ in thousands)	
Homeowner Mortgage Revenue	208	\$ 13,829	\$ 21,241
Mortgage Revenue	36	2,520	4,131
Homeownership	1	75	145
Prepaid Mortgage Insurance	—	296	—
Total Other Assets	245	\$ 16,720	\$ 25,517

8. Allowance for Anticipated Claims

The Mortgage Insurance Fund claim activity for the fiscal years ended October 31, 2017 and October 31, 2016 was as follows:

October 31, 2017:

	Project Insurance	Pool Insurance	Primary Insurance	Total Insurance
(in thousands)				
Allowance, beginning of year	\$ 17,164	\$ —	\$ —	\$ 17,164
Current year provision for estimated claims	2,190	10,816	81	13,087
Current year adjustment to claims status	(5,236)			(5,236)
Claims paid and recoveries, net	3,046	(10,816)	(81)	(7,851)
Allowance, end of year	\$ 17,164	\$ -	\$ -	\$ 17,164

October 31, 2016:

	Project Insurance	Pool Insurance	Primary Insurance	Total Insurance
(in thousands)				
Allowance, beginning of year	\$ 16,756	\$ —	\$ —	\$ 16,756
Current year provision for estimated claims	745	8,794	832	10,371
Current year adjustment to claims status	(5,709)			(5,709)
Claims paid and recoveries, net	5,372	(8,794)	(832)	(4,254)
Allowance, end of year	\$ 17,164	\$ —	\$ —	\$ 17,164

9. Synthetic Fixed Rate Swaps

As of October 31, 2017, the Agency has entered into six negotiated swaps as part of its risk management program, serving to increase financial flexibility and reduce interest costs. These swaps were entered into with five financial institutions (the "Counterparties") for a current total notional principal of \$228,000,000. These synthetic fixed-rate swaps correspond to the State of New York Mortgage Agency Homeowner Mortgage Revenue ("HMB") variable-rate bond series listed below.

The fair value balances and notional amounts of derivative instruments outstanding at October 31, 2017 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 2017 financial statements are as follows:

	Changes in fair value		Fair value at October 31, 2017		Notional
	Classification	Amount	Classification	Amount	
Cash flow hedge	Deferred outflow	\$11,030,817	Debt	(\$16,057,236)	\$228,000,000

The fair value of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Objective and Terms of Hedging Derivative Instruments

The following table displays terms of the Agency's hedging derivative instruments outstanding at October 31, 2017, 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:

Associated Bond Series (Note 1)	Terms				Fair Value	Counterparty
	Notional Amount (000s)	Effective Date	Maturity Date	Fixed rate paid		
HMB Series 129/147/162/199*	\$34,000	11/17/05	10/01/35	3.5870%	(\$6,052,057)	Wells Fargo Bank NA
HMB Series 199/162/147/202*	\$34,000	03/09/06	04/01/37	3.4783%	(\$7,259,969)	JPMorgan Chase Bank NA
HMB Series 199*	\$40,000	12/14/07	04/01/18	3.1970%	(\$410,951)	Goldman Sachs Bank USA
HMB Series 153**	\$30,000	03/27/08	04/01/18	2.9900%	(\$277,420)	Merrill Lynch Der. Products AG
HMB Series 147/153/162*	\$30,000	08/14/08	10/01/18	3.1760%	(\$583,090)	Royal Bank of Canada
HMB Series 159**	\$60,000	10/30/08	10/01/18	3.5400%	(\$1,473,749)	Royal Bank of Canada

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

** Variable rate payment received from counterparties is SIFMA.

9. Synthetic Fixed Rate Swaps (Continued)

COUNTERPARTY RATINGS

<u>Counterparty Name</u>	<u>Moody's/S&P/Fitch</u>
Goldman Sachs Bank USA	A1/A+/A+
JPMorgan Chase Bank N.A.	Aa3/A+/AA-
Merrill Lynch Derivative Products AG	Aa3/AA/NR
Royal Bank of Canada	A1/AA-/AA
Wells Fargo Bank, NA	Aa2/AA-/AA

Risks

Credit risk. The Agency is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Agency's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating not be within the two highest investment grade categories by at least one nationally recognized statistical rating agency or the rating by any nationally recognized statistical rating agency fall below the three highest investment grade rating categories. The Agency has never been required to access collateral.

It is the Agency's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Interest rate risk. The Agency is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR or SIFMA decreases, the Agency's net payment on the swap increases.

Basis risk. The Agency is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received by the Agency on these hedging derivative instruments are based on a rate other than interest rates the Agency pays on its hedged variable-rate debt, which is remarketed on either weekly or daily basis. As of October 31, 2017, the weighted-average interest rate on the Agency's hedged variable-rate debt is 0.959%, while the applicable 63% of one month LIBOR plus 0.25% and SIFMA were 1.03% and 0.92%, 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.

Two 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, 2017, the Agency would be required to post \$7,670,920 in collateral to these counterparties (\$12,130,223 at October 31, 2016).

Two 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, 2017, the Agency would have been required to post \$0 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, 2017, the Agency would have been required to post \$1,052,057 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, 2017, the Agency would have been required to post \$6,108,896 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, 2017, the Agency would have been required to post \$8,108,896 in collateral to these counterparties.

10. Other Postemployment Benefits

The Agency is a participating employer in the New York State Health Insurance Program ("NYSHIP"), which is administered by the State of New York as a multiple employer agent defined benefit plan. Under the plan as participated in by the Agency, eligible retired employees receive health care benefits with employees paying 25% of dependent coverage costs and 10% of individual employee costs. The Agency's plan complies with the NYSHIP benefit provisions. In addition, as provided for in Civil Service Law Section 167, the Agency applies the value of accrued sick leave of employees who retire out of service to the retiree's share of costs for health benefits.

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

Retiree contributions towards the cost of the benefit are determined depending on a number of factors, including hire date, years of service, and/or retirement date. GASB Statement No. 45 requires the valuation must be calculated at least biennially. The most recent biennial valuation was calculated with a valuation date of November 1, 2015 and was used as the basis for the determination of costs for the year ended October 31, 2017 and 2016. The total number of retirees and surviving spouses receiving OPEB from the Agency as of November 1, 2015 was 55.

The Agency elected to record the entire amount of the net OPEB obligation in the fiscal year ended October 31, 2006. The Agency also elected not to fund the net OPEB obligation more rapidly than on a pay-as-you-go basis. The net OPEB obligation relating to postemployment benefits is in the approximate amounts of \$51.9 million and \$49.1 million as of October 31, 2017 and 2016, respectively.

The Agency is not required by law or contractual agreement to provide funding for other postemployment benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. During the fiscal years ended October 31, 2017 and 2016, the Agency paid \$650 thousand and \$644 thousand, respectively.

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

The Agency is a participating employer in NYSHIP, the Agency does not issue a separate stand-alone financial report regarding postemployment retirement benefits.

10. Other Postemployment Benefits (Continued)

The portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term perspective. The Agency uses a level dollar amount and an amortization period of ten years on an open basis.

The following table shows the elements of the Agency's annual OPEB cost for the year, the amount actually paid, and changes in the Agency's net OPEB obligation to the plan for the years ended October 31, 2017 and 2016:

	2017	2016
	(in thousands)	
Annual required contribution (ARC)	\$ 7,698	\$ 7,261
Interest on net OPEB obligation	1,474	1,397
Adjustment to ARC	(5,761)	(5,462)
Annual OPEB cost	3,411	3,197
Payments made	(650)	(644)
Increase in net OPEB obligation	2,761	2,553
Net OPEB obligation—beginning of year	49,145	46,592
Net OPEB obligation—end of year	\$ 51,906	\$ 49,145

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended October 31, 2017, October 31, 2016 and October 31, 2015 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
(\$ in thousands)			
10/31/2017	\$3,411	19.1%	\$51,906
10/31/2016	\$3,197	20.1%	\$49,145
10/31/2015	\$4,477	12.9%	\$46,591

Actuarial Methods and Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The OPEB-specific actuarial assumptions used in the Agency's November 1, 2015 OPEB actuarial valuations were based on the projected unit credit method (as its actuarial cost method), a 3.00% per annum discount rate and that retiree contributions are assumed to increase at the same rates as incurred claims.

10. Other Postemployment Benefits (continued)

These premiums are further adjusted to reflect the difference in healthcare costs by age in developing plan liabilities.

Initial monthly premium rates are shown in the following table:

<u>Monthly Rate Effective as of October 31, 2016</u>	
<u>Eligible-Medicare</u>	<u>Basic</u>
Single	\$680.91
Family	\$1,682.33

2016 Medicare Part B premiums are assumed to increase by Part B trend rates. No retiree is assumed to have income in excess of the threshold which would result in increasing Part B premiums above 25% of Medicare Part B costs.

Health Care Cost Trend Rate (HCCTR). Covered medical expenses are assumed to increase by the following percentages which incorporate potential excise taxes due to the Affordable Care Act:

<u>HCCTR Assumptions</u>			
<u>Year Ending</u>	<u>Rate</u>	<u>Year Ending</u>	<u>Rate</u>
2016	6.2%	2030	5.2%
2017	6.1%	2035	6.0%
2018	5.9%	2040	5.8%
2019	5.6%	2050	5.2%
2020	5.4%	2060	5.0%
2025	5.0%	2080	4.1%

Mortality rates listed below are those recommended by the actuary:

<u>Age</u>	<u>Male</u>	<u>Female</u>
60	0.643%	0.575%
65	1.086%	0.961%
70	1.770%	1.553%
75	3.062%	2.492%
80	5.536%	4.129%
85	9.968%	7.076%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 in fiscal year 1994 for a term of fifteen years. The lease was renewed on January 1, 2009 for a term of ten years expiring January 31, 2019.

The leases obligate the Agency to pay for escalations in excess of the minimum annual rental (ranging from \$2.4 million to \$4.7 million) based on operating expenses and real estate taxes. The Agency bears approximately 50% of the minimum annual lease payments under this lease with the balance paid by HFA, with whom the Agency shares the leased space.

Rental expense for the fiscal years ended October 31, 2017 and 2016 were approximately \$2.9 million and \$2.8 million, respectively. As of October 31, 2017, the future minimum lease payment, which includes the Agency’s pro rata share of the annual payment for the office space leases, under the non-cancelable operating leases are as follows:

	(in thousands)
Fiscal year ending October 31:	
2018	\$ 2,366
2019 (Three months)	591
Total minimum lease commitments required	<u>\$ 2,957</u>

Litigation

In the course of business, the Agency is party to various administrative and legal proceedings. Although the ultimate outcome of these actions cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the financial position, changes in financial position or cash flows of the State of New York Mortgage Agency as set forth in the Financial Statements.

Risk Management

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

12. Transfers to New York State and its Agencies

The New York State Executive Budget required the Agency to make certain transfers of money from the MIF's Project Pool Insurance Account totaling \$100 million (\$100 million for fiscal 2016). Each transfer requires a determination by the Agency, that, at the time of such transfer, the reserves remaining in the Project Pool Insurance Account are sufficient to attain and maintain the credit rating required to accomplish the purposes of the Project Pool Account.

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

13. 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, 2017 and 2016, the Mortgage Insurance Fund's net position represents the reserve for policies in force of \$3.66 billion and \$3.44 billion, respectively. Included within policies in force are single family mortgage primary and pool policies (total aggregate loss limit) totaling \$515 million and \$519 million in 2017 and 2016, respectively. Commitments outstanding as of fiscal years ended 2017 and 2016 were \$1.47 billion and \$1.39 billion, respectively. The Agency provided \$13.1 million and \$10.4 million during fiscal 2017 and 2016 for potential claims on mortgages insured by the Mortgage Insurance Fund.

The Agency recorded recovery income in the amount of approximately \$3.3 million during fiscal 2017 and \$3.6 million during fiscal 2016 as a result of an Ulster County Industrial Development Agency mortgage relating to a nursing home in Kingston, New York. The mortgage was assigned to the Agency as a result of a claim paid by the Mortgage Insurance Fund in July 2003.

The Agency has determined the excess tax collections received during fiscal 2017 to have been \$28.4 million. The excess amount collected during fiscal 2016 was \$32.9 million. The Agency was instructed to transfer to the State, Municipalities and Agencies from the project insurance account \$100 million for both fiscal years 2017 and 2016.

14. 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 (the "System"). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System 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 System. 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, 2014, he was elected for a new term commencing January 1, 2015. System 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 System, 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 System 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 and AHC for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year 2017	\$231,563
Year 2016	\$153,327
Year 2015	\$147,895

14. 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, 2017 and 2016, the Agency reported a liability of \$2,833,944 and \$5,015,045 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of October 31, 2017 and 2016 respectively and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2017 and 2016, the Agency's proportion was 0.0301605% and 0.0312458% respectively.

For the years ended October 31, 2017 and 2016, the Agency recognized pension expense of \$1,756,887 and \$1,908,470 respectively. At October 31, 2017, 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	\$71,016	\$430,350
Changes of Assumptions	968,179	—
Net difference between projected and actual earnings on pension plan investments	566,054	—
Changes in proportion and differences between Agency contributions and proportionate share of contributions	419,718	35,337
Total	\$2,024,967	\$465,687

14. 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:

2018	\$669,947
2019	\$669,947
2020	\$582,752
2021	(\$363,366)

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuations for NYSLRS used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation rate	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS, indexed by service
Investment rate of return, including inflation	7.0% 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

14. 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 and 2016 are summarized below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36%	4.55%
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies*	2	4.00
Opportunistic Portfolio	3	5.89
Real Asset	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
	100%	

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

* Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

Discount Rate

The discount rate used to calculate the total pension liability as of March 31, 2017 and 2016 was 7.0%. 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.

14. 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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate (in thousands):

	<u>1% Decrease</u>	<u>Current Assumption</u> (in thousands)	<u>1% Increase</u>
October 31, 2017	6.0%	7.0%	8.0%
EPS pension liability	\$9,051	\$2,834	(\$2,423)
October 31, 2016	6.0%	7.0%	8.0%
EPS pension liability	\$11,309	\$5,015	(\$303)

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 \$550 thousand and \$438 thousand during fiscal 2017 and fiscal 2016, respectively.

14. 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, 2017, there were four Agency employees enrolled in the VDC Program.

Required Supplementary Information

State of New York Mortgage Agency

(a component unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS - POSTRETIREMENT HEALTHCARE PLAN October 31,2017

(in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Liability(UAAL)	Funded Ratio	Covered Payroll	Ratio of UAAL to Covered Payroll
	(A)	(B)	(C=B-A)	(A/C)	(D)	(C/D)
November 1, 2015	—	\$ 42,918	\$ 42,918	—	\$ 9,614	446%
November 1, 2013	—	\$ 45,619	\$ 45,619	—	\$ 7,418	615%
November 1, 2011	—	\$ 42,682	\$ 42,682	—	\$ 7,382	578%

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,	2017	2016	2015	2014	2013
(\$ in thousands)					
Contractually required contribution	\$ 1,321	\$ 1,656	\$ 1,500	\$ 1,300	\$ 1,300
Contributions in relation to the contractually required contribution	1,321	1,656	1,500	1,300	1,300
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 9,104	\$ 9,614	\$ 9,000	\$ 8,300	\$ 7,400
Contributions as a percentage of covered payroll	15%	17%	17%	16%	18%
October 31,	2012	2011	2010	2009	2008
(\$ in thousands)					
Contractually required contribution	\$ 1,600	\$ 992	\$ 610	\$ 678	\$ 615
Contributions in relation to the contractually required contribution	1,600	992	610	678	615
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 7,400	\$ 7.9	\$ 8.6	\$ 8.4	\$ 8.5
Contributions as a percentage of covered payroll	22%	13%	7%	8%	7%

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 31,2017

	2017	2016	2015
The Agency's portion of the net pension liability	0.0301605%	0.0312458%	0.0270301%
The Agency's proportionate share of the net pension liability	\$ 2,833,944	\$ 5,015,000	\$ 928,000
The Agency's covered payroll	\$ 9,104,000	\$ 9,614,000	\$ 9,030,000
The Agency's proportionate Share of the net pension liability as a percentage of its covered payroll	31.1%	52.2%	10.3%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%

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

Supplementary Section

State of New York Mortgage Agency

(A Component Unit of the State of New York)

Schedules of Net Position

October 31, 2017

with comparative totals for 2016

	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
	(in thousands)		
Assets			
Current assets:			
Cash-demand deposits restricted	\$ —	\$ 5,751	\$ 585
Cash-demand deposits unrestricted	2,660	—	—
Cash-custodian deposits	—	2,631	740
Investments unrestricted	24,862	—	—
Investments restricted	—	173,698	91,920
Total cash and investments	<u>27,522</u>	<u>182,080</u>	<u>93,245</u>
Mortgage loans receivable	—	100,185	64,704
Accrued interest receivable:			
Mortgage and student loans	—	5,946	2,118
Investments	20	1,184	226
Other assets	—	12,832	2,483
Total current assets	<u>27,542</u>	<u>302,227</u>	<u>162,776</u>
Non-current assets:			
Investments restricted	—	94,976	13,951
Mortgage loans receivable	—	1,917,865	703,764
Student loans receivable	—	—	—
Capital assets- internal use software	1,170	—	—
Total non-current assets	<u>1,170</u>	<u>2,012,841</u>	<u>717,715</u>
Total assets	<u>28,712</u>	<u>2,315,068</u>	<u>880,491</u>
Deferred outflows of resources			
Accumulated decrease in fair value of hedging derivatives	—	2,990	—
Deferred loss on refunding	—	4,982	—
Deferred outflows related to pension	2,025	—	—
Total deferred outflows of resources	<u>2,025</u>	<u>7,972</u>	<u>—</u>
Liabilities			
Current liabilities:			
Bonds payable, net	—	123,940	22,165
Interest payable	—	4,291	1,961
Allowance for anticipated claims	—	—	—
Unearned income, accounts payable and other	3,961	7,650	22
Amounts due to New York State and its Agencies	—	—	—
Interfund payables	(4,041)	569	120
Total current liabilities	<u>(80)</u>	<u>136,450</u>	<u>24,268</u>
Non-current Liabilities:			
Bonds payable, net	—	1,734,831	664,167
Derivative instruments - interest rate swaps	—	16,057	—
Other postemployment benefits payable	51,906	—	—
Net pension liability	2,834	—	—
Total non-current liabilities	<u>54,740</u>	<u>1,750,888</u>	<u>664,167</u>
Total liabilities	<u>54,660</u>	<u>1,887,338</u>	<u>688,435</u>
Deferred inflows of resources			
Deferred inflows relating to pensions	466	—	—
Total deferred inflows of resources	<u>466</u>	<u>—</u>	<u>—</u>
Net position			
Restricted for bond obligations	—	435,702	192,056
Restricted for insurance requirements	—	—	—
Unrestricted (deficit)	(24,389)	—	—
Total net position	<u>\$ (24,389)</u>	<u>\$ 435,702</u>	<u>\$ 192,056</u>

