STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
AUDIT COMMITTEE CHARTER

I. Purpose: Pursuant to Article VII, Section 4 of the Agency's bylaws the purpose of the Audit Committee shall be to assist the Directors in their oversight of (a) the integrity of the financial statements of the Agency, (b) the Agency's compliance with applicable legal and regulatory requirements, (c) the qualifications and independence of the Agency's external auditor (the "Independent Auditor"), and (d) the performance of the Agency's internal audit function and the Independent Auditