



## HOUSING ASSOCIATE MEMBERS & BORROWING REQUIREMENTS

Authorized by Section 10B of the Federal Home Loan Bank Act of 1932 and approved by Title II of the National Housing Act of 1937, each Federal Home Loan Bank is authorized to make advances to qualified nonmember mortgagees. These institutions, referred to as Housing Associate Members, include the following two types:

State Housing Finance Agencies (SHFA)	Non-SHFA Housing Associate Members
<ul style="list-style-type: none"> <li>» A public agency, authority or publicly sponsored corporation serves as an instrumentality of a state or political subdivision of a state and functions as a source of residential mortgage loan financing in that state;</li> <li>» A legally established agency, authority, corporation or organization serves as an instrumentality of a Native American tribe, band, group, nation or community recognized by the United States or any state and functions as a source of residential mortgage loan financing for that community.</li> </ul>	<ul style="list-style-type: none"> <li>» An institution that is chartered and has succession;</li> <li>» Is subject to the inspection and supervision of some governmental agency;</li> <li>» The principal activity of the institution in the mortgage field consists of lending its own funds;</li> <li>» And the financial condition of the applicant is such that advances may be safely made to it.</li> <li>» Criteria for these requirements are determined in §926.4 of the Act.</li> </ul>

### Collateral Considerations<sup>1</sup>

Mortgage Collateral	Securities Collateral
<ul style="list-style-type: none"> <li>» One-to-four family – Conventional/FHA/VA               <ul style="list-style-type: none"> <li>– Condominiums</li> <li>– Townhouses</li> <li>– Cooperative Share Loans</li> </ul> </li> <li>» Secondary Mortgage Collateral – Conventional/FHA/VA               <ul style="list-style-type: none"> <li>– Multifamily Mortgage Loans</li> <li>– Multifamily mixed-use Mortgage Loans</li> <li>– Health/Nursing/Senior home Mortgage Loans</li> </ul> </li> <li>» ORER Collateral – Conventional/FHA/VA               <ul style="list-style-type: none"> <li>– Second mortgage on one-to-four family residences</li> <li>– Second mortgage on multifamily properties</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>» Agency and Treasury Securities               <ul style="list-style-type: none"> <li>– TLGP/US Treasury Bills, Notes, and Bonds</li> <li>– FHLB Notes, Bonds, and MBS</li> <li>– Agency Notes, Bonds, CMOS and Pools</li> <li>– SBA Notes, Bonds, and Participations</li> <li>– FICO Bonds</li> <li>– Other Agency Securities: Farmers Mac, Refcorp, FFCB &amp; GNMA Project Pools</li> <li>– US AID/Feline/US Treasury Strips</li> <li>– GMMA HMBS</li> <li>– Agency Z Bonds &amp; Agency Strips</li> </ul> </li> <li>» Private Label Securities<sup>2,3</sup> <ul style="list-style-type: none"> <li>– Prime, Alt-A, and Subprime RMBS</li> <li>– Member Issued Private Placements</li> <li>– CMBS and CMBS Strips</li> </ul> </li> </ul>

1. SHFAs pledging Non-FHA Insured Collateral must:  
 a. Certify that the funds to be used to facilitate mortgage lending that benefits individuals and families meeting the income requirements specified in the IRS Code (26 U.S.C. §§ 142 (d) or 143 (f)).  
 b. State that the extension and use of the credit are consistent with the SHFA's mission.  
 2. Securities Pledged for Regular and Repo Advances must have readily ascertainable pricing available from a public pricing vendor and must maintain an AAA rating from all applicable NRSROs.  
 3. Private-label MBS issued after July 10, 2007 must be accompanied by an enforceable representation and warranty from the issuer that the residential mortgages included in the underlying collateral comply with the interagency guidance for non-traditional and subprime lending.

# HOUSING ASSOCIATE MEMBERS & BORROWING REQUIREMENTS

Benefits of Membership	Possession Category Description
<ul style="list-style-type: none"> <li>» Reliable low-cost funding to help meet liquidity needs.</li> <li>» Fixed, floating, forward-starting and amortizing advances (loans) with flexible terms to enhance your interest rate risk management.</li> <li>» Triple-A-rated Letters of Credit to secure various obligations, such as public-sector deposits.</li> <li>» Access to the Rural Development Advance and Urban Development Advance programs.</li> <li>» High quality Correspondent Services to help meet your daily operating needs.</li> <li>» Better operating efficiencies through 1Link®, our secure internet banking system.</li> </ul>	<ul style="list-style-type: none"> <li>» Members in Possession Category must:                             <ul style="list-style-type: none"> <li>– Physically deliver Qualifying Collateral to the FHLBNY or its third party custodian (requires prior approval from Collateral Management)</li> <li>– Supply an electronic listing of the loan level detail.</li> </ul> </li> <li>» While the FHLBNY’s documentation requirements are generally similar across all Mortgage Collateral types, there are certain variations by property types. The documentation requirements for each property type can be found on FHLBNY form COL- 106, Delivery of Mortgage Collateral Procedures.</li> </ul>
<h3 style="text-align: center;">Credit Considerations</h3> <ul style="list-style-type: none"> <li>» Provide Housing Associate Status Certification.</li> <li>» All member credit limits and other internal credit requirements must be met by Housing Associates.</li> <li>» The advance amount cannot exceed 90% of eligible collateral when they use mortgage loans insured by HUD or securities representing a whole interest in the principal and interest payments due on a pool of mortgage loans insured by the FHA of HUD.</li> <li>» Submission of current financial statements and related credit information including interim statement for frequent borrowers.</li> <li>» Housing Associate members will automatically be placed in the Possession Category upon approval of membership.</li> </ul>	<h3 style="text-align: center;">COMON USES BY SHFAS</h3> <ul style="list-style-type: none"> <li>» Amortizing Advances used to match fund mortgage loans.</li> <li>» Principal-Deferred Advances used to mirror the characteristics of a typical construction deal with a permanent take-out.</li> <li>» Utilize Advances by pledging cash as collateral to encumber expiring funds.</li> <li>» Advances used to supplement liquidity from federally authorized programs such as Housing Bonds, the Housing Credit, and the HOME Investment Partnerships (HOME) program.</li> </ul>
<p style="text-align: center;"><b>Contact Us:</b>  <b>Relationship Manager At (212) 441- 6700 or</b>  <b>Member Services Desk (212) 441- 6600</b></p>	<h3 style="text-align: center;">Current SHFA FHLBNY Members</h3> <ul style="list-style-type: none"> <li>– The NYC Housing Development Corporation</li> <li>– The Dormitory Authority of the State of New York</li> <li>– The Municipal Housing Authority for the City of Yonkers in New York</li> <li>– The New York State Housing Finance Agency</li> <li>– The State of New York Mortgage Agency</li> <li>– The New Jersey Economic Development Authority</li> <li>– The New Jersey Housing and Mortgage Finance Agency</li> <li>– The Puerto Rico Housing Finance Authority</li> <li>– The Virgin Islands Housing Finance Authority</li> </ul>

The information provided by the Federal Home Loan Bank of New York (FHLBNY) in this communication is set forth for informational purposes only. The information should not be construed as an opinion, recommendation or solicitation regarding the use of any financial strategy and/or the purchase or sale of any financial instrument. All customers are advised to conduct their own independent due diligence before making any financial decisions. Please note that the past performance of any FHLBNY service or product should not be viewed as a guarantee of future results. Also, the information presented here and/or the services or products provided by the FHLBNY may change at any time without notice.