Homeownership Program	Single Family Programs Total	Community Restoration Fund	Student Loan Program	Mortgage Insurance Fund	Total All Funds							
					October 31,							
					2017	2016						
(in thousands)												
\$	—	\$	6,336	\$	13	2,864	\$	723	\$	9,936	\$	8,399
	—		2,660		—	—		—		2,660		1,940
	—		3,371		—	—		—		3,371		3,534
	—		24,862		—	—		—		24,862		36,095
	—		265,618		3,582	14,882		543,954		828,036		748,292
	—		302,847		3,595	17,746		544,677		868,865		798,260
	178		165,067		—	—		—		165,067		166,321
	11		8,075		—	149		—		8,224		8,504
	—		1,430		6	56		10,032		11,524		11,302
	2		15,317		7,542	—		—		22,859		16,720
	191		492,736		11,143	17,951		554,709		1,076,539		1,001,107
	—		108,927		—	—		1,402,759		1,511,686		1,617,304
	2,024		2,623,653		—	—		—		2,623,653		2,536,069
	—		—		—	5,916		—		5,916		7,621
	—		1,170		—	—		—		1,170		1,012
	2,024		2,733,750		-	5,916		1,402,759		4,142,425		4,162,006
	2,215		3,226,486		11,143	23,867		1,957,468		5,218,964		5,163,113
	—		2,990		—	—		—		2,990		14,021
	—		4,982		—	—		—		4,982		5,258
	—		2,025		—	—		—		2,025		4,771
	—		9,997		—	—		—		9,997		24,050
	—		146,105		—	1,640		—		147,745		105,080
	—		6,252		—	170		—		6,422		6,942
	—		—		—	—		17,164		17,164		17,164
	1		11,634		—	25		41,973		53,632		63,768
	—		—		—	—		100,000		100,000		100,000
	—		(3,352)		35	13		3,304		—		—
	1		160,639		35	1,848		162,441		324,963		292,954
	—		2,398,998		—	5,600		—		2,404,598		2,419,029
	—		16,057		—	—		—		16,057		27,088
	—		51,906		—	—		—		51,906		49,145
	—		2,834		—	—		—		2,834		5,015
	—		2,469,795		—	5,600		—		2,475,395		2,500,277
	1		2,630,434		35	7,448		162,441		2,800,358		2,793,231
	—		466		—	—		—		466		595
	—		466		—	—		—		466		595
	2,214		629,972		11,108	16,419		—		657,499		630,765
	—		—		—	—		1,795,027		1,795,027		1,785,332
	—		(24,389)		—	—		—		(24,389)		(22,760)
\$	2,214	\$	605,583	\$	11,108	16,419	\$	1,795,027	\$	2,428,137	\$	2,393,337

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, 2017 with comparative totals for 2016

	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
	(in thousands)		
Operating revenues			
Interest earned on loans	\$ —	\$ 97,208	\$ 33,665
Recoveries	—	—	—
Investment Income	161	6,151	1,504
Net change in fair market value of investments	(5)	(2,660)	(602)
Commitment fees, insurance premiums and application fees earned	—	—	—
Other income	574	1,288	—
Total operating revenues	730	101,987	34,567
Operating expenses			
Interest and amortization of discount on debt	—	56,951	22,557
Bond issuance costs	—	1,931	883
Postemployment retirement benefits expense	2,761	—	—
General expenses	14,286	3,804	343
Overhead assessment by State of New York	3,417	—	—
Pool insurance	—	388	29
Provision for estimated claims	—	—	—
Expenditures related to federal grants	602	—	—
Other	792	11,184	4,379
Total operating expenses	21,858	74,258	28,191
Operating (loss) income	(21,128)	27,729	6,376
Non-operating revenues (expenses)			
Mortgage insurance reserves retained	—	—	—
Federal grants	602	—	—
Transfers to/from New York State and its Agencies (net)	—	—	—
Interfund transfers	18,897	(16,000)	(2,800)
Total non-operating revenues (expenses)	19,499	(16,000)	(2,800)
(Decrease) Increase in net position	(1,629)	11,729	3,576
Net position, beginning of fiscal year (as previously stated)	(22,760)	423,973	188,480
Total net position, end of fiscal year	\$ (24,389)	\$ 435,702	\$ 192,056

Supplemental Schedule II

Homeownership Program	Single Family Programs Total	Community Restoration Fund	Student Loan Program	Mortgage Insurance Fund	Total All Funds	
					Fiscal year ended October 31,	
					2017	2016
(in thousands)						
\$ 191	\$ 131,064	\$ —	568	\$ —	\$ 131,632	\$ 130,697
—	—	—	—	5,236	5,236	5,709
—	7,816	44	149	29,498	37,507	32,896
—	(3,267)	(1)	(4)	(33,696)	(36,968)	10,407
—	—	—	—	16,545	16,545	15,521
—	1,862	—	13	281	2,156	1,509
191	137,475	43	726	17,864	156,108	196,739
—	79,508	—	351	—	79,859	82,170
—	2,814	—	—	—	2,814	2,250
—	2,761	—	—	—	2,761	2,553
—	18,433	35	105	3,837	22,410	22,060
—	3,417	—	—	1,139	4,556	4,556
3	420	—	—	127	547	530
—	—	—	—	13,087	13,087	10,371
—	602	—	—	—	602	763
(9)	16,346	—	49	—	16,395	14,554
(6)	124,301	35	505	18,190	143,031	139,807
197	13,174	8	221	(326)	13,077	56,932
—	—	—	—	111,419	111,419	117,076
—	602	—	—	—	602	763
—	—	11,100	—	(101,398)	(90,298)	(110,865)
(97)	—	—	—	—	—	—
(97)	602	11,100	—	10,021	21,723	6,974
100	13,776	11,108	221	9,695	34,800	63,906
2,114	591,807	—	16,198	1,785,332	2,393,337	2,329,431
\$ 2,214	\$ 605,583	\$ 11,108	\$ 16,419	\$ 1,795,027	\$ 2,428,137	\$ 2,393,337

State of New York Mortgage Agency

(A Component Unit of the State of New York)

Schedules of Cash Flows

Fiscal Year Ended October 31, 2017 with comparative totals for 2016

	General Operating Fund	Homeowner Mortgage Revenue	Mortgage Revenue
	(in thousands)		
Cash flows from operating activities			
Interest received on loans	\$ —	\$ 97,225	\$ 33,693
Principal payment on loans	—	211,993	70,965
Purchase of mortgage loans	—	(263,928)	(105,166)
Commitment fees, insurance premium and application fees earned	—	—	—
Operating expenses	(27,980)	—	—
Expenditures related to federal grants	(602)	—	—
Transfers	18,897	(16,000)	(2,800)
Other	(1,571)	(10,664)	(3,999)
Net cash provided by (used in) operating activities	(11,256)	18,626	(7,307)
Cash flows from non-capital financing activities			
Interest paid on bonds	—	(57,216)	(22,433)
Mortgage recording surtax receipts	—	—	—
Payments to New York State and its Agencies	—	—	—
CRF funds received	—	—	—
Federal grants	602	—	—
Bond proceeds	—	233,690	102,445
Retirement and redemption of bonds	—	(228,459)	(77,073)
Net cash provided by (used in) non-capital financing activities	602	(51,985)	2,939
Cash flows from investing activities			
Purchase of internal software	(152)	—	—
Earnings on investments	142	6,437	1,896
Proceeds from the sale or maturities of investments	88,123	2,287,059	557,351
Purchase of investments	(76,739)	(2,256,108)	(554,791)
Net cash (used in) provided by investing activities	11,374	37,388	4,456
Net (decrease) increase in cash	720	4,029	88
Cash, beginning of fiscal year	1,940	4,353	1,237
Cash, end of fiscal year	\$ 2,660	\$ 8,382	\$ 1,325
Reconciliation of operating revenues (expenses) to net cash (used in) provided by operating activities:			
Net operating revenues (expenses)	\$ (21,128)	\$ 27,729	\$ 6,376
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
CRF funds received	—	—	—
Investment income	(161)	(6,151)	(1,504)
Interest payments and amortization	—	56,951	22,557
Net change in fair market value	5	2,660	602
Other	436	(8)	(57)
Transfers	18,897	(16,000)	(2,800)
Changes in assets and liabilities			
Mortgage loans and other loans, net	—	(52,059)	(34,094)
Interest, fees and other receivables	—	1,341	127
Student loans	—	—	—
Allowance for anticipated claims	—	—	—
Interfund payables	(992)	(1,096)	1,174
Unearned income, accounts payable and other	(8,893)	5,259	312
Postemployment retirement benefits payable	(2,181)	—	—
Net pension liability	2,761	—	—
Net cash provided by (used in) operating activities	\$ (11,256)	\$ 18,626	\$ (7,307)
Non-cash investing activities			
Net increase (decrease) in fair value of investments	\$ (5)	\$ (2,660)	\$ (602)

Supplemental Schedule III

Homeownership Program	Single Family Programs Total	Community Restoration Fund	Student Loan Program	Mortgage Insurance Fund	Total All Funds	
					Fiscal year ended October 31, 2017	2016
(in thousands)						
\$ 193	\$ 131,111	\$ —	704	\$ —	\$ 131,815	\$ 130,558
422	283,380	—	1,705	—	285,085	302,024
(598)	(369,692)	—	—	—	(369,692)	(367,889)
—	—	—	—	22,121	22,121	23,618
—	(27,980)	(36)	(104)	—	(28,120)	(27,145)
—	(602)	—	—	—	(602)	(763)
(97)	—	11,100	—	—	11,100	365
80	(16,154)	(7,508)	(42)	(17,893)	(41,597)	(23,173)
-	63	3,556	2,263	4,228	10,110	37,595
—	(79,649)	—	(407)	—	(80,056)	(79,293)
—	—	—	—	160,510	160,510	180,831
—	—	—	—	(154,743)	(154,743)	(115,854)
—	—	—	—	—	—	10,100
—	602	—	—	—	602	763
—	336,135	—	—	—	336,135	278,590
—	(305,532)	—	(2,357)	—	(307,889)	(371,233)
—	(48,444)	—	(2,764)	5,767	(45,441)	(96,096)
—	(152)	—	—	—	(152)	(119)
—	8,475	39	106	36,656	45,276	41,449
—	2,932,533	57,666	33,881	957,860	3,981,940	3,217,456
—	(2,887,638)	(61,248)	(35,919)	(1,004,834)	(3,989,639)	(3,201,173)
—	53,218	(3,543)	(1,932)	(10,318)	37,425	57,613
—	4,837	13	(2,433)	(323)	2,094	(888)
—	7,530	—	5,297	1,046	13,873	14,761
\$ —	\$ 12,367	\$ 13	2,864	\$ 723	\$ 15,967	\$ 13,873
\$ 197	\$ 13,174	\$ 8	221	\$ (326)	\$ 13,077	\$ 56,932
—	—	—	—	—	—	(10,100)
—	(7,816)	(45)	(150)	(29,475)	(37,486)	(32,901)
—	79,508	—	351	—	79,859	82,170
—	3,267	1	4	33,697	36,969	(10,407)
—	371	—	—	4,141	4,512	4,134
(97)	—	11,100	—	—	11,100	365
(176)	(86,329)	—	—	—	(86,329)	(67,693)
77	1,545	(7,543)	137	—	(5,861)	(3,520)
—	—	—	1,705	—	1,705	1,765
—	—	—	—	—	—	408
—	(914)	35	(4)	883	—	—
(1)	(3,323)	—	(1)	(4,692)	(8,016)	9,801
—	(2,181)	—	—	—	(2,181)	2,554
—	2,761	—	—	—	2,761	4,087
\$ —	\$ 63	\$ 3,556	2,263	\$ 4,228	\$ 10,110	\$ 37,595
\$ —	\$ (3,267)	\$ (1)	(4)	\$ (33,697)	\$ (36,969)	\$ 3,559



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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 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, 2017, and the related statements of revenues and expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2018.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

Ernst & Young LLP

January 25, 2018

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MORTGAGE INSURANCE AND NEW YORK FORECLOSURE PROCEDURES**Mortgage Pool Insurance Policies*****General***

Each Mortgage Loan (*other than* Mortgage Loans insured by FHA or guaranteed by the VA or the RD) is covered or expected to be covered by a mortgage pool insurance policy (each, including the Genworth Policy (defined below), a “Policy”) with terms generally as described below, provided by a private qualified mortgage pool insurer or the MIF (the “Mortgage Pool Insurer”). Subject to certain limitations, each such Policy will provide coverage of 100% of the loss of the Agency by reason of a default on any Mortgage Loan covered by such Policy up to an aggregate limit equal to 4% (in the case of each Policy covering Mortgage Loans financed with proceeds attributable to Bonds issued prior to the Series 45 Bonds, 5.5%) of the aggregate original principal amount of the Mortgage Loans covered by such Policy. Some of the Policies provide that, under certain circumstances, the Agency may cancel the Policy and may provide for alternative coverage (subject to limitations established in the applicable Series Resolution). The balance of the Policies have more limited cancellation rights.

For information regarding each Policy covering Mortgage Loans (the “Covered Loans”), see Appendix D — “Certain Agency Financial Information and Operating Data — Mortgage Loans — Mortgage Pool Insurance Coverage.”

The Agency can amend Series Resolutions’ provisions regarding Series Program Determinations (such as requirements for mortgage loan insurance or guaranty) and Supplemental Mortgage Coverage (such as the Policies), as described under “Sources of Payment and Security for the Bonds – Mortgage Loans – Requirements of the Series Resolutions.”

MIF Policies

Each Mortgage Pool Insurance Policy provided by the MIF (each, an “MIF Policy” and, collectively, the “MIF Policies”) provides that no claim may validly be presented thereunder unless (i) coverage from mortgage insurance or guaranty on the amount of the Mortgage Loan which exceeds 72% of the value of the property has been kept in force for at least so long as the remaining principal balance of the Mortgage Loan exceeds 80% of the value of the property (or, in one of the MIF Policies with respect to the Fourth Series Bonds, unless such coverage has been in effect for 10 years from its inception date, whichever occurs first), (ii) premiums on hazard insurance on the property securing the defaulted Mortgage Loan have been paid, and (iii) if there has been physical loss or damage to the mortgaged property, it has been restored to the condition it was in at the time the Mortgage Loan became subject to the coverage of the MIF Policy, subject to reasonable wear and tear. Assuming the satisfaction of these conditions, the MIF generally has the option, after expiration of any applicable redemption period, to either (a) purchase the property securing the defaulted Mortgage Loan at a price equal to the principal balance thereof plus accrued and unpaid interest at the Mortgage Loan rate to the date of purchase and certain expenses on condition that the MIF must be provided with good and merchantable title to the mortgaged property or (b) pay the amount by which the sum of the principal balance of the defaulted Mortgage Loan plus accrued and unpaid interest, at the Mortgage Loan rate, to the date of the payment of the claim, plus certain expenses, exceeds such proceeds received from the sale of the property which the MIF has approved. In both (a) and (b), the amount of payment is reduced by the proceeds from any applicable PMI policy, and any unreimbursed advance claim payments made under such MIF Policy. The MIF considers the amount of each claim payment due to be paid under each MIF Policy to be reduced by the amount payable under the applicable PMI policy, whether or not payment is received from the provider of the PMI policy.

A claim under each MIF Policy must be filed within 60 days after the Agency has conveyed title to the property pursuant to an approved sale.

None of the MIF Policies provide coverage against casualty losses.

The amount of coverage under each MIF Policy will be reduced over the life of the respective Series of Bonds by the dollar amount of claims paid less amounts realized by the MIF upon disposition of mortgaged properties. The amount of claims payable includes certain expenses incurred by the Mortgage Lenders as well as the accrued interest on delinquent Mortgage Loans, including interest accrued through 60 days following an approved sale. Accordingly, if aggregate recoveries under any one or more of the MIF Policies reach the applicable MIF Policy limit, coverage under such MIF Policy will be exhausted (unless the aggregate recoveries are subsequently reduced to an amount below the MIF Policy limit) and any further losses will be borne by Bondowners to the extent remaining moneys held under the Resolution are inadequate to pay principal of and interest on the Bonds.

Notwithstanding the description in the following two paragraphs and in the fourth and fifth paragraphs under “Private Insurer Policies and Private Mortgage Pool Insurers” below, the Agency does not currently request advance claims under any of the Policies, including those provided by the MIF. In addition, under its current operating policies, the Agency will not request advances under the MIF Policies. The Agency may decide at a future date to request advance claims under one or more Policies.

The following two paragraphs include descriptions of certain advance claim payments under the MIF Policies, that the Agency has not enforced or collected for over a decade.

Each MIF Policy (other than the Series VV MIF Policy, as defined below under “Additional Information Concerning Series VV Policies,” which does not provide for advance claim payments) provides that monthly advances will be made to the Agency in an amount equal to the monthly principal and interest payments on each Mortgage Loan subject to such MIF Policy which has become two or more payments past due. The payments will be in an amount equal to all sums delinquent, and will be paid by the MIF to the Agency after notification of such delinquency, provided that foreclosure proceedings will be initiated when monthly payments of principal and interest are 120 days (90 days in certain MIF Policies) past due. Such advance claims payments are not for the benefit of the mortgagor, but are advances against any MIF Policy claim which may be filed. The Agency is obligated to commence foreclosure action at 120 days’ (90 days’ in certain MIF Policies) delinquency or obtain title through deed in lieu of foreclosure or other means. Foreclosure must be pursued during the period in which advances are made. Claim settlements are reduced by the sum of the advances and the advances must be repaid if the Mortgage Loan becomes current, delinquent for fewer months than those for which advances were made or if a claim is not filed under the respective MIF Policy. Advances must be repaid after payments on the Mortgage Loan have been received (either from the mortgagor or insurer or through foreclosure) for which advances were previously made. If the Agency elects to sell the property itself, and not file a claim, the MIF must be reimbursed for all advances made. For additional information concerning the Series VV MIF Policy, see “Additional Information Concerning Series VV Policies” below.

The coverage available under the advance claims procedure equals the limit of coverage provided under the applicable MIF Policy. Advances for which the MIF is ultimately reimbursed are not charged against the limit of coverage under the applicable MIF Policy. To the extent foreclosure or other disposition of the property subject to a Mortgage Loan does not result in sufficient liquidation proceeds to pay principal of, delinquent interest on, and foreclosure costs with respect to a defaulted Mortgage Loan, and to reimburse the MIF for all advances made, aggregate coverage under the applicable MIF Policy will be reduced by the amount of such shortfall. Consequently, when coverage under any of the MIF Policies has been exhausted, whether through losses on advances or foreclosure losses with respect to Mortgage Loans financed with the proceeds of the applicable Series of Bonds, coverage under the applicable advance claims procedure will also be exhausted.

For information regarding the MIF, see “MIF” below.

