



September 22, 2003

Dear Stockholder:

The Federal Home Loan Bank of New York has indicated in prior disclosures about our new Capital Plan that four mortgage-backed securities owned by the Bank and secured by manufactured housing loans were downgraded from their original AAA ratings. The rest of the mortgage-backed securities investment portfolio held by the Bank continues to be rated AAA.

We are working to assess various strategies for our investment portfolio and to develop prudent measures that minimize the Bank's costs and risks. While we are still in the process of assessing alternative strategies, the Board has approved management's recommendation not to pay a dividend to stockholders in October 2003. In addition, the Board has approved management's recommendation to delay the implementation of the Bank's Capital Plan, which had been scheduled for October 1, 2003. The new implementation date has not yet been determined.

We do not expect that any credit issues regarding our investment portfolio will have a material adverse effect on the Bank's ability to meet all of our debt obligations or our ability to meet our regulatory capital requirements.

We will continue to keep you advised of all material developments.

The Home Loan Bank remains ready and able to respond to your business needs.

If you have any questions, please contact Jim Gilmore, Senior Vice President, Banking Services, at (212) 441-6812 or me at (212) 441-6801.

Sincerely,

Alfred A. DelliBovi
President