Private Insurer Policies and Private Mortgage Pool Insurers

Private Insurer Policies. Each Policy provided by a Mortgage Pool Insurer other than the MIF (each a “Private Insurer Policy” and, collectively, the “Private Insurer Policies”) provides that no claim may validly be presented thereunder unless (i) with respect to a Mortgage Loan with an initial LTV in excess of 80%, PMI coverage on the amount of such Mortgage Loan which exceeds 75% (in the case of each Private Insurer Policy issued by Commonwealth Mortgage Assurance Company (“CMAC”), now known as Radian Guaranty Inc. (“Radian”), commencing with the Series VV CMAC Policy (defined below), 72%) of the value of the property (at the time of origination) has been kept in force from the time of origination until the remaining principal balance of the Mortgage Loan is less than or equal to 80% of such value of the property or, solely with respect to Private Insurer Policies issued by Radian prior to the Series VV CMAC Policy (as defined below), 10 years from the date of origination, if earlier, (ii) premiums for PMI or for hazard insurance on the property securing the defaulted Mortgage Loan (the “Mortgaged Property”), real property taxes, property sale, preservation and protection expenses and foreclosure expenses have been advanced by the Agency or otherwise have been paid, and (iii) if there has been physical loss or damage to the Mortgaged Property, it has been restored to the condition it was in at the time the Mortgage Loan became subject to the coverage of the Private Insurer Policy, subject to reasonable wear and tear (the Private Insurer Policies do not provide coverage against casualty losses). Assuming the satisfaction of these conditions, the Mortgage Pool Insurer will have the option, after expiration of any applicable redemption period, either (a) to purchase the Mortgaged Property securing the defaulted Mortgage Loan at a price equal to the unpaid principal balance thereof plus accrued and unpaid interest at the Mortgage Loan rate to the date of purchase and certain expenses on the condition the Mortgage Pool Insurer must be provided with good and merchantable title to the Mortgaged Property or (b) to pay the amount by which the sum of the unpaid principal balance of the defaulted Mortgage Loan plus accrued and unpaid interest, at the Mortgage Loan rate, to the date of the payment of the claim, plus certain expenses, exceeds such proceeds received from the Mortgage Pool Insurer-approved sale of the Mortgaged Property. In both (a) and (b), the amount of payment is reduced by the amount of loss required to be paid under any applicable primary mortgage insurance policy, and any unreimbursed advance claim payments made under the applicable Private Insurer Policy.

A claim under a Private Insurer Policy must be filed within 60 days after the Agency has conveyed title to the Mortgaged Property pursuant to a Mortgage Pool Insurer-approved sale.

The amount of coverage under each Private Insurer Policy will be reduced over its life by the dollar amount of claims paid under such Private Insurer Policy less amounts realized by the Mortgage Pool Insurer upon disposition of mortgaged properties. The amount of claims payable includes certain expenses incurred by the Mortgage Lenders or the Agency as well as the accrued interest on delinquent Mortgage Loans, including interest accrued through completion of foreclosure proceedings. Accordingly, if aggregate recoveries under a Private Insurer Policy reach the Private Insurer Policy limit, coverage under a Private Insurer Policy will be exhausted, and any further losses will be borne by Bondowners to the extent remaining moneys held under the General Resolution are inadequate to pay principal of and interest on the Bonds.

See the fifth paragraph under “MIF Policies” above for information regarding the two succeeding paragraphs.

A special endorsement to each Private Insurer Policy (the “Advance Claims Endorsement”) provides that, if foreclosure proceedings have been instituted and are being diligently pursued (*except* in the case of each Private Insurer Policy (each, a “Genworth Policy”) provided by Genworth Mortgage Insurance Corporation (formerly GEMICO) or Genworth Residential Mortgage Insurance Corporation of North Carolina (collectively, “Genworth”), which permits advances on a delinquent Mortgage Loan prior to commencement of foreclosure proceedings for no longer than 4 months after and including the month during which such Mortgage Loan became delinquent), advances will be made to the Agency, at the request of the Agency, in an amount equal to the monthly principal and interest payments on each Mortgage Loan subject to such Private Insurer Policy which is 60 days or more past due. Although available, the Agency does not currently request advance claims under

any of the Private Insurer Policies. See Appendix D — “Certain Agency Financial Information and Operating Data — Mortgage Loans — Mortgage Pool Insurance Coverage.” If payments are requested, they are required to be in an amount equal to delinquent payments of principal and interest, and are required under the terms of the Advance Claims Endorsement to be paid by the Mortgage Pool Insurer to the Agency within 15 days (in the case of a Genworth Policy, 5 days) of receipt of the request for payment, provided that foreclosure proceedings have been initiated and are being diligently pursued (*except* in the case of a Genworth Policy, which permits advances on a delinquent Mortgage Loan prior to commencement of foreclosure proceedings for no longer than 4 months after and including the month during which such Mortgage Loan became delinquent). Such payments are not for the benefit of the mortgagor, but are advances against the Private Insurer Policy claim which may be filed for losses incurred as a result of the mortgagor’s default. Advances must be repaid within 15 days (in the case of a Genworth Policy, 5 days) after payments have been received (either from the mortgagor or insurer or through foreclosure) on the Mortgage Loan for which advances were previously made.

The coverage available under the advance claims procedure as set forth in the Advance Claims Endorsement equals the limit of coverage provided under a Private Insurer Policy. Advances for which the Mortgage Pool Insurer is ultimately reimbursed are not charged against the limit of coverage under the Private Insurer Policy. To the extent foreclosure or other disposition of the property subject to a Mortgage Loan does not result in sufficient liquidation proceeds to pay principal of, delinquent interest on, and foreclosure costs with respect to a defaulted Mortgage Loan, and to reimburse the Mortgage Pool Insurer for all advances made, aggregate coverage under a Private Insurer Policy will be reduced by the amount of such shortfall. Consequently, when coverage under a Private Insurer Policy has been exhausted, whether through losses on advances or foreclosure losses with respect to covered Mortgage Loans, coverage under the applicable Advance Claims Endorsement will also be exhausted.

See “Ratings Disclosure” below for additional information regarding Radian and Genworth.

Additional Information Concerning Series VV Policies

The Mortgage Loans purchased with proceeds attributable to the Series VV Bonds are covered by mortgage pool insurance policies provided by Radian Guaranty Inc. (formerly CMAC) (the “Series VV CMAC Policy”) and the MIF (the “Series VV MIF Policy”; together with the Series VV CMAC Policy, the “Series VV Policies”). The Series VV Policies have terms substantially the same as the Policies described under the subheadings “General” and “Private Insurer Policies and Private Mortgage Pool Insurers — Private Insurer Policies” above, *except* that (a) the Series VV CMAC Policy will provide coverage of the loss to the Agency by reason of a default on a Series VV Mortgage Loan (after receipt of any amount from primary mortgage insurance, if any, applicable to such Series VV Mortgage Loan) equal to 25% of the sum of the principal balance of the defaulted Series VV Mortgage Loan plus accrued and unpaid interest, at the Series VV Mortgage Loan rate, to the date of payment of the claim, plus certain expenses, up to an aggregate limit equal to 5½% of the aggregate original principal amount of the Series VV Mortgage Loans and (b) the Series VV MIF Policy will provide coverage of 100% of the loss to the Agency by reason of a default on a Series VV Mortgage Loan (after receipt of any amount from the Series VV CMAC Policy) up to an aggregate limit equal to 1% of the aggregate original principal amount of the Series VV Mortgage Loans.

PMI Programs

The Agency can amend Series Resolutions’ provisions regarding Series Program Determinations (such as requirements for mortgage loan insurance or guaranty) and Supplemental Mortgage Coverage (such as the Policies), as described under “Sources of Payment and Security for the Bonds – Mortgage Loans – Requirements of the Series Resolutions.”

The Agency makes no representations regarding the financial condition of any private PMI provider or its ability to make full and any timely payment of claims made by the Agency for the Mortgage Loans such provider insures. If such claims are not paid on a timely basis, the Agency may experience losses on Mortgage

Loans on default or in foreclosure. For information regarding private PMI, see Appendix D — “Certain Agency Financial Information and Operating Data — Mortgage Loans — PMI Coverage.”

Private PMI

The Agency generally requires that, with respect to Mortgage Loans to be the subject of private PMI, each private PMI provider insuring such loans must be qualified to insure mortgages purchased by Freddie Mac or, if there are no entities so qualified, by entities whose financial conditions, in and of themselves, would not adversely affect the then existing rating assigned to the Bonds by Moody’s. While there is no requirement that a particular private PMI provider is to be utilized, based upon the Agency’s experience with its programs, it expects that a substantial portion of the PMI with respect to particular Mortgage Loans will be provided by the entity that provides or underwrites the mortgage pool insurance with respect to such Mortgage Loans. Since Radian Guaranty Inc. (formerly CMAC) provided underwriting services for many MIF Policies, Radian Guaranty Inc. is the PMI provider for a significant portion of the Mortgage Loans financed by the Agency with Bonds issued prior to the Series 123 Bonds. Genworth has been providing underwriting services with respect to the MIF Policies for most of the Mortgage Loans financed by the Series 123 Bonds and all Mortgage Loans financed since then. The Agency expects that Genworth will continue providing such services for Mortgage Loans financed by, as applicable, the Offered Bonds, future Bond issuances and other moneys available under the General Resolution. The Agency can substitute another provider or add additional providers of such underwriting services. For additional information regarding PMI providers with respect to all outstanding Mortgage Loans, see Appendix D — “Certain Agency Financial Information and Operating Data — PMI Coverage.” See “Mortgage Pool Insurance Policies — Private Insurer Policies and Private Mortgage Pool Insurers — Private Mortgage Pool Insurers” above for rating information with respect to Radian and Genworth, the principal private PMI providers.

PMI policies currently being issued by such private PMI providers contain provisions substantially as follows: (a) the private PMI providers must pay a claim, including unpaid principal, accrued interest, and certain expenses, within a prescribed number of days of presentation of the claim by the insured; (b) in order for the insured to present a claim the insured must have acquired, and tendered to the provider, title to the property, free and clear of all liens and encumbrances including any right of redemption by the mortgagor; (c) when a claim is presented, the provider will have the option of paying the claim in full and taking title to the property and arranging for its sale or of paying the insured percentage of the claim and allowing the insured to retain title to the property; and (d) claims may also be settled by the provider at the option of the insured for actual losses where such losses are less than the insured percentage of the claim.

The private PMI policies generally do not insure against a loss sustained by reason of a default arising from or involving certain matters including (a) fraud or negligence in origination or servicing of the Mortgage Loans, including misrepresentation by the Mortgage Lender, borrower, or other persons involved in the origination of a Mortgage Loan; (b) failure to construct a property subject to a Mortgage Loan in accordance with specified plans; (c) physical damage to a property; and (d) a Mortgage Lender’s not being approved as a servicer by the provider. Such private PMI policy will provide that no payment for a loss will be made unless the property financed by the defaulted Mortgage Loan is in the same physical condition as when the Mortgage Loan was originally insured, subject to reasonable wear and tear. If the provider elects to pay the claim in full, the Mortgage Lender, on behalf of the Agency, must convey good and merchantable title to the property to the provider upon payment of the claim for benefits, among other conditions.

MIF PMI

PMI provided by the MIF has terms substantially the same as those described in the second and third paragraphs under the heading “Private PMI.” The MIF currently provides, and expects to continue to provide, PMI only with respect to Mortgage Loans that private PMI providers have declined to insure. For further information regarding MIF PMI with respect to Mortgage Loans for which a commitment was entered into on or after November 1, 1990, see Appendix D — “Certain Agency Financial Information and Operating

Data — Mortgage Loans — PMI Coverage.” See “MIF” in this Appendix B for a discussion of the source of and procedures for funding the MIF. Reserves for MIF PMI are established in the Single Family Pool Insurance Account of the MIF. See “Ratings Disclosure” below for certain information regarding the Single Family Pool Insurance Account.

MIF

Part II of the Act, authorizing the establishment of the MIF by the Agency, was adopted by the State Legislature in 1978 to encourage financial institutions to make mortgage loans in neighborhoods suffering from disinvestment by providing mortgage insurance to minimize the investment risk. See “Other Agency Programs—Mortgage Insurance Fund.” In 1989, the Act was amended to authorize the Agency to issue commitments to provide mortgage pool insurance on any loan or aggregate of loans if (a) the project is located within an empire zone designated pursuant to Article 18-B of the General Municipal Law, (b) the project will provide affordable housing, (c) the entity providing the project’s mortgage financing was or is created by local, state, or Federal legislation, and certifies to the Agency that the project meets the program criteria applicable to such entity, or (d) the project will provide a retail or community service facility that would not otherwise be provided. The 1989 amendments also enabled the Agency to provide mortgage pool insurance for mortgages on one-to-four family homes and on multi-family projects where the loans are made by lenders meeting certain criteria. The policies provided by the MIF (including the MIF Policies and MIF PMI) were issued pursuant to such authorization.

In December 2004, the Act was amended to authorize the Agency to facilitate the financial activities of the Convention Center Development Corporation (the “CCDC”), a subsidiary of the New York State Urban Development Corporation, by entering into agreements with CCDC to provide a source or potential source of financial support to bonds of the CCDC and, to the extent not otherwise provided in respect of the support of bonds, for CCDC’s ancillary bond facilities.

The MIF is authorized to issue commitments to provide pool insurance in an amount not in excess of 25% of the initial outstanding principal indebtedness of any aggregate of mortgage loans. The Act authorizes the creation of the MIF, among other things, (i) to issue commitments to insure mortgages and to enter into contracts of mortgage insurance; (ii) to issue commitments to provide and to provide pool insurance for (a) one or more aggregates of mortgage loans that the Agency finances pursuant to its single-family program; (b) one or more aggregates of mortgage loans on single family or multi-family residential buildings made by a domestic not-for-profit corporation whose public purposes include combating community deterioration, that is approved as a mortgage lender by the Federal Housing Administration for purposes of insurance issued by such administration, and that is a qualified seller-servicer for Fannie Mae and the Freddie Mac; or (c) one or more aggregates of preservation loans made by a financial institution with respect to a building owned by a cooperative housing corporation; and (iii) to fulfill its obligations and enforce its rights under any insurance so furnished.

The MIF is used as a revolving fund for carrying out the provisions of Part II of the Act with respect to mortgages insured thereunder and with respect to providing credit support for the CCDC bonds or ancillary bond facilities. The Act establishes within the MIF a special account (the “Special Account”), a single family pool insurance account with respect to insurance related to one-to-four dwelling units (the “Single Family Pool Insurance Account”), a project pool insurance account with respect to all other properties (the “Project Pool Insurance Account”) and a development corporation credit support account with respect to providing credit support for the bonds or ancillary bond facilities of the CCDC (the “Development Corporation Credit Support Account”). The Development Corporation Credit Support Account is a source or potential source of payment of the sum of the respective amounts (or percentages) of required or permissive funding by the CCDC of each reserve and financial support fund established by the CCDC for its bonds and, to the extent not otherwise provided in respect of the support of bonds, for its ancillary bond facilities for which the Agency has determined that the Development Corporation Credit Support Account is or will be a source or potential source of funding. The MIF Policies are payable from amounts in the Single Family Pool Insurance Account. The Act provides that assets of the Special Account, the Single Family Pool Insurance Account, the Project Pool Insurance

Account, and the Development Corporation Credit Support Account shall be kept separate and shall not be commingled with each other or with any other accounts which may be established from time to time, except as authorized by the Act.

As of November 7, 2018, 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 negative and stable outlooks, respectively, by Moody’s and “AA+” and “AA-,” with stable outlooks, respectively, by Fitch, Inc. (“Fitch”). See “Ratings Disclosure” below. The claims-paying ability of the Development Corporation Credit Support Account has not been rated. The Act provides that the Agency may not execute a contract to provide credit support to the bonds or ancillary bond facilities of the CCDC if, at the time such contract is executed, such execution would impair any then existing credit rating of the Single Family Pool Insurance Account or the Project Pool Insurance Account. The payment of principal of and interest on the Bonds is not secured by or payable from moneys held in the MIF. The Act provides that all moneys held in the Single Family Pool Insurance Account, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages for one-to-four dwelling units insured by the MIF pursuant to the Act.

The MIF is funded primarily by a surtax on the State mortgage recording tax. Section 253(1-a) of the State Tax Law (the “State Tax Law”) imposes a surtax (the “Tax”) on recording mortgages of real property situated within the State. Excluded from the Tax are, among others, recordings of mortgages executed by voluntary nonprofit hospital corporations, mortgages executed by or granted to the Dormitory Authority of the State of New York and mortgages, wherein the mortgagee is a natural person, on mortgaged premises consisting of real property improved by a structure containing six or fewer residential dwelling units, each with separate cooking facilities. The Tax is equal to \$0.25 for each \$100 (and each remaining major fraction thereof) of principal debt which is secured by the mortgage.

Section 261 of the State Tax Law requires the respective recording officers of each county of the State, on or before the tenth day of each month, after deducting certain administrative expenses incident to the maintenance of their respective recording offices, to pay the Agency for deposit to the credit of the MIF the portion of the Tax collected by such counties during the preceding month, except that: (i) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the counties comprising the Metropolitan Commuter Transportation District on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the Metropolitan Transportation Authority; (ii) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the County of Erie on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the State Comptroller for deposit into the Niagara Frontier Transportation Authority light rail rapid transit special assistance fund; and (iii) Taxes paid upon mortgages covering real property situated in two or more counties shall be apportioned by the State Tax Commission among the Agency, the Metropolitan Transportation Authority and the Niagara Frontier Transportation Authority, as appropriate.

Mortgage recording taxes have been collected in the State for more than 75 years. The Agency has been entitled to receive Tax receipts since December 1978. Under existing law, no further action on the part of the State Legislature is necessary for the MIF to continue to receive such moneys. However, imposition or application of the mortgage recording taxes described herein as currently provided in the Act is subject to change in the future. The MIF’s receipt of Tax receipts is dependent upon the performance by the county recording officers of their collection and remittance obligations; the State Tax Commission has general supervisory power over such officers. Tax receipts payable to the MIF in calendar years 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 were approximately \$140 million, \$73 million, \$64 million, \$79 million, \$99 million, \$140 million, \$156 million, \$188 million, \$179 million and \$161 million, respectively. Tax receipts have fluctuated over the period they have been payable to the MIF, due to changing conditions in the State’s real estate market.

The Act requires the Agency to credit the amount of money received from the recording officer of each county to the Special Account within the MIF. The Act provides that, as each mortgage loan, or each pool of mortgage loans, becomes the object of an insurance commitment or policy, and as the Agency enters into agreements with the CCDC to provide credit support for the CCDC's bonds or ancillary bond facilities, the Agency shall credit from the Special Account to, as applicable, the Single Family Pool Insurance Account, the Project Pool Insurance Account or the Development Corporation Credit Support Account such moneys as are needed to satisfy the mortgage insurance fund requirement (described below) of the Single Family Pool Insurance Account, the Project Pool Insurance Account, or the Development Corporation Credit Support Account, respectively, except that during any twelve month period ending on March thirty-first the aggregate amount credited to the Development Corporation Credit Support Account (excluding investment earnings thereon) shall not exceed the lesser of (i) fifty million dollars or (ii) the aggregate of the amounts required under the contracts executed by the Agency to provide credit support to the CCDC's bonds or ancillary bond facilities. The Act allows, but does not require, the Agency to transfer moneys from the Special Account to the Single Family Pool Insurance Account, the Project Pool Insurance Account, and the Development Corporation Credit Support Account if and to the extent the amount on deposit in any such account is less than its mortgage insurance fund requirement (including the funding commitment requirement of the Development Corporation Credit Support Account), provided that moneys transferred to the Development Corporation Credit Support Account are subject to the limitation described in the preceding sentence. Provisions of the Act also provide that assets of the Special Account, the Single Family Pool Insurance Account, the Project Pool Insurance Account, and the Development Corporation Credit Support Account shall be kept separate and shall not be commingled with each other or with any other accounts that may be established from time to time, except as otherwise authorized by the Act. Such provisions also provide that if at any time the moneys, investments, and cash equivalents (valued as determined by the Agency) of the Single Family Pool Insurance Account, the Project Pool Insurance Account, or the Development Corporation Credit Support Account exceed the amount necessary to attain and maintain the credit rating or, with respect to credit support for the CCDC's bonds or ancillary bond facilities, credit worthiness (as determined by the Agency), required to accomplish the purposes of such account, the Agency shall transfer such excess to the Special Account. Any amount on deposit in the Special Account in excess of certain required reserves, insurance claims paid, and Agency operating expenses is required to be remitted to the State annually. The Act provides that no moneys shall be withdrawn from the MIF at any time in such amount as would reduce the amount in such fund to less than the mortgage insurance fund requirement, except for the purpose of paying liabilities as they become due and for the payment of which other moneys are not available.

The Act provides that the Single Family Pool Insurance Account will be available to pay the claims made on all of the primary mortgage insurance policies and mortgage pool insurance policies issued by the MIF with respect to single family mortgage loans, which are not limited to policies with respect to Mortgage Loans, but may include policies on single family mortgage loans financed by the Agency with moneys other than Bond proceeds and on single family mortgage loans financed by entities other than the Agency. The Act provides that the Project Pool Insurance Account will be available to pay the claims made on all the insurance policies issued by the MIF with respect to mortgage loans other than single family mortgage loans. The Act also provides that the Development Corporation Credit Support Account will be available to pay amounts due pursuant to agreements entered into by the Agency to provide credit support for the CCDC's bonds and ancillary bond facilities. There can be no assurance that the amounts on deposit in the Special Account, the Single Family Pool Insurance Account, or the Project Pool Insurance Account will not be depleted through payment of liabilities arising with respect to insured pools of Mortgage Loans, insured pools of mortgage loans other than Mortgage Loans, insured individual mortgage loans, or that the Development Corporation Credit Support Account will not be depleted through payment of liabilities arising with respect to providing credit support for the CCDC's bonds or ancillary bond facilities. To date, the MIF has provided pool insurance only with respect to single family mortgage loans financed by the Agency, although it has provided primary mortgage insurance with respect to single family mortgage loans financed by the Agency and other entities.

The Act provides that the mortgage insurance fund requirement with respect to each of the Single Family Pool Insurance Account and the Project Pool Insurance Account as of any particular date of computation is equal to (i) the aggregate of (a) the principal amount of such insured mortgage loans as the Agency has determined to

be due and payable as of such date pursuant to its contracts to insure mortgages with respect to such Account plus (b) an amount equal to 20 per centum of the principal amounts of the mortgage loans insured under the Agency's insurance contracts with respect to such Account plus 20 per centum of the principal amounts to be insured under the Agency's commitments to insure less the amounts payable pursuant to clause (a) above (*provided, however*, that if the board of directors of the Agency shall have established a different per centum for a category of loans pursuant to the Act, such per centum shall be substituted for 20 per centum in this paragraph as, for example, the March 2001 determination that the per centum for special needs facilities was 40 per centum) less (ii) the aggregate of the amount of each reinsurance contract procured in connection with obligations of the Agency determined by the Agency to be a reduction pursuant to this paragraph in calculating the mortgage insurance fund requirement applicable to such account. The mortgage insurance fund requirement with respect to the Development Corporation Credit Support Account as of any particular date of computation is equal to (i) the aggregate of (a) such amount of credit support for the CCDC's bonds or ancillary bond facilities that the Agency has determined to be due and payable as of such date pursuant to its contracts to provide credit support for the CCDC's bonds or ancillary bond facilities plus (b) an amount equal to the respective amounts established by contracts under which the Agency has determined that the Development Corporation Credit Support Account will provide credit support for CCDC's bonds or ancillary bond facilities, less the amounts payable with respect to credit support for CCDC's bonds or ancillary bond facilities pursuant to subparagraph (a) above less (ii) the aggregate of the amount of each reinsurance contract procured in connection with obligations of the Agency determined by the Agency to be a reduction pursuant to this paragraph in calculating the mortgage insurance fund requirement applicable to such account. There can be no assurance that such mortgage insurance fund requirement will not be reduced.

As of March 31, 2018, the MIF had total reserves, exclusive of credit support reserves, with a book value of approximately \$1,859,097,025, including single family pool reserves with a book value as of such date of approximately \$281,910,016. See the first, second and third paragraphs under "State Fiscal Year 2018-2019 Enacted Budget Provisions" below for information concerning transfers from the MIF's Project Pool Insurance Account and Special Account set forth in the State Fiscal Year 2018-2019 Enacted Budget Provisions and previous transfers effectuated from the Project Pool Insurance Account and the Special Account in Fiscal Year 2017-2018, Fiscal Year 2016-2017 and Fiscal Year 2015-2016 and from the Project Pool Insurance Account in Fiscal Year 2014-2015, Fiscal Year 2013-2014, Fiscal Year 2012-2013 and Fiscal Year 2008-2009.

As of March 31, 2018, the MIF's total liability against commitments and against policies in force was \$5,256,936,153 of which \$4,732,588,854 was against project mortgage insurance commitments and policies in force, the balance of \$524,347,299 being against single family primary and pool insurance commitments and policies in force. As of March 31, 2018, the MIF had a total loan amount on outstanding commitments and policies in force of \$8,085,616,961 of which \$5,133,969,808 represented the total loan amount on outstanding project mortgage insurance commitments and policies in force, the balance of \$2,951,647,153 being the total loan amount on outstanding single family primary and pool insurance commitments and policies in force. The Agency currently intends to continue and expand its mortgage insurance programs.

As of March 31, 2018, the Single Family Pool Insurance Account had paid 2,307 claims for loss in the aggregate amount of \$66,687,486. As of March 31, 2018, the Project Pool Insurance Account had paid 90 project mortgage insurance claims for loss in the aggregate amount of \$123,055,173 and had 9 insurance policies in force on which claims for loss had been submitted. The Agency estimates that its total liability thereon is \$18,016,129.

In 2005, SONYMA entered into a credit support agreement with CCDC (the "Original CSA") to provide credit support for bonds issued in 2005 by CCDC (the "2005 Bonds"). In 2015, SONYMA and CCDC entered into a first amendment to the Original CSA which amended the Original CSA (as amended, the "Amended CSA") in order to provide credit support for refunding bonds issued by CCDC in 2015 (the "2015 Bonds"). Following the issuance of the 2015 Bonds, the 2005 Bonds were no longer outstanding. On September 22, 2016, SONYMA, with the authorization of its board of directors, entered into two separate credit support agreements with CCDC as follows: (i) an amendment and restatement of the Amended CSA (the "Amended and Restated

Senior Lien CSA”) to provide credit support for both the 2015 Bonds and bonds issued by CCDC in 2016 on a parity with the 2015 Bonds (the “Senior Lien Bonds”, together with the 2015 Bonds, the “Senior Lien Bonds”) and possible future series of CCDC senior lien bonds, and (ii) a new credit support agreement (the “Subordinated CSA”) to provide credit support for bonds issued by CCDC in 2016 which are subordinated to the Senior Lien Bonds (the “2016 Subordinated Lien Bonds”) and possible future series of CCDC subordinated lien bonds. Pursuant to the Amended and Restated Senior Lien CSA, SONYMA will be obligated to maintain a minimum balance of \$25 million in the Development Corporation Credit Support Account which moneys will be used to support, in each bond year, the payment of an amount equal to up to one-third of the scheduled principal and interest due in such bond year on the Senior Lien Bonds. Pursuant to the Subordinated CSA, SONYMA will be obligated to maintain a minimum balance of \$8.2 million in a subaccount of the Development Corporation Credit Support Account which will be used to support the payment in each year of an amount equal to up to one-third of the scheduled principal and interest due in such year on the 2016 Subordinated Lien Bonds.

Additional information regarding the MIF may be found in Appendix A to Part 2 of this Official Statement.

In accordance with the authority granted to the Agency pursuant to the provisions of Section 2411 of the Act, the Agency on behalf of the State has pledged to and agreed with the holders of mortgage pool insurance contracts issued by the MIF that the State will not limit or alter rights vested by the Act in the Agency to fulfill the terms of any agreements made with the holders of such contracts, or in any way impair the rights and remedies of such holders until such contracts, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged.

State Fiscal Year 2018-2019 Enacted Budget Provisions

The current Enacted Budget requires certain transfers of moneys in the aggregate amount of \$55 million, subject to the approval of Director of the Budget of the State of New York, from (a) the Special Account in an amount up to the available excess balance in the Special Account, as calculated in accordance with the Act for the State Fiscal Year 2017-2018 (the “Excess Balance Funds”), and/or (b) the Project Pool Insurance Account, provided that, at the time of each transfer from the Project Pool Insurance Account the reserves remaining in the Project Pool Insurance Account are sufficient to attain and maintain the credit rating required to accomplish the purposes of the Project Pool Insurance Account (as determined by the Agency) (the “Project Pool Funds”). There can be no assurances as to what effect, if any, any such transfer may have on the then-current rating of the Project Pool Insurance Account by any rating agency.

Assuming satisfaction of the above referenced conditions precedent, six transfers of Excess Balance Funds and/or Project Pool Funds in the aggregate amount of up to \$55 million have been or will be made as follows: three to the Housing Trust Fund Corporation in the aggregate amount of \$35.667 million which were made prior to June 30, 2018, two to the Homeless Housing and Assistance Corporation in an aggregate amount of up to \$10.333 million to be made no later than March 31, 2019 (of which one transfer in the amount of \$5,333,000 was made on June 14, 2018), and one to the Municipal Bond Bank Agency in the amount of \$9 million which was made on July 31, 2018. The Housing Trust Fund Corporation is a subsidiary of the New York State Housing Finance Agency, one of the public authorities integrated with the Agency.

Provisions similar to the transfer provisions were enacted as part of the Enacted Budget for State Fiscal Year 2017-2018 resulting in transfers to the Housing Trust Fund Corporation, the Housing Finance Agency, the Homeless Housing and Assistance Corporation, , the Community Restoration Fund and the Municipal Bond Bank Agency from (a) the Project Pool Insurance Account in the aggregate amount of \$99,397,781, and (b) the Special Account in the aggregate amount of \$53,602,219 from available Excess Balance Funds for State Fiscal Year 2016-2017. Similar provisions enacted as part of prior State Enacted Budgets resulted in transfers (i) in State Fiscal Year 2016-2017 from the Project Pool Account in the aggregate amount of \$100 million and the Special Account in the aggregate amount of \$50 million to the Housing Trust Fund Corporation, the Housing Finance Agency and the Homeless Housing and Assistance Corporation, (ii) in State Fiscal Year 2015-2016

from the Project Pool Insurance Account in the aggregate amount of \$75 million and the Special Account in the aggregate amount of \$50 million to the Housing Finance Agency, the Housing Trust Fund Corporation and the Homeless Housing and Assistance Corporation, (iii) in State Fiscal Year 2014-2015 from the Project Pool Insurance Account in the aggregate amount of \$75.418 million to the Housing Trust Fund Corporation and the Housing Finance Agency, (iv) in State Fiscal Year 2013-2014 from the Project Pool Insurance Account in the aggregate amount of \$135.952 million to the State General Fund, the Housing Finance Agency and the Housing Trust Fund Corporation, and (v) in State Fiscal Years 2012-2013 and 2008-2009 from the Project Pool Insurance Account to the State General Fund, each in the amount of \$100 million. Pursuant to separately enacted legislation, in State Fiscal Year 2016-2017 transfers from the Special Account in the aggregate amount of \$25 million were made to the Municipal Bond Bank Agency.

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

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

Ratings Disclosure

Based upon the information available on S&P’s, Moody’s, and Fitch’s respective websites, as of November 7, 2018, the ratings of the providers of mortgage pool insurance and PMI are:

Mortgage Pool Insurance/ PMI Provider⁽¹⁾	Moody’s⁽²⁾	S&P⁽³⁾	Fitch
MIF Single Family Pool Insurance Account ⁽⁴⁾	Aa1 ⁽⁵⁾	N.A.	AA+
Genworth ⁽⁶⁾	Ba1 ⁽¹⁰⁾	BB+ ⁽⁸⁾	N.A.
Radian ⁽⁷⁾	Baa2 ⁽⁹⁾	BBB+ ⁽⁹⁾	N.A.

⁽¹⁾ Reflects only those PMI providers that insure in excess of 0.04% of the total current principal amount of Mortgage Loans as of August 31, 2018. For information concerning all PMI providers, see Appendix D — “Certain Agency Financial Information and Operating Data — Mortgage Loans — PMI Coverage.”

⁽²⁾ Moody’s Investors Service, Inc.

⁽³⁾ S&P Global Ratings, a division of S&P Global.

⁽⁴⁾ SONYMA Mortgage Insurance Fund. See the fifth paragraph under the heading “MIF” for additional information.

⁽⁵⁾ Negative Outlook.

⁽⁶⁾ Genworth Mortgage Insurance Corporation.

⁽⁷⁾ Radian Guaranty Inc.

⁽⁸⁾ On Watch, Developing.

⁽⁹⁾ Stable Outlook.

⁽¹⁰⁾ Positive Outlook.

Many private insurers that provide PMI, including those set forth in the table above and in the table under the subheading Appendix D — “Certain Agency Financial Information and Operating Data — Mortgage Loans — PMI Coverage,” have experienced, and are continuing to experience, financial difficulties and have had their credit ratings downgraded or placed on watch for a future downgrade. The Agency makes no representations about the financial condition of any of the private PMI providers or their ability to make full and timely payment to the Agency of claims on the Mortgage Loans on which the Agency may experience losses.

The Agency does not undertake any responsibility to directly notify investors of any change in, proposed change in or withdrawal of any rating assigned by S&P, Moody’s or Fitch. Such ratings reflect only the views of the respective rating agency at the time such ratings were given and the Agency makes no representation as

to the appropriateness of the ratings. An explanation of the significance of such ratings can only be obtained from the rating agency furnishing the same. There is no assurance that a particular rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of the respective rating agency, as the case may be, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Offered Bonds. The Agency undertakes no responsibility for updating the rating information included in this Official Statement. Unless otherwise specified herein, all ratings are as of November 7, 2018.

New York Foreclosure Procedures and Federal Bankruptcy Law

New York Foreclosure Procedures

In order to recover the debt due on a defaulted mortgage loan, the holder of the mortgage loan may sue on the mortgage note or foreclose the mortgage. Under State law, a default mortgage on real property improved by a single family residence can only be foreclosed by an action to foreclose and sell. Where final judgment has been rendered in a separate action on the note to recover any part of the mortgage debt, an action may not be commenced to foreclose and sell unless the sheriff has been issued an execution against the property of the mortgagor, which has been returned wholly or partly unsatisfied. The complaint must state whether any other action has been brought to recover any part of the mortgage debt and if so, whether any part has been collected. While a foreclosure action is pending or after final judgment for the mortgagee, no other action on the mortgage debt (*i.e.*, an action on the note or a guaranty) may be commenced to recover any part of the mortgage debt without leave of court.

On December 15, 2009, the State laws governing foreclosure actions were amended to require (a) a mortgagee to provide notice to a mortgagor in default at least 90 days prior to the commencement of a foreclosure action, (b) a mandatory settlement conference between the litigants in a foreclosure action, and (c) that during such conference, the mortgagee and the mortgagor negotiate in good faith to reach a mutually agreeable resolution such as, but not limited to, a modification of the terms of the mortgage. Chief Judge of the State Jonathan Lippman in his State of Judiciary 2012 address, delivered on February 14, 2012, announced that such settlement conferences will be overseen by newly established special State courts and that mortgagors will be given legal representation during the conferences. Under such court procedures, settlement conferences are to be scheduled so that a specified period of time will be dedicated solely to a specific mortgagee's cases. In addition, on July 31, 2013, legislation was enacted that requires that the mortgagee deliver certain documents to the court simultaneously with the complaint that initiates a residential foreclosure proceeding. The goal of this legislation is to minimize delays between the period from the filing of the complaint and the settlement conference. On June 19, 2014 the requirements set forth in (a), (b) and (c) above were extended from December 15, 2014, and now expire on December 15, 2019.

Where a foreclosure action is brought, every person having an estate or interest in possession in the property whose interest is claimed to be subject and subordinate to the mortgagee's lien, must be made a party defendant to the action. At least 20 days before a final judgment directing a sale is rendered, the mortgagee must file, in the clerk's office for the county where the mortgaged property is located, a notice of the pendency of the action in order to protect against conveyances, liens, and encumbrances that arise subsequent to the filing of the notice of pendency. If during the pendency of the action, the mortgagor pays into court the amount due for principal and interest and the costs of the action together with the expenses of the proceedings to sell, if any, the court will (i) dismiss the complaint without costs against the mortgagee if the payment is made before judgment directing the sale or (ii) stay all proceedings upon judgment if the payment is made after judgment directing sale but before sale. Where the mortgagee remains partly unsatisfied after the sale of the property, the court, upon application, may award the mortgagee a deficiency judgment for the unsatisfied portion of the mortgage debt, or as much thereof as the court may deem just and equitable, against a mortgagor who has appeared or has been personally served in the action.

The Agency's mortgage servicing contractors are or will be instructed to negotiate with the delinquent mortgagor to offer a deed in lieu of foreclosure to the Agency. In this manner, the Agency reduces the cost of acquiring the property which in turn makes the property saleable at a lower price with purchase money mortgage financing available through the Agency.

From time to time bills are introduced in the State Legislature that would affect foreclosure proceedings. The Agency cannot predict what effect the legislation described under this sub-heading, or any other legislation affecting mortgage foreclosure actions, would have on the amount or timing of payments to be received with respect to Mortgage Loans that became subject to the particular provisions of such legislation.

Federal Bankruptcy Law

A mortgagor may seek protection under the United States Bankruptcy Code, which provides a debtor with an opportunity to adjust his debts without losing control of his assets. Chapters 11 and 13 of the Bankruptcy Code allow a debtor to formulate a plan under which his or her creditors will be paid varying percentages of their debts. Under such a plan a debtor may modify the rights of holders of secured claims or unsecured claims, but the debtor may not modify a claim secured only by a security interest in real property that is the debtor's principal residence; *except, however*, that a chapter 13 plan may provide for modification of the debtor's principal residential mortgage loan if it has matured or will mature within 3 or 5 years (depending on the debtor's income), so long as all chapter 13 plan payments are to be made within such 3- or 5-year period. Absent court-ordered relief (which is only available under limited circumstances), the automatic stay under Section 362 of the Bankruptcy Code will apply to any case commenced under the Bankruptcy Code, and the mortgagee will be stayed from any action to satisfy its claim, including foreclosure on the real property.

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SERVICERS OF MORTGAGE LOANS[†]

Servicers of Greater Than 3% in Principal Amount of Mortgage Loans as of <u>July 31, 2018</u>	Approximate Principal Amounts of Mortgage Loans Being Serviced as of <u>July 31, 2018</u>^{††}	Approximate Percentage of Mortgage Loans Being Serviced as of <u>July 31, 2018</u>^{††}
M & T Bank ^{†††}	\$1,580,823,475	75.5%
Citibank, NA ^{†††}	175,336,106	8.4
Sterling National Bank	66,333,949	3.2
All Other Servicers (21)	<u>271,728,476</u>	<u>13.0</u>
Total	<u>\$2,094,222,006</u>	<u>100.0%</u>

[†] Totals may not add due to rounding. See “The Program — Mortgage Loan Servicing” in this Part 2 for information regarding Mortgage Loan servicing and certain Servicers.

^{††} This table does not reflect any information with respect to Second Lien DPALs and Pledged CCALs.

^{†††} JPMorgan Chase Bank (“Chase”), a Servicer as of July 31, 2018 of approximately 0.66% of the Mortgage Loans, gave notice of intention to resign as Servicer effective May 1, 2014. The Agency transferred the majority of the Chase mortgage loans (including the Mortgage Loans that are assets pledged under the Resolution) to M&T Bank, as successor Servicer to Chase. As of the date of this Official Statement, due to contractual reasons, approximately 9.6% of the mortgage loans originally serviced by Chase have not been transferred to M&T Bank. Chase continues to service all of the Mortgage Loans that have not been transferred to M&T Bank. At this time, the Agency is unable to determine if or when the remaining loans will be transferred to M&T Bank. On January 30, 2017, Citigroup, Inc. announced its intention to sell its mortgage servicing business by the end of 2018.

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CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA

Mortgage Loans

Information Regarding Mortgage Loans

The following twelve tables and accompanying text (the “Appendix D Information”) set forth financial information and operating data, as of July 31, 2018 or August 31, 2018, regarding Mortgage Loans (other than as described below under “References to Principal Amount of Mortgage Loans in the Appendix D Information”). The Appendix D Information is also cross-referenced in several of the tables below, including footnotes. Appendix D Information does not include any information with respect to Second Lien DPALs (although they are Mortgage Loans) or Pledged CCALs. However, all of the Appendix D Information includes Mortgage Loans purchased on a temporary basis (“Warehoused Loans”) that, as described under the heading “Investments – General Fund,” may be refinanced with other moneys and released from the lien of the Resolution.

References to Principal Amount of Mortgage Loans in the Appendix D Information

References to the principal amount of Mortgage Loans in the Appendix D Information are to the aggregate principal amount of the sum of Mortgages Loans fully funded by the Resolution and the HMB Participation Interests (as defined below).

Sources of Permanent Funding for Mortgage Loans; Certain Mortgage Loan Reallocations Not Reflected

The Appendix D Information describes Mortgage Loans, regardless of their sources of funding. The Agency finances Mortgage Loans from the following sources of moneys held under the Resolution: (a) proceeds of Bonds received at the respective times of issuance of such Bonds (“Original Issuance Lendable Moneys”) and (b) Principal Prepayments and Revenues received in connection with previously financed Mortgage Loans (“Subsequently Received Lendable Moneys”). Originating mortgage loans from the sources described in (b) is sometimes referred to as “recycling.” Warehoused Loans are also financed from the sources described in (b). When financing a single-family mortgage loan, the Agency may combine moneys described in (a) and (b) with (1) moneys attributable to one or more Series of Bonds and (2) moneys held under the MRB Resolution (such single-family mortgage loans are “Blended Loans”). The portion of each Blended Loan financed with moneys available under the Resolution is a Mortgage Loan that secures the Bonds and such portion is referred to as a “HMB Participation Interest.” The portion of each Blended Loan financed with moneys held under the MRB Resolution secures the Agency’s Mortgage Revenue Bonds. This allocation across the Resolution and the MRB Resolution is discussed in greater detail, including the treatment of such allocated loans, under “Mortgage Loans – Series Lendable Proceeds Expended,” the text following that table and information under the subheading “Mortgage Loans: Lendable Proceeds Not Fully Expended (collectively, “Table 1”).

The information regarding Mortgage Loans provided on a Bond Series by Bond Series basis is with respect to Mortgage Loans financed with moneys attributable to each such Bond Series, whether from Original Issuance Lendable Moneys or Subsequently Received Lendable Moneys. Note, however, that in connection with issuances of Bonds that refund other Bonds, the Agency has reallocated Mortgage Loans from the Bond Series to which the refunded Bonds belonged to the Bond Series that includes the refunding Bonds. Those reallocations, however, are not reflected in Table 1 and Mortgage Loans remain associated with the original Bond Series that financed them. As a result, the information for any particular Bond Series in Table 1 may reflect more Mortgage Loans that are allocated to it if Bonds of that Series were refunded and fewer Mortgage Loans than are allocated

to it if the Bonds of that Series refunded other Bonds. None of the other Appendix D Information provides information on a Series by Series basis.

Mortgage Loan Interest Rates

The Agency frequently has offered, at the same time, financing to borrowers under different lending programs that provided financing at different Mortgage Loan interest rates. In addition, for programmatic purposes and to address certain requirements of the Code, the Agency on occasion has financed Blended Loans where the respective portions of the loans financed from different Bond Series or from the Resolution and the MRB Resolution bear different mortgage loan yields, which may be substantially different for each respective portion. Generally, one portion of such loan does not bear interest, although the principal portion is payable. A borrower that receives a Blended Loan receives a single loan coupon rate. Although the Agency for tax purposes and in connection with certain refunding Bonds (as described above) has reallocated some Mortgage Loans from one Bond Series to another, these reallocated Mortgage Loans are still reflected in Table 1 in the information provided for the respective Bond Series that were their original source of financing. In addition, in the past the Agency originated Mortgage Loans that bore an initial interest rate that increased 3 or 5 years after the Mortgage Loans' origination. Most of these Mortgage Loans converted to their higher coupon rate before 2010. The final such Mortgage Loan converted to its higher coupon rate as of July 1, 2013. These Mortgage Loans were underwritten at their initial interest rates. References to "Weighted Average Mortgage Loan Coupon Rate" in Table 1, whether at origination or as of August 31, 2018, and the information following such table has been calculated using the interest rates of all Mortgage Loans financed from moneys attributable to the applicable Bond Series. Additional discussion appears under "Participations Interests" and in the footnotes to Table 1.

Participation Interests

In most instances, the Agency finances individual Mortgage Loans from Original Issuance Lendable Moneys and Subsequently Received Lendable Moneys related to a single Bond Series. The balance of mortgage loans financed in part with proceeds attributable to any Bond Series may be financed with proceeds attributable to any Series of the Offered Bonds, the Prior Series Bonds or Additional Bonds or other sources, including moneys held under the MRB General Resolution. Certain ownership interests in mortgage loans ("participation interests") may bear rates of interest substantially different from those of other participation interests. Principal repayments (including principal prepayments) of each such mortgage loan will be allocated between the sources of funding of such mortgage loan on a pro rata basis. Regardless of such allocation, the portion of any mortgage loan financed all or in part from Original Issuance Lendable Moneys or Subsequently Received Lendable Moneys held under the Resolution are Mortgage Loans.

Additional information regarding the Agency's financing of Mortgage Loans in the form of participation interests in mortgage loans can be found in footnotes to Table 1. Participation interests in some of these mortgage loans were purchased with amounts under the MRB Resolution. The Resolution and the MRB Resolution each have a participation interest in each such mortgage loan. The respective participation interests of each resolution represent rights to receive (i) mortgage loan principal on a proportionate basis, reflecting that portion of the principal amount of each mortgage loan financed by such resolution, and (ii) interest on said proportionate principal amount at the applicable interest rate. The Agency expects to continue to originate HMB Participation Interests, which may or may not bear interest. HMB Participation Interests are Mortgage Loans under the Resolution.

Principal Amounts and Interest Rates

The following table summarizes certain information regarding the Mortgage Loans (including HMB Participation Interests) and the corresponding Outstanding Prior Series Bonds whose lendable proceeds have been expended to acquire Mortgage Loans. This table does not include any information with respect to Second Lien DPALs (although they are Mortgage Loans) and Pledged CCALs. Also see the table "Mortgage Loans —

Series Lendable Proceeds Not Expended.” Proceeds of Bond Series not included in the following tables were not applied to finance new Mortgage Loans.

Mortgage Loans — Series Lendable Proceeds Expended

Series	Date When Money First Available to Purchase Mortgage Loans	Weighted Average Mortgage Loan Coupon Rate at Origination (%) as of August 31, 2018	Approximate Original Balance as of August 31, 2018 of Mortgage Loans Purchased (\$ (000s)^(qq)	Approximate Current Balance as of August 31, 2018 of Mortgage Loans Purchased (\$ (000s)^{(rr)(ddd)}	Approximate Current Weighted Average Mortgage Loan Coupon Rate (%) as of August 31, 2018^(ddd)
BB-2	9/28/88	8.41	82,657	199	7.42
EE-1	4/14/89	8.57	35,914	54	8.57
EE-2	9/14/89	8.30	35,838	138	8.30
EE-3	6/07/90	8.30	36,870	99	8.30
EE-4	10/01/90	(a)	23,235(a)	159	8.24
FF	9/28/88	8.60	28,123	30	8.60
GG	9/28/88	8.60	56,176	59	8.60
HH-1	4/14/89	8.57	51,269	45	8.57
HH-2	9/14/89	8.30	51,107	218	8.30
HH-3	6/07/90	8.30	50,213	151	8.30
HH-4	10/01/90	(b)	51,781	1,010	5.66
II	3/21/89	8.54	58,691	167	8.53
JJ	9/27/89	8.50	58,077	213	8.50
KK/LL	10/30/89	8.50	103,135	279	8.50
MM-1	2/04/91	8.40	57,760	382	8.40
MM-2	10/01/90	8.39	62,316	346	8.39
NN	2/02/90	8.11	31,631	132	8.10
RR	9/13/90	8.49	62,794	149	8.49
SS	9/13/90	8.49	56,619	268	8.50
TT	5/01/91	8.28%(c)	39,550	59	8.30
UU	5/01/91	8.28(c)	57,094	392	8.30
VV	6/13/91	8.01(c)	125,884	634	8.09
27	5/05/92	7.74(d)	66,524	774	8.11
28	5/05/92	7.69(d)	67,121	811	8.05
29-A	12/01/92	5.87(e)	31,432	1,099	6.04
30-A	12/01/92	5.87(e)	63,402	2,205	6.04
29-B	3/01/93	6.51(e)	29,937	258	7.64
30-B	3/01/93	6.51(e)	64,915	1,545	6.15
29-C-1	7/01/93	5.90(e)	15,000	421	5.91
30-C-1	7/01/93	5.90(e)	32,392	1,331	5.91
29-C-2	7/01/93	5.95(e)	16,755	582	5.95
30-C-2	7/01/93	5.95(e)	36,222	1,357	5.95
31-A	9/30/93	5.38	30,813(z)	1,431	4.45
32-A	9/30/93	5.92	34,920	1,347	5.90
33	3/01/94	5.78	29,862(aa)	1,143	5.46
34	3/01/94	5.99	34,797	1,268	5.98
35(qq)	n.a.	n.a.	n.a.	116	10.20
36-A	6/06/94	6.61	48,607	1,271	6.45
37-A	6/06/94	6.61	35,775	882	6.45
38	4/07/94	4.79	35,132	3,521	3.28
39	4/07/94	3.60	37,438(f)	1,784	4.61
40-A	6/07/94	7.10	50,577	862	7.04
41-A	6/07/94	7.10	33,718	574	7.04
40-B	8/01/94	7.20	37,920	763	7.17

Mortgage Loans — Series Lendable Proceeds Expended

Series	Date When Money First Available to Purchase Mortgage Loans	Weighted Average Mortgage Loan Coupon Rate at Origination (%) as of August 31, 2018	Approximate Original Balance as of August 31, 2018 of Mortgage Loans Purchased (\$ (000s)^(qq)	Approximate Current Balance as of August 31, 2018 of Mortgage Loans Purchased (\$ (000s)^{(rr)(ddd)}	Approximate Current Weighted Average Mortgage Loan Coupon Rate (%) as of August 31, 2018^(ddd)
41-B.....	8/01/94	7.20	12,569	253	7.17
42.....	9/20/94	7.36(t)	95,999(cc)	2,002	6.57
43.....	9/20/94	7.36(t)	51,269	969	7.43
44.....	11/30/94	7.82(t)	65,711	1,359	7.81
45.....	11/30/94	7.82(t)	31,052	244	8.00
46.....	3/28/95	7.08(t)	137,619	3,641	7.38
47.....	3/28/95	7.08(t)	31,959	1,115	5.75
48.....	6/29/95	6.88(t)	95,696(g)	3,195	6.95
49.....	6/29/95	6.75(t)	3,807	188	6.91
50.....	9/13/95	6.88(t)	115,122(h)	3,687	6.97
51.....	9/13/95	6.65(t)	16,909(i)	540	6.63
52.....	1/04/96	6.71(t)	36,337	1,015	6.67
53.....	1/04/96	7.06(t)	18,373	438	6.90
54(k).....	4/25/96	7.09(t)	64,709(l)	967	7.00
54(m).....	4/25/96	6.59(t)	38,336	1,361	7.27
55.....	4/25/96	6.59(t)	11,686	251	7.25
56(k).....	7/16/96	7.42(t)	63,118	1,431	7.45
56(m).....	7/16/96	6.83(t)	13,130	230	7.50
57(m).....	7/19/96	6.82(t)	37,045(n)	534	7.44
58.....	9/17/96	7.08(t)	59,110(bb)	1,396	6.04
59.....	9/17/96	7.19	14,452	562	7.06
60.....	1/14/97	6.78(t)	55,819	2,637	6.66
61.....	1/14/97	6.84(t)	36,431	1,352	6.77
62.....	1/14/97	6.97	9,484(o)	74	7.12
63.....	3/24/97	6.97(t)	106,443(p)	3,178	6.89
64.....	3/24/97	1.56(t)	9,359(q)	662	1.95
65.....	7/10/97	6.67(t)	84,249(r)	3,944	6.61
66.....	7/10/97	4.17(t)	20,501(u)	1,613	4.68
67.....	9/24/97	5.93(t)	118,772(s)	6,861	5.80
68.....	9/24/97	6.04	3,091(v)	111	5.97
69.....	3/19/98	6.07(t)	84,350(w)	5,929	5.99
70.....	3/19/98	5.85(t)	36,279	2,505	5.76
71.....	7/9/98	4.93(t)	124,576(x)	15,262	4.73
72.....	7/9/98	5.08(t)	39,223(y)	3,741	4.78
73A.....	9/24/98	5.44(t)	89,115(dd)	8,643	5.36
73B/74.....	9/30/99	5.78(t)	38,201	2,612	5.74
77A/78A.....	12/22/98	5.50(t)	75,272	5,752	5.44
77B/78B.....	11/23/99	6.62(t)	58,879	3,147	6.45
79/80.....	3/24/99	5.67(t)	135,284	9,912	5.56
82/83.....	7/8/99	6.47(t)	170,370	8,550	6.46
84/85.....	9/30/99	5.08	89,929	9,997	4.64
88/89.....	11/23/99	6.93(t)	102,834(ee)	4,528	6.84
90/91.....	3/16/00	6.25(t)	135,795(ff)	8,669	5.24
94/95.....	12/14/00	5.48(t)	69,739(gg)	8,718	5.46
96.....	n.a.	n.a.	n.a.	431	7.13
97/98.....	7/12/01	5.16(t)	116,543(hh)	18,125	5.14
99.....	n.a.	n.a.	n.a.	536	8.21
101/102.....	7/11/02	5.22(t)	144,136(ii)	22,916	5.19

Mortgage Loans — Series Lendable Proceeds Expended

Series	Date When Money First Available to Purchase Mortgage Loans	Weighted Average Mortgage Loan Coupon Rate at Origination (%) as of August 31, 2018	Approximate Original Balance as of August 31, 2018 of Mortgage Loans Purchased (\$ (000s)^(qq)	Approximate Current Balance as of August 31, 2018 of Mortgage Loans Purchased (\$ (000s)^{(rr)(ddd)}	Approximate Current Weighted Average Mortgage Loan Coupon Rate (%) as of August 31, 2018^(ddd)
104/105.....	10/24/02	5.14(t)	52,967	8,989	5.18
106/107.....	9/25/03	4.51(t)	76,000	18,630	4.48
109/110.....	12/23/03	4.54(t)	126,507	31,931	4.55
111/112.....	3/25/04	4.64(t)	124,808	33,343	4.68
113/114/115...	7/13/04	4.67(t)	121,333	29,774	4.61
116/117/118...	11/10/04	4.83(t)	121,066	33,197	4.78
120/121/122...	1/13/05	4.81(t)	71,904	21,292	4.73
123/124/125...	7/14/05	5.08(t)	95,714	24,567	5.05
127/128/129...	11/17/05	5.07(t)	95,845	27,426	5.08
130/131/132...	3/9/06	5.13(t)	100,007	25,774	5.09
133/134/135...	7/13/06	5.42(t)	103,689	25,102	5.35
137/138/139...	10/12/06	5.75(t)	117,555	29,750	5.74
140/141/142...	2/1/07	5.25(t)	86,009(jj)	20,728	5.11
143/144.....	6/7/07	5.43(t)	85,276(kk)	22,636	5.44
145/146/147	9/20/07	5.70(t)	111,728(ll)	35,241	4.59
148/149/150...	12/14/07	5.72(t)	118,732	35,770	5.71
151/152/153...	3/27/08	5.63(t)	97,221	33,019	4.76
154/155/156/157	8/14/08	5.70(t)	158,856	47,708	5.63
158/159.....	10/30/08	5.88(t)	104,062	30,832	5.86
160/161/162...	1/22/09	6.02	83,862	36,145	5.02
163/164.....	9/22/11	1.42(mm)	26,445(mm)	21,347	1.74
165/166.....	11/16/11	4.64(nn)	47,921(nn)	28,775	4.58
168/169/170/171 ^(oo)	3/9/12	4.00	53,014	39,364	3.58
176/177 ^(zz)	11/1/12	3.92	103,282	76,334	3.58
178/179/180...	7/18/13	3.45	76,471	60,402	3.44
181/182/183/184	3/13/14	5.08	93,606	58,116	4.83
185/186/187 ^(ss)	3/27/14	4.40	11,768	10,158	1.78
188/189 ^(tt)	10/23/14	4.13	27,141	24,186	2.64
190/191 ^(uu)	2/26/15	4.07	57,857	48,927	3.63
192/193/194 ^(vv)	7/16/15	3.49	76,931	67,920	3.32
195/196 ^(ww)	3/3/16	3.52	96,824	88,407	3.52
197/198/199 ^(xx)	7/21/16	3.54	124,932	115,410	3.55
200/201/202 ^(yy)	12/15/16	3.46	91,980	87,751	3.46
203/204 ^(zz)	6/29/17	3.85	119,296	115,502	3.86
205/206/207 ^{(aaa)(ccc)}	11/16/17	3.90	88,920	86,765	3.91
208/209/210 ^(bbb)	4/5/18	4.00	124,752	123,477	4.00
211/212	7/19/18	4.20	119,989	62,131	4.27
Warehoused Loans	n.a.	4.45	53,246	53,304	4.45
Warehoused Taxable	n.a.	n.a.	n.a.	11,988	4.57
HMB Revenues ^(pp)	n.a.†	4.77 ^(t)	<u>260,288</u>	<u>159,475</u>	4.59
TOTAL			<u>8,853,290</u> ^(qq)	<u>2,127,904</u> ^{(rr)(ddd)}	

(a) Prior to October 1, 1991, the Agency originated Mortgage Loans financed with proceeds of the Series EE-4 Bonds (“Series EE-4 Mortgage Loans”) in the approximate aggregate principal amount of \$18.4 million, with coupon rates ranging from 8.10% to 8.40% per annum, with a weighted average coupon rate of 8.37% per annum. From October 1, 1991 to February 1, 1993, the Agency originated approximately \$4.8 million aggregate principal amount of Series EE-4 Mortgage Loans, with a coupon rate of 6% per annum during the first five years of any such loan, and 8% per annum thereafter. Such loans were underwritten at the initial coupon rate.

Footnotes continued on next page

- (b) Prior to October 1, 1991, the Agency originated Mortgage Loans financed with proceeds of the Series HH-4 Bonds (“Series HH-4 Mortgage Loans”) in the approximate aggregate principal amount of \$26.2 million, with coupon rates ranging from 8.10% to 8.40% per annum, with a weighted average coupon rate of 8.36% per annum. From October 1, 1991 to February 1, 1993, the Agency originated approximately \$5.5 million aggregate principal amount of Series HH-4 Mortgage Loans, with a coupon rate of 6% per annum during the first five years of any such loan, and 8% per annum thereafter. Such loans were underwritten at the initial coupon rate. From February 1, 1993 to April 1, 1993, the Agency originated approximately \$2.2 million aggregate principal amount of Series HH-4 Mortgage Loans, with a coupon rate of 5% per annum during the first five years of any such loan, and 6% per annum thereafter. Such loans were underwritten at the initial coupon rate. From April 1, 1993 to April 22, 1994, the Agency originated Series HH-4 Mortgage Loans in the following approximate aggregate principal amounts and at the following coupon rates per annum: \$13.8 million at 4.50%; \$8.3 million at rates ranging from 5.75% to 6.50%, with a weighted average rate of 5.92%; \$321,000 at 6.50% during the first three years and 7.90% thereafter (underwritten at the initial coupon rate); and \$56,000 at 7.25% during the first five years and 8.125% thereafter (underwritten at the initial coupon rate). A portion of each of the mortgage loans described in the immediately preceding sentence in the approximate aggregate principal amount of \$5,000,000 (the “HH-4 Non-Bonds Participation Interest”) represents amounts, other than proceeds attributable to the Bonds, applied to finance such mortgage loans, with a coupon rate of 0% per annum. Coupon rates described in this footnote on Series HH-4 Mortgage Loans are rates to the mortgagor. The HH-4 Non-Bonds Participation Interest is not a source of payment or security for the Bonds, including the Series HH-4 Bonds.
- (c) Prior to March 16, 1992, the Agency originated Mortgage Loans financed with proceeds of the Series TT Bonds, Series UU Bonds, and Series VV Bonds (“Series TT Mortgage Loans,” “Series UU Mortgage Loans,” and “Series VV Mortgage Loans,” respectively) in the respective approximate aggregate principal amounts of \$38.2 million, \$54.9 million, and \$80.6 million, with coupon rates of 8.30%, 8.30%, and ranging from 8% to 8.50%, respectively, per annum. From March 16, 1992 to February 5, 1993, the Agency originated Series TT Mortgage Loans, Series UU Mortgage Loans, and Series VV Mortgage Loans in the respective approximate aggregate principal amounts of \$1.4 million, \$2.2 million, and \$45.2 million, with a coupon rate of 7.25% per annum during the first five years of any such loan, and 8.20% per annum thereafter. Such loans were underwritten at the initial coupon rate.
- (d) Prior to October 1, 1992, the Agency originated Mortgage Loans financed with proceeds of the Series 27 Bonds and Series 28 Bonds (“Series 27 Mortgage Loans” and “Series 28 Mortgage Loans,” respectively) in the respective approximate principal amounts of \$60.3 million and \$42.0 million, with a coupon rate of 7.25% per annum during the first five years of any such loan, and 8.125% per annum thereafter. Such loans were underwritten at the initial coupon rate. From October 1, 1992 to February 1, 1993, the Agency originated Series 27 Mortgage Loans and Series 28 Mortgage Loans in the respective approximate aggregate principal amounts of \$6.2 million and \$23.2 million, with a coupon rate of 6.50% per annum during the first three years of any such loan, and 7.90% per annum thereafter. Such loans were underwritten at the initial coupon rate. From February 1, 1993 to April 9, 1993, the Agency originated Series 28 Mortgage Loans in the approximate aggregate principal amount of \$1.9 million, with coupon rates ranging from 8% to 8.30% per annum, with a weighted average coupon rate of 8.11% per annum.
- (e) Prior to February 1, 1993, the Agency originated Mortgage Loans financed with proceeds of the Series 29 and Series 30 Bonds (“Series 29 and 30 Mortgage Loans”) in the approximate aggregate principal amount of \$31.6 million, with a coupon rate of 6.50% per annum during the first three years of any such loan, and 7.90% per annum thereafter. Such loans were underwritten at the initial coupon rate. Prior to February 1, 1993, the Agency also originated Series 29 and 30 Mortgage Loans in the approximate aggregate principal amount of \$7.5 million, with a coupon rate of 7.25% per annum during the first five years of any such loan, and 8.125% per annum thereafter. Such loans were underwritten at the initial coupon rate. From February 1, 1993 to February 18, 1994, the Agency originated Series 29 and 30 Mortgage Loans in the approximate aggregate principal amounts of \$14.1 million, \$13.2 million, \$8.8 million, \$0.6 million, and \$0.4 million, with respective approximate aggregate principal balances as of July 31, 2018 of \$0.4 million, \$0.7 million, \$0.2 million, and \$0.1 million in the form of HMB Participation Interests. The respective coupon rates per annum to the mortgagor at origination on the mortgage loans described in the immediately preceding sentence as of July 31, 2018 were an approximate weighted average rate of 5.75%; an approximate weighted average rate of 5.9%; an approximate weighted average rate of 6.0%; and an approximate weighted average rate of 6.5%. For the mortgage loans described in the two immediately preceding sentences, the approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 was 6.13% per annum, and the approximate weighted average coupon rate to such mortgagors as of July 31, 2018 was 6.06% per annum.
- (f) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$9.5 million, with an approximate aggregate principal balance as of July 31, 2018 of \$1.0 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 39 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.49% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 5.45% per annum.
- (g) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$3.5 million, with an approximate aggregate principal balance as of July 31, 2018 of \$0.5 million, are in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 48 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.88% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 6.95% per annum.
- (h) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$88.9 million, with an approximate aggregate principal balance as of July 31, 2018 of \$2.8 million, are in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 50 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.80% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 6.98% per annum.
- (i) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$10.6 million, with an approximate aggregate principal balance as of July 31, 2018 of \$0.3 million, are in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 51 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.59% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 6.64% per annum.
- (j) Reserved.
- (k) These Mortgage Loans do not include one- or two-family new construction loans purchased pursuant to the Agency’s Construction Incentive Program pursuant to which it purchased one-or-two-family new construction loans (the “Construction Incentive Loans”). See footnote (t) and the subsection “Stepped-Coupon Mortgage Loans” below.

- (l) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$1.9 million, with an approximate aggregate principal balance as of July 31, 2018 of \$0.07 million, are in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 54 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 7.09% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 7.15% per annum.
- (m) These Mortgage Loans constitute Construction Incentive Loans.
- (n) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$5.1 million, with an approximate aggregate principal balance as of July 31, 2018 of \$0.08 million, are in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 57 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.80% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 7.44% per annum.
- (o) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$9.5 million, with an approximate aggregate principal balance as of July 31, 2018 of \$0.07 million, are in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 62 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.97% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 7.13% per annum.
- (p) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$63.2 million, with an approximate aggregate principal balance as of July 31, 2018 of \$2.1 million, are in the form of HMB Participation Interests and with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 63 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.97% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 6.88% per annum.
- (q) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$8.7 million, with an approximate aggregate principal balance as of July 31, 2018 of \$0.7 million, are in the form of participating ownership interests in Mortgage Loans, with the balance of the participating ownership interests in such Mortgage Loans being purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 64 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 1.56% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 1.82% per annum.
- (r) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$63.5 million, with an approximate aggregate principal balance as of July 31, 2018 of \$2.9 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased either with amounts attributable to other Series of Bonds or in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 65 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 6.67% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 6.61% per annum.
- (s) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$115.1 million, with an approximate aggregate principal balance as of July 31, 2018 of \$6.9 million, are in the form of participating ownership interests in mortgage loans, with the balance of the participating ownership interests in such mortgage loans being purchased either with amounts attributable to other Series of Bonds or in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 67 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 5.93% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 5.80% per annum.
- (t) Mortgage Loans financed by this Series included Construction Incentive Loans. The initial interest rate on Construction Incentive Loans increased by two percentage points after the first 48 payments. The loans were underwritten at the initial coupon rate. Set forth in the following chart are the approximate original principal balances of Mortgage Loans purchased and applicable coupon rates by Series, except that the principal balances include participation interests financed by moneys derived from such Series and participation interests financed by other Series of Bonds or HMB Participation Interests. In calculating the Weighted Average Mortgage Loan Coupon Rate at Origination shown for each such Series in the main chart, a weighted average coupon rate was used for each Mortgage Loan ("CIP"). However, since all of the CIPs have converted to their higher coupon rate, in calculating the Approximate Current Weighted Average Mortgage Loan Coupon Rate as of July 31, 2018 shown for each such Series in the main chart, the current actual coupon was used for each Construction Incentive Loan. Most of the CIPs converted to their higher coupon rate before 2010. The final CIP converted to its higher coupon rate as of July 1, 2013.

**Approximate Original Balances of
Construction Incentive Loans Purchased at
Initial Applicable Stepped-Coupon Rates (\$000s)**

Series	3.375%- <u>5.375%</u>	3.625%- <u>5.625%</u>	3.875%- <u>5.875%</u>	4%- <u>6%</u>	4.125%- <u>6.125%</u>	4.25%- <u>6.25%</u>	4.375%- <u>6.375%</u>	4.5%- <u>6.5%</u>	4.625%- <u>6.625%</u>	4.75%- <u>6.75%</u>	4.875%- <u>6.875%</u>	5%- <u>7%</u>	5.25%- <u>7.25%</u>	5.5%- <u>7.5%</u>	5.75%- <u>7.75%</u>	6%- <u>8%</u>
42/43																11,556
44/45														0		13,101
46/47														1,284		18,403
48														3,649	456	6,695
49														1,507	155	92
50														21,300	1,643	1,698
51														3,535	419	
52													111	3,109	776	140
53														793	464	
54														2,138	767	
54(CIP)													38,336			
55(CIP)													11,686			
56													0	0	279	150
56(CIP)													0	14,230		
57(CIP)													119	36,763	239	
58														1,093	142	138
60															227	
61													315		199	
63													2,117		15,420	
64													74			
65													2,670	1,373	16,300	0
66														93	107	
67													9,977	2,695	6,164	
69										489			4,587	848	983	
70										1,639			1,032	182	192	
71										4,235			1,990	78	297	
72										2,476			138		100	
73A							210			6,468			279			
73B/74							2,013			1,037						
77A/78A							1,670			3,243		284				
77B/78B							3,430			0		5,996			316	
79/80							6,680			3,003		513				
82/83							14,678			941		5,803				
88/89							682			121		3,019			2,308	134
90/91							315					2,662		161	14,854	4,188
94/95			310			1,622		325					1,835	468		492
97/98			5,900	2,195		856										
101/102			1,207	20,236		1,113								139		
104/105			191	14,393		85										
106/107	361			5,822												
109/110	2,894	931		3,338												
111/112	1,322	5,545	144	3,178												
113/114/115	120	2,428	828	80												
116/117/118	99	3,785	2,017	321												
120/121/122		1,428	2,810													
123/124/125			4,815													
127/128/129			5,099													
130/131/132			1,817	110		359										
133/134/135			1,823	257		1,004	120									
137/138/139			1,415	654		194	2,231	660							355	
140/141/142				591	770	391	271	1,069	714						378	
143/144				570		176	162	1,046	470						1,130	
145/146/147				300	208	223		1,463	308	870					293	
148/149/150				168	595	372	135	1,363	686	417					539	
151/152/153				362	633			589	1,660	342						
154/155/156/157								228	148	596	152					
158/159						290				108						
HMB 2008-2009 Prepayments(pp)					1,658		339		4,442							
TOTAL	<u>\$4,796</u>	<u>\$14,117</u>	<u>\$28,376</u>	<u>\$52,575</u>	<u>\$3,864</u>	<u>\$6,685</u>	<u>\$3,258</u>	<u>\$36,421</u>	<u>\$8,428</u>	<u>\$25,985</u>	<u>\$2,847</u>	<u>\$18,277</u>	<u>\$75,266</u>	<u>\$95,438</u>	<u>\$62,938</u>	<u>\$56,787</u>

- (qq) The proceeds, or a portion thereof, of the Series 35, 96, 99, 166, 167, 169, 170, 171, 172, 175, 179, 180, 182, 183, 186, 187, 189, 191, and 194 Bonds were used to refund prior Series of Bonds and in connection with each such refunding, a portion of the Mortgage Loans financed by the refunded Bonds was reallocated to the applicable refunding Bonds.
- (rr) The amounts in this column for certain Series do not include the current principal balance of Mortgage Loans transferred to a different Series of Bonds as described in footnote (pp).
- (ss) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$7.0 million, with an approximate aggregate principal balance as of July 31, 2018 of \$6.1 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 185/186/187 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 3.64% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 3.64% per annum.
- (tt) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$9.7 million, with an approximate aggregate principal balance as of July 31, 2018 of \$8.7 million, are in the form of HMB Participation Interests. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on mortgage loans financed in whole or in part with proceeds of the Series 188/189 Bonds (including but not limited to the mortgage loans described in the immediately preceding sentence) was 3.43% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such mortgage loans was 3.43% per annum.
- (uu) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$57.9 million, with an approximate aggregate principal balance as of July 31, 2018 of \$49.3 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 190/191 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 3.64% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 3.59% per annum.
- (vv) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$76.9 million, with an approximate aggregate principal balance as of July 31, 2018 of \$68.1 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 192/193/194 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 3.31% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 3.30% per annum.
- (ww) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$96.8 million, with an approximate aggregate principal balance as of July 31, 2018 of \$89.0 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 195/196 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 3.52% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 3.52% per annum.
- (xx) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$43.7 million, with an approximate aggregate principal balance as of July 31, 2018 of \$40.4 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 197/198/199 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 3.54% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 3.54% per annum.
- (yy) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$58.7 million, with an approximate aggregate principal balance as of July 31, 2018 of \$56.0 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 200/201/202 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 3.46% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 3.46% per annum.
- (zz) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$31.8 million, with an approximate aggregate principal balance as of July 31, 2018 of \$30.3 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 203 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 3.85% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 3.85% per annum.
- (aaa) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$31.1 million, with an approximate aggregate principal balance as of July 31, 2018 of \$34.1 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 205/206/207 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 4.06% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 3.89% per annum.
- (bbb) A portion of these Mortgage Loans in the approximate original aggregate principal amount of \$21.6 million, with an approximate aggregate principal balance as of July 31, 2018 of \$21.0 million, are in the form of participating ownership interests in Mortgage Loans. The balance of the participating ownership interests in such Mortgage Loans was purchased with amounts attributable to other Series of Bonds. The approximate weighted average coupon rate to the mortgagor at origination as of July 31, 2018 on Mortgage Loans financed in whole or in part with proceeds of the Series 208/209/210 Bonds (including but not limited to the Mortgage Loans described in the immediately preceding sentence) was 4.40% per annum, and the approximate weighted average coupon rate to the mortgagor as of July 31, 2018 on such Mortgage Loans was 4.00% per annum.
- (ccc) As of the date of this Official Statement, of the participating moneys attributable to these Series, approximately \$2.4 million has been used to purchase new Mortgage Loans and approximately \$21.0 million of Revenues attributable to such Series are available to finance Mortgage Loans.
- (ddd) See “Mortgage Loans — Participation Interests” and “— References to Principal Amount of Mortgage Loans in the Appendix D Information” for information regarding “Mortgage Loans” as used in this column.
- (†) Not applicable.

The approximate current weighted average coupon rate for all of the outstanding Mortgage Loans, as of July 31, 2018, was 4.52%.

The approximate aggregate outstanding principal amounts, as of July 31, 2018, of Second Lien DPALS and Pledged CCALs are, respectively, \$17.7 million and \$0.1 million.

Mortgage Loans: Lendable Proceeds Not Fully Expended

As of the date of this Official Statement, there are no lendable proceeds of Bonds available to finance Mortgage Loans. Moneys deposited in the Acquisition Fund and Bond Proceeds Fund (both of which funds are held under the General Resolution) in connection with future issuances of Bonds may be used to acquire Mortgage Loans (including Second Lien DPALs), to reimburse the General Fund for moneys in such Fund used to acquire Warehoused Loans (including Second Lien DPALs), or to acquire mortgage loans financed under the MRB Resolution. See Appendix D – “Investments — Acquisition Fund and Bond Proceeds Fund” and “Investments— General Fund.”

Mortgage Loan Terms

The table below sets forth the approximate current unpaid principal balance of Mortgage Loans based upon their term to maturity at the time of origination. Each Mortgage Loan bears a fixed-rate and has level payments. The following table does not reflect any information with respect to Second Lien DPALs and Pledged CCALs.

<u>Original Term (Years)</u>	<u>Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans as of July 31, 2018</u>
30	95.63%
40	4.28
20	0.09

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Age of Mortgage Loan Portfolio

The following table provides information as of July 31, 2018 with respect to Mortgage Loans based upon their respective year of origination. The following table does not reflect any information with respect to Second Lien DPALs and Pledged CCALs.

Year of Origination	Number of Mortgage Loans	Percentage of Total Outstanding Mortgage Loans	Cumulative Percentage of Total Outstanding Mortgage Loans	Approximate Current Balance	Percentage of Total Approximate Current Balance	Cumulative Percentage of Total Approximate Current Balance
1999 and Prior	4,790	22.23%	22.23%	\$ 142,020,982	6.78%	6.78%
2000	572	2.65	24.89	24,670,028	1.18	7.96
2001	317	1.47	26.36	13,412,628	0.64	8.60
2002	1,066	4.95	31.31	51,561,713	2.46	11.06
2003	813	3.77	35.08	44,490,519	2.12	13.19
2004	1,874	8.70	43.78	123,767,009	5.91	19.10
2005	824	3.82	47.60	62,338,011	2.98	22.07
2006	1,198	5.56	53.16	98,076,336	4.68	26.76
2007	955	4.43	57.60	86,548,148	4.13	30.89
2008	1,384	6.42	64.02	146,288,236	6.99	37.87
2009	454	2.11	66.13	52,278,797	2.50	40.37
2011	403	1.87	68.00	57,798,937	2.76	43.13
2012	590	2.74	70.74	83,414,865	3.98	47.11
2013	957	4.44	75.18	157,849,315	7.54	54.65
2014	723	3.36	78.53	102,930,257	4.91	59.57
2015	712	3.30	81.84	115,669,385	5.52	65.09
2016	1,711	7.94	89.78	300,317,165	14.34	79.43
2017	1,275	5.92	95.70	244,742,196	11.69	91.12
2018	927	4.30	100.00	186,047,485	8.88	100.00
Total⁽¹⁾	<u>21,545</u>	<u>100.00%</u>		<u>\$2,094,222,006</u>	<u>100.00%</u>	

⁽¹⁾ Totals may not add due to rounding.

From October 31, 2008 to July 31, 2018, the aggregate outstanding principal balance of Mortgage Loans has decreased by 25.7%. During such period, the Agency has primarily used Principal Prepayments to redeem Bonds.

Mortgage Loans Origination by County

The following table sets forth, as of July 31, 2018, the approximate aggregate outstanding principal amount of Mortgage Loans and Collateral Mortgage Loans originated in each county of the State.

Counties of Greater than 2% in Aggregate Outstanding Principal Amount of Mortgage Loans as of <u>July 31, 2018</u>	Approximate Aggregate Outstanding Principal Amounts of Mortgage Loans by County as of <u>July 31, 2018</u> (000s)⁽¹⁾	Approximate Percentage of Aggregate Outstanding Principal Amounts of Mortgage Loans by County as of <u>July 31, 2018</u>⁽¹⁾
Suffolk	\$ 526,329.8	25.1%
Nassau	171,254.8	8.2
Kings ⁽³⁾	154,086.5	7.4
Monroe	139,485.7	6.7
Erie	131,222.7	6.3
Westchester	119,768.8	5.7
Queens ⁽³⁾	110,630.4	5.3
Orange	91,026.6	4.3
Bronx ⁽³⁾	86,444.2	4.1
Dutchess	55,833.3	2.7
Richmond ⁽³⁾	49,637.8	2.4
Ulster	49,523.4	2.4
Rockland	44,228.4	2.1
Albany	41,361.1	2.0
All Other Counties (48)	323,388.5	15.4
Total ⁽²⁾	\$2,094,222.0	100.0%

⁽¹⁾ This table does not reflect any information with respect to Second Lien DPALs and Pledged CCALs.

⁽²⁾ Totals may not add due to rounding.

⁽³⁾ The approximate aggregate principal amount of Mortgage Loans as of July 31, 2018 in New York City was \$432,519,600, representing approximately 20.65% of the aggregate outstanding principal amount of Mortgage Loans.

Mortgage Pool Insurance Coverage

The following table sets forth, as of July 31, 2018, the amount of mortgage pool insurance coverage provided by each Mortgage Pool Insurer. Mortgage pool insurance coverage is not provided in connection with Second Lien DPALs and Pledged CCALs.

Amount of Mortgage Pool Insurance Coverage Provided By Each Mortgage Pool Insurer

	Approximate Unpaid Principal Amount of Mortgage Loans as of <u>July 31, 2018</u>	Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans as of <u>July 31, 2018</u>
MIF ⁽¹⁾	\$2,060,578,162	98.39%
Radian ⁽²⁾	21,193,331	1.01
Genworth ⁽³⁾	12,450,514	0.59
	\$2,094,222,006⁽⁴⁾	100.00%⁽⁴⁾

⁽¹⁾ The Agency's Mortgage Insurance Fund. See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — Ratings Disclosure" to this Part 2.

⁽²⁾ Radian Guaranty Inc. See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — Ratings Disclosure" to this Part 2.

⁽³⁾ Genworth Mortgage Insurance Corporation. See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — Ratings Disclosure" to this Part 2.

⁽⁴⁾ Totals may not add due to rounding.

The following table provides information as of July 31, 2018 with respect to each Policy covering Covered Loans. On or prior to its expiration, a Policy can be replaced with another mortgage pool insurance policy or with alternate forms of Supplemental Mortgage Coverage. As noted in the immediately preceding

paragraph, mortgage pool insurance coverage is not provided in connection with Second Lien DPALs and Pledged CCALs.

Mortgage Pool Insurance Coverage with respect to Covered Loans

Policy Number(s)	Pool Insurer	Covered Series, Portion of Series or Other Sources ⁽¹⁾	Approximate Original Coverage Amount ⁽¹⁾ (000s)	Approximate Amount of Claims Paid as of 7/31/18 ⁽²⁾ (000s)	Approximate Remaining Coverage Amount Balance as of 7/31/18 (000s)	Approximate Remaining Coverage as a Percentage of Current Principal Balance of Covered Loans as of 7/31/18
RADIAN⁽⁴⁾						
88-066005/90-066012	Radian	EE, FF, GG, HH, II, 96	\$ 24,594.9	\$ 8,065.1	\$ 16,529.8	100.00% ⁽⁶⁾
88-066006	Radian	BB	4,428.6	2,119.8	2,308.8	100.00% ⁽⁶⁾
91-066003	Radian	MM-1	2,827.9	570.6	2,257.3	100.00% ⁽⁶⁾
93-066028/93-106029	Radian	30-34,36-60	39,009.8	\$3,151.7	35,858.1	100.00% ⁽⁶⁾
91-066011/310232	Radian/MIF ⁽⁸⁾	VV, 99/100	<u>6,911.9</u>	<u>493.3</u>	<u>6,418.6</u>	100.00% ⁽⁶⁾
			<u>\$ 77,773.1</u>	<u>\$ 14,400.6</u>	<u>\$ 63,372.6</u>	
GENWORTH⁽⁵⁾						
221	Genworth	TT, UU, 99/100	5,315.4	1,380.6	3,934.8	100.00% ⁽⁶⁾
236	Genworth	27, 28	7,346.7	1,306.8	6,039.8	100.00% ⁽⁶⁾
238	Genworth	29-34, 36-46, HH	<u>17,551.4</u>	<u>2,237.3</u>	<u>15,314.1</u>	100.00% ⁽⁶⁾
			<u>\$ 30,213.5</u>	<u>\$ 4,924.7</u>	<u>\$ 25,288.7</u>	
MIF⁽⁷⁾						
310219 ⁽⁹⁾	MIF	181-184	75.6	0.0	75.6	100.00% ⁽⁶⁾
310220 ⁽⁹⁾	MIF	181-184	391.2	0.0	391.2	100.00% ⁽⁶⁾
310227	MIF	RR, 96	3,453.7	715.5	2,738.2	100.00% ⁽⁶⁾
310228	MIF	SS	3,114.0	744.8	2,369.3	100.00% ⁽⁶⁾
310229	MIF	JJ, KK, LL, MM-2, NN, 86, 87	14,284.4	4,290.9	9,993.5	100.00% ⁽⁶⁾
310231 ⁽⁹⁾	MIF	EE-4, HH-4, 33/34, 96	2,904.4	191.1	2,713.3	100.00% ⁽⁶⁾
310238	MIF	38/39	2,815.4	843.5	1,971.9	52.35%
310239	MIF	40-56	2,896.0	251.8	2,644.2	100.00% ⁽⁶⁾
310234 ⁽⁹⁾	MIF	33, 35	11,700.5	124.4	11,576.0	100.00% ⁽⁶⁾
310235	MIF	35	18,543.2	526.8	18,016.4	100.00% ⁽⁶⁾
310236 ⁽⁹⁾	MIF	181-184	3.9	0.0	3.9	100.00% ⁽⁶⁾
310237 ⁽⁹⁾	MIF	181-184	7.7	0.0	7.7	100.00% ⁽⁶⁾
310240	MIF	46-69	22,564.9	1,539.5	21,025.4	100.00% ⁽⁶⁾
310242 ⁽⁹⁾	MIF	57-88/89	27,964.2	1,849.8	26,114.4	46.42%
COOP CITY	MIF	44/45	1.0	0.0	1.0	43.07%
310243	MIF	48/49	155.9	0.0	155.9	100.00%
310244	MIF	50	62.6	31.7	30.9	25.39%
310246	MIF	48/49, 52-57, 60-67	1,163.1	13.5	1,149.6	100.00% ⁽⁶⁾
310247	MIF	50	3,981.4	256.2	3,725.2	100.00% ⁽⁶⁾
310248	MIF	51	677.5	3.2	674.3	100.00%
310249	MIF	57-67	6,663.5	184.0	6,479.5	100.00%
310250 ⁽⁹⁾	MIF	73A-101/102, 181/182/183/184	31,466.5	2,578.4	28,888.2	47.75%
	MIF	94/95-137/138/139, 181/182/183/184	40,188.5	9,100.2	31,088.4	13.01%
310251 ⁽⁹⁾						
310252 ⁽⁹⁾	MIF	72, 75, 82, 120/121/122-210 & HMB Revenues	89,039.2	22,040.8	66,998.4	6.42%
310254 ⁽³⁾	MIF	195/196-211/212	<u>25,391.2</u>	<u>0.0</u>	<u>25,391.2</u>	4.14%
			<u>309,509.5</u>	<u>45,285.9</u>	<u>264,223.6</u>	

Totals may not add due to rounding.

⁽¹⁾ Generally, each Policy provides coverage in an amount equal to a stated percentage (5½% in the case of each Policy covering Mortgage Loans financed with proceeds attributable to Bonds issued prior to the Series 46 Bonds, and 4% for all subsequent Series of Bonds) of the aggregate original principal amount of the Mortgage Loans covered by such Policy. Mortgage pool insurance coverage with respect to Series VV Mortgage Loans differs in certain respects from that with respect to other Mortgage Loans. Certain Mortgage Loans financed with proceeds attributable to the Series EE-4, HH-4, 33, and 34 Bonds bearing interest at a predetermined fixed rate during an initial period and adjusting to a higher predetermined rate for the remainder of such loan are covered under a Policy provided by the MIF providing coverage in an amount equal to 10% of the aggregate original principal amount of the mortgage loans covered by such Policy. Most of the Mortgage Loans financed with proceeds attributable to Series 54, 55, 56, and 57 Bonds which were Construction Incentive Loans are covered under Policy Number 310240. Policy Nos. 310243-310249 provide coverage for the mortgage loan participation interests funded with proceeds of the respective Series of Bonds in mortgage loans funded with both Bond proceeds and bonds issued under the MRB Resolution.

⁽²⁾ Prior to submitting any claims under Policy Number 88-066005/90-066012 or Policy Number 88-066006, there were net losses attributable to such Policies equal to the respective deductible amounts of \$872,317 and \$165,313.

Footnotes continued on next page

- (3) Amounts available to finance Mortgage Loans that will be covered by this Policy had not yet been fully expended as of August 31, 2018. This Policy provides or will provide coverage in an amount equal to 4% of the aggregate original principal amount of the mortgage loans covered by such Policy. This Policy is expected to provide mortgage pool insurance coverage for the Offered Bonds Mortgage Loans.
- (4) Radian Guaranty Inc.
- (5) Genworth Mortgage Insurance Corporation.
- (6) Notwithstanding the percentage shown, the maximum aggregate principal amount payable under the applicable mortgage pool insurance policy is limited to the aggregate principal amount of the currently outstanding Mortgage Loans insured by such mortgage pool insurance policy plus certain expenses incurred by the Mortgage Lenders or the Agency as well as accrued interest on delinquent Mortgage Loans, including interest accrued through completion of foreclosure proceedings in connection with such Mortgage Loans. The coverage amount in excess of the maximum aggregate principal amount payable under any one mortgage pool insurance policy is not available to pay losses with respect to Mortgage Loans insured under other mortgage pool insurance policies.
- (7) The Agency's Mortgage Insurance Fund (the "MIF").
- (8) Mortgage Loans financed by respective portions of Series VV Bonds and Series 99-100 Bonds have pool insurance coverage under separate policies issued by Radian and the MIF, respectively.
- (9) This Policy provides coverage for a pool that includes Mortgage Loans, including certain MRB Originated Series 182/183/184 Mortgage Loans, as well as MRB Loans.

End of footnotes

As of July 31, 2018, the Agency had received advances under Policies provided by the MIF in the aggregate amount of \$1,917,537 through November 1998. The Agency has never requested advances under Policies with Radian Guaranty Inc. (formerly CMAC) and Genworth Mortgage Insurance Corporation (formerly GEMICO) and has not requested advances under the MIF Policies in more than 18 years. Under its current operating procedure, the Agency will not request advances under Policies provided by the MIF. The Agency reserves the right in the future to request advances under one or more Policies.

PMI Coverage

Based on Current PMI Coverage. With respect to Mortgage Loans, the following table sets forth the PMI provider, or whether the Mortgage Loan is insured by FHA, or is uninsured, with respect to the principal balance of such loans as of July 31, 2018. As more fully described under Part 2 "Sources of Payment and Security for the Bonds — Mortgage Loans — Requirements of the Series Resolutions," PMI coverage described below is not required to be maintained with respect to a Mortgage Loan once the principal amount of such loan is less than certain preset amounts. *As a result, Mortgage Loans described in the following table that were covered by PMI at the respective times of origination may no longer be covered by such PMI.* Primary mortgage insurance is not provided in connection with Second Lien DPALs and Pledged CCALs.

<u>PMI Provider</u>	<u>Current Principal Amount of Mortgage Loans as of July 31, 2018 (000s)</u>	<u>Approximate Current Percentage of Total Mortgage Loans as of July 31, 2018</u>	<u>Ratings⁽¹⁾ (S&P/Moody's)</u>
Genworth Mortgage Insurance Corporation ⁽²⁾	\$ 698,001.5	33.33%	BB+/Ba1
MIF ⁽²⁾	103,909.8	4.96	NA/Aa1
Radian Guaranty Inc ⁽²⁾	9,921.8	0.47	BBB+/Baa2
Other PMI Providers.. ..	212.3	0.01	NA ⁽³⁾
Uninsured	<u>1,282,176.6</u>	<u>61.22</u>	NA ⁽³⁾
Total	<u>\$2,094,222.0</u>	<u>100.00%</u>	

(1) As of November 7, 2018.

(2) See Appendix B — "Mortgage Insurance and New York Foreclosure Procedures — Ratings Disclosure" to this Part 2.

(3) Not Applicable.

Delinquencies

The following table describes the status of delinquencies of Mortgage Loans as of July 31, 2018 (it does not reflect any delinquency information with respect to Second Lien DPALs and Pledged CCALs). Beginning in 2010, the Agency experienced significant increases in the percentage of total mortgage loans in delinquency, as shown below. Beginning in 2014, the Agency has experienced a general decrease in the percentage in the percentage of total mortgage loans in delinquency. See also “The Program — Mortgage Loan Servicing” and Part 1 “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses — Mortgages.”

<u>Days Delinquent</u>	<u>Number of Mortgage Loans</u>	<u>Approximate Percentage of Total Number of Mortgage Loans⁽¹⁾</u>	<u>Aggregate Principal Balance</u>	<u>Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans</u>
60 days	134	0.62%	\$10,511,594	0.51%
90-plus days	115	0.53	12,099,654	0.59
In foreclosure	<u>329</u>	<u>1.53</u>	<u>38,740,800</u>	<u>1.86</u>
Total ⁽²⁾	<u>578</u>	<u>2.68%</u>	<u>\$61,352,048</u>	<u>2.96%</u>

⁽¹⁾ The New York State and National data published in the June 30, 2018 Mortgage Bankers Association of America National Delinquency Survey stated that 0.77%, 1.53%, and 3.09% (for a total of 5.39%) of loans in New York State and 0.74%, 1.25%, and 1.05% of loans nationally (for a total of 3.04%) were, respectively 60 days, 90-plus days, and in foreclosure. As of June 30, 2018, 0.66%, 0.52 and 1.51% (for a total of 2.69%) of Mortgage Loans were, respectively, 60 days, 90-plus days, and in foreclosure.

⁽²⁾ Totals may not add due to rounding.

The following table describes the status of delinquencies of Mortgage Loans for each semi-annual period beginning January 31, 2004 and ending July 31, 2018 (it does not reflect the semi-annual delinquency status of Second Lien DPALs and Pledged CCALs). Due to record keeping methodology, the information listed for semi-annual periods ending prior to July 31, 2018 includes certain Blended Loans and does not include certain HMB Participation Interests:

<u>Semi-Annual Period Ending</u>	<u>Aggregate Principal Balance 60+ Days Delinquent (\$)</u>	<u>Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans</u>
1/31/2004	39,987,361	1.73%
7/31/2004	33,446,501	1.47%
1/31/2005	36,466,159	1.54%
7/31/2005	31,184,487	1.37%
1/31/2006	29,723,766	1.30%
7/31/2006	26,634,639	1.14%
1/31/2007	26,818,479	1.10%
7/31/2007	26,742,193	1.10%
1/31/2008	33,251,488	1.29%
7/31/2008	29,947,231	1.12%
1/31/2009	42,327,881	1.48%
7/31/2009	43,735,492	1.57%
1/31/2010	66,098,059	2.39%
7/31/2010	65,481,983	2.47%
1/31/2011	81,386,684	3.22%
7/31/2011	82,147,510	3.51%
1/31/2012	98,295,570	4.30%
7/31/2012	98,336,776	4.51%

<u>Semi-Annual Period Ending</u>	<u>Aggregate Principal Balance 60+ Days Delinquent (\$)</u>	<u>Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans</u>
1/31/2013	105,418,088	5.09%
7/31/2013	112,742,323	5.65%
1/31/2014	122,896,351	6.08%
7/31/2014	117,873,681	5.82%
1/31/2015	109,097,996	5.57%
7/31/2015	107,150,088	5.53%
1/31/2016	108,753,821	5.85%
7/31/2016	96,566,645	4.99%
1/31/2017	91,658,133	4.64%
7/31/2017	80,285,681	4.02%
1/31/2018	69,895,959	3.48%
7/31/2018	61,352,048	2.95%

Title to property formerly securing Mortgage Loans may pass to the Agency through foreclosure, acceptance of a deed in lieu of foreclosure, or otherwise. See Appendix B — “Mortgage Insurance and New York Foreclosure Procedures — New York Foreclosure Procedures and Federal Bankruptcy Law” to this Part 2. As of July 31, 2018 the Agency held title to approximately 66 such properties, and the approximate aggregate unpaid principal with respect to such properties as of such date was \$8,021,322. Such properties and any amounts received upon disposition of such properties constitute Pledged Property under the General Resolution.

Loan-to-Value Ratios (“LTVs”)

The table below sets forth the principal amount of Mortgage Loans at different LTVs. As used in the table below, LTV is the current unpaid principal amount of each Mortgage Loan divided by the lesser of the original purchase price or original appraised value of the home financed by such Mortgage Loan. Approximately 54.2% of the Mortgage Loans originated since January 2004 have LTVs ratios at the time of origination above 90%. Approximately 30.6% of the Mortgage Loans had LTVs at the time of origination of 80% or less. In addition, the Agency has used Bond proceeds and available moneys to make Second Lien DPALs and Pledged CCALs. Since August 2006, when the Agency implemented a higher rate (currently 37.5 basis points higher, though such rate had been 50 basis points higher until March 2011) for mortgagors opting for Pledged CCALs or Second Lien DPALs, approximately 63.0% of new borrowers have utilized Pledged CCALs or Second Lien DPALs. Since January 1, 2010, the Agency has not offered CCALs (but has the right to do so in the future). The table set forth below does not reflect any LTV information with respect to Second Lien DPALs and Pledged CCALs.

<u>LTV Range</u>	<u>Unpaid Principal Amount of Mortgage Loans as of July 31, 2018 (000s)</u>	<u>Approximate Percentage of Total Unpaid Principal Amount of Mortgage Loans as of July 31, 2018</u>
50% and under	\$ 249,269.3	11.90%
50.01% to 60%	207,510.3	9.91
60.01% to 70%	335,173.5	16.00
70.01% to 80%	484,833.7	23.15
80.01% to 90%	417,898.4	19.95
90.01% to 97%	383,670.1	18.32
Over 97%	<u>15,866.7</u>	<u>0.76</u>
Total ⁽¹⁾ :	<u>\$2,094,222.0</u>	<u>100.00%</u>

⁽¹⁾ Totals may not add due to rounding.

Since the above LTV Range is based on the financed property's original appraised value, the LTV as a percentage of the current appraised value may be different from those reflected in the above table.

Mortgage Loan Principal Prepayments Received from September 1, 2013 through August 31, 2018

During the sixty months ending August 31, 2018, the Agency received the approximate aggregate principal amounts of Principal Prepayments of Mortgage Loans as follows (the following table does not reflect any Principal Prepayments received with respect to Second Lien DPALs, or Revenues received with respect to Pledged CCALs):

	<u>\$(000s)</u>		<u>\$(000s)</u>
September 2013	15,791	March 2016	10,286
October 2013	16,215	April 2016	9,959
November 2013	12,466	May 2016	11,216
December 2013	12,933	June 2016	13,093
January, 2014	9,748	July 2016	11,378
February 2014	6,668	August 2016	15,441
March 2014	10,468	September 2016	14,009
April 2014	12,693	October 2016	13,009
May 2014	13,261	November 2016	13,946
June 2014	13,011	December 2016	14,067
July 2014	13,018	January 2017	11,680
August 2014	14,399	February 2017	9,738
September 2014	11,967	March 2017	12,545
October 2014	14,366	April 2017	9,092
November 2014	8,699	May 2017	8,558
December 2014	11,767	June 2017	9,021
January 2015	8,605	July 2017	11,609
February 2015	7,643	August 2017	9,996
March 2015	10,984	September 2017	11,716
April 2015	12,974	October 2017	12,868
May 2015	16,251	November 2017	8,284
June 2015	15,324	December 2017	11,376
July 2015	14,721	January 2018	6,753
August 2015	15,539	February 2018	6,983
September 2015	14,677	March 2018	7,807
October 2015	11,876	April 2018	8,789
November 2015	11,839	May 2018	11,830
December 2015	11,370	June 2018	10,926
January 2016	11,183	July 2018	12,682
February 2016	9,175	August 2018	8,898
		<u>Total</u>	<u>\$697,186</u>

Investments

The Resolution permits the investment of Pledged Property in only Investment Obligations.

Certain earnings on investments of Pledged Property may be subject to rebate to the United States in order to prevent interest on the related Bonds from being included in gross income for federal income tax purposes and, therefore, will not be available to pay principal (including the Redemption Price) of and interest on the Bonds. The Agency can liquidate investments in accordance with their terms.

Acquisition Fund and Bond Proceeds Fund

As of the date of this Official Statement, there is \$17,395,165 on deposit in the Acquisition Fund which is invested in short-term U.S. Treasury Bills and no moneys on deposit in the Bond Proceeds Fund.

General Fund

The Agency has invested moneys on deposit in the General Fund in Mortgage Loans, which are permitted Investment Obligations for such Fund. See in this Part 2 “Summary of Certain Provisions of the General Resolution — Certain Definitions — Investment Obligations.” The amount in such Fund that is

permitted to be invested in Mortgage Loans (including Second Lien DPALs) and the maximum time any Mortgage Loan (including any Second Lien DPAL) may be an investment in such Fund are limited by Agency resolutions. As of July 31, 2018, approximately \$68,157,700 was invested in, collectively, Mortgage Loans and Second Lien DPALs. When moneys in the General Fund are invested in Mortgage Loans, the characteristics of such Mortgage Loans are substantially the same as the Agency's other Mortgage Loans. The Agency expects to periodically use proceeds of Bonds, including the Offered Bonds, and of bonds issued under the MRB Resolution, to reimburse the General Fund for amounts used to purchase Mortgage Loans, when amounts in the General Fund are used for such purpose. "Mortgage Loans" as described under this subheading are also referred to as "Warehoused Loans."

Debt Reserve Fund and Loan Loss Fund

As of August 31, 2018, the respective Amortized Values of the approximate aggregate amounts of investments on deposit in the Debt Reserve Fund and the Loan Loss Fund (both of which Funds are held under the General Resolution), valued in accordance with the General Resolution, were \$72,723,000 and \$22,016,000.

Amounts in the Debt Reserve Fund and the Loan Loss Fund as of August 31, 2018 were invested in U.S. Treasury Bonds, Bills and Notes, and Fannie Mae Obligations, and with JPMorgan Chase Bank, N.A. and Societe Generale in the amounts of approximately \$61,184,000, \$3,120,000, \$450,000, and \$29,985,000, respectively; at coupon rates of 0.75 % to 8.875%; with maturity dates of September 15, 2018 to October 1, 2035, and had an aggregate book value as of such date of approximately \$94,739,000. All of such investments bear fixed rates of interest, and none of such investments are in reverse repurchase agreements, interest-only securities, principal-only securities, inverse floating-rate securities, or inverse variable floating-rate securities.

Special Redemption from Unexpended Proceeds

As stated in Part 1 under "The Offered Bonds — Redemption — Special Redemption," no Agency single-family housing bonds, including Prior Series Bonds, have been redeemed from unexpended lendable proceeds for more than thirty years.

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**SUMMARY OF CERTAIN PROVISIONS OF THE
AMENDED AND RESTATED MASTER DISCLOSURE AGREEMENT**

Certain provisions of the Amended and Restated Master Disclosure Agreement between the Agency and the Trustee not previously discussed in this Official Statement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Amended and Restated Master Disclosure Agreement.

The Amended and Restated Master Disclosure Agreement dated as of September 15, 2011, was executed and delivered by the Agency and the Trustee for the benefit of the Holders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

Certain Definitions

Defined terms used in the Amended and Restated Master Disclosure Agreement and not otherwise defined therein have the meanings set forth in the General Resolution.

“Beneficial Owner” means a Beneficial Owner of Subject Bonds, as determined pursuant to the Rule.

“Bonds” means, at any time, all of the Agency’s then Outstanding Homeowner Mortgage Revenue Bonds, collectively.

“50/51 Official Statement” means the offering document of the Agency with respect to its Homeowner Mortgage Revenue Bonds, Series 50 and Series 51, dated August 17, 1995.

“Fiscal Year” means that period established by the Agency with respect to which its, as applicable, Audited Financial Statements or Unaudited Financial Statements are prepared. As of the date of the Amended and Restated Master Disclosure Agreement, the Agency’s Fiscal Year begins on November 1 and ends on October 31 of the next calendar year.

“Holders” means the registered owners of the Subject Bonds.

“Listed Event” means any of the events listed below under the heading “Reporting of Certain Events.”

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by the Amended and Restated Master Disclosure Agreement.

“Notice” means written notice, sent for overnight delivery via the United States Postal Service or a private delivery service which provides evidence of delivery.

“Notice Address” means with respect to the Agency:

State of New York Mortgage Agency
641 Lexington Avenue
New York, New York 10022
Attention: Executive Director and President
and Chief Executive Officer

“Participating Underwriter” means any of the original underwriters of any Subject Bonds required to comply with the Rule in connection with the offering of such Subject Bonds.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12), as in effect on the date of the Amended and Restated Master Disclosure Agreement including any official interpretations thereof.

“**SEC**” means the United States Securities and Exchange Commission.

“**Securities Counsel**” means legal counsel expert in Federal securities laws.

“**Subject Bonds**” means those Bonds with respect to which the terms of the Amended and Restated Master Disclosure Agreement are expressly incorporated into any one of the Agency documents authorizing the issuance of such Bonds.

Provision of Annual Financial Information

The Agency will, not later than 180 days after the end of each of the Agency’s Fiscal Years, commencing with the report for the 1995-1996 Fiscal Year, provide to the MSRB the Annual Financial Information. The audited financial statements of the Agency may be submitted separately from the balance of the Annual Financial Information, and later than the date required for the filing of the Annual Financial Information if not available by that date.

The Amended and Restated Master Disclosure Agreement requires the Agency to provide, in a timely manner, notice of any failure by it to provide Annual Financial Information to the MSRB on or before the date described in the first paragraph under this heading, to the MSRB.

Content of Annual Financial Information

The Agency’s Annual Financial Information shall contain or include by reference the following:

(a) the audited financial statements of the Agency for the Fiscal Year ended on the previous October 31, prepared in accordance with generally accepted accounting principles established by the Financial Accounting Standards Board, if available, or unaudited financial statements for such Fiscal Year; and

(b) financial information or operating data of the types included in Appendix D to Part 2 of the 50/51 official statement entitled “Certain Agency Financial Information and Operating Data” (such information or data is substantially similar to that included in Appendix D of this Official Statement).

If not provided as part of the Annual Financial Information by the date required (as described above under “Provision of Annual Financial Information”), the Agency shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities (i) available to the public on the MSRB Internet Web Site (currently www.emma.msrb.org) or (ii) filed with the SEC. (If such a document is an Official Statement within the meaning of the Rule, it must also be available from the MSRB.) Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Reporting of Certain Events

(a) With respect to Subject Bonds (i) issued on, or after, the date of issuance of the Series 163 Bonds and the Series 164 Bonds, or (ii) otherwise designed by the Agency, the Agency will give notice to the MSRB of the occurrence of any of the following events, not in excess of ten (10) business days after the occurrence of such event, with respect to such Subject Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) modification to rights of Holders, if material;
- (4) Subject Bond calls, if material, and tender offers;
- (5) unscheduled draws on credit enhancements reflecting financial difficulties;
- (6) substitution of credit or liquidity providers, or their failure to perform;
- (7) defeasances;
- (8) rating changes;
- (9) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determination with respect to the tax status of the Subject Bonds, or other material events affecting the tax status of any Subject Bonds;
- (10) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (11) release, substitution or sale of property securing repayment of the Subject Bonds, if material;
- (12) a change in the fiscal year of the Agency or a change in the accounting principles used to prepare the Annual Financial Information;
- (13) bankruptcy, insolvency, receivership or similar event of the Agency[†];
- (14) the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (15) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) With respect to Subject Bonds other than those that meet the criteria set forth in (a) above, the Agency will give notice to the MSRB of the occurrence of any of the following events with respect to such Subject Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;

[†] Note to clause 13: For the purposes of the event identified in clause 13 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

- (3) modification to rights of Holders;
- (4) Subject Bond calls;
- (5) unscheduled draws on credit enhancements reflecting financial difficulties;
- (6) substitution of credit or liquidity providers, or their failure to perform;
- (7) defeasances;
- (8) rating changes;
- (9) adverse tax opinions or events adversely affecting the tax-exempt status (if applicable) of any Subject Bonds;
- (10) unscheduled draws on the debt service reserves reflecting financial difficulties; or
- (11) release, substitution or sale of property securing repayment of the Subject Bonds.

The Amended and Restated Master Disclosure Agreement requires the Trustee to promptly give Notice to the Agency at its Notice Address whenever, in the course of performing its duties as Trustee under the General Resolution, the Trustee identifies a Listed Event; *provided, however*, that the failure of the Trustee so to advise the Agency shall not constitute a breach by the Trustee of any of its duties and responsibilities under the Amended and Restated Master Disclosure Agreement or the General Resolution.

Transmission of Information, Notices and Documents

(1) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(2) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (currently, portable document format (pdf) which must be word searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

Additional Information

Nothing in the Amended and Restated Master Disclosure Agreement will be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in the Amended and Restated Master Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by the Amended and Restated Master Disclosure Agreement. If the Agency chooses to include any information in any Annual Financial Information or notice of occurrence of a Listed Event in addition to that which is specifically required by the Amended and Restated Master Disclosure Agreement, the Agency will have no obligation under the Amended and Restated Master Disclosure Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of a Listed Event.

Amendment of Amended and Restated Master Disclosure Agreement

The Amended and Restated Master Disclosure Agreement may be amended by written agreement of the Agency and the Trustee, and any provision of the Amended and Restated Master Disclosure Agreement may be waived, without the consent of the Holders or Beneficial Owners, except as described in clause 4(ii) below,

under the following conditions: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature, or status of the Agency or the type of business conducted thereby, (2) the Amended and Restated Master Disclosure Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of each primary offering of Subject Bonds affected by such amendment or waiver, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Agency shall have delivered to the Trustee an opinion of Securities Counsel, addressed to the Agency and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) a party unaffiliated with the Agency (such as the Trustee or bond counsel), acceptable to the Trustee and the Agency, has determined that the amendment or waiver does not materially impair the interests of the Beneficial Owners, or (ii) the Holders consent to the amendment to or waiver of the Amended and Restated Master Disclosure Agreement pursuant to the same procedures as are required for amendments to the General Resolution with consent of Holders, and (5) the Agency shall have delivered copies of such amendment or waiver to the MSRB.

In addition to the foregoing, the Agency and the Trustee may amend the Amended and Restated Master Disclosure Agreement, and any provision of the Amended and Restated Master Disclosure Agreement may be waived, if the Trustee shall have received an opinion of Securities Counsel, addressed to the Agency and the Trustee, to the effect that the adoption and the terms of such amendment or waiver would not, in and of themselves, cause the undertakings in the Amended and Restated Master Disclosure Agreement to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

Benefit; Third-Party Beneficiaries; Enforcement

The provisions of the Amended and Restated Master Disclosure Agreement will inure solely to the benefit of the Holders from time to time; *except* that Beneficial Owners will be third-party beneficiaries of the Amended and Restated Master Disclosure Agreement.

Except as described in this paragraph, the provisions of the Amended and Restated Master Disclosure Agreement will create no rights in any other person or entity. The obligation of the Agency to comply with the provisions of the Amended and Restated Master Disclosure Agreement are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any Beneficial Owner of Outstanding Subject Bonds, or by the Trustee on behalf of the Holders of Outstanding Subject Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Subject Bonds; *provided, however*, that the Trustee shall not be required to take any enforcement action *except* at the direction of the Holders of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity.

The Beneficial Owners', the Holders', and the Trustee's right to enforce the provisions of the Amended and Restated Master Disclosure Agreement are limited to a right, by action in mandamus or for specific performance, to compel performance of the Agency's obligations under the Amended and Restated Master Disclosure Agreement. Any failure by the Agency or the Trustee to perform in accordance with the Amended and Restated Master Disclosure Agreement will not constitute a default or an Event of Default under the General Resolution, and the rights and remedies provided by the General Resolution upon the occurrence of a default or an Event of Default will not apply to any such failure.

Termination of Reporting Obligation

The Agency's and the Trustee's obligations under the Amended and Restated Master Disclosure Agreement with respect to the Subject Bonds terminate upon the legal defeasance under the General Resolution, prior redemption, or payment in full of all of the Subject Bonds. The Agency shall give notice of any such termination to the MSRB.

The Amended and Restated Master Disclosure Agreement, or any provision thereof, will be null and void to the extent set forth in the opinion of Securities Counsel described in clause (1) in the event that the Agency (1) delivers to the Trustee an opinion of Securities Counsel, addressed to the Agency and the Trustee, to the effect that those portions of the Rule which require the provisions of the Amended and Restated Master Disclosure Agreement, or any of such provisions, do not or no longer apply to the Subject Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as will be specified in such opinion, and (2) delivers notice to such effect to the MSRB.

Duties, Immunities, and Liabilities of Trustee

The Trustee will have only such duties under the Amended and Restated Master Disclosure Agreement as are specifically set forth therein, and the Agency will indemnify and save, but solely from the Pledged Property, the Trustee, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties under the Amended and Restated Master Disclosure Agreement, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's negligence or misconduct in the performance of its duties under the Amended and Restated Master Disclosure Agreement.

Governing Law

The Amended and Restated Master Disclosure Agreement will be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of the Amended and Restated Master Disclosure Agreement will be instituted in a court of competent jurisdiction in the State, *provided that*, to the extent the Amended and Restated Master Disclosure Agreement addresses matters of federal securities laws, including the Rule, the Amended and Restated Master Disclosure Agreement will be construed in accordance with such Federal securities laws and official interpretations thereof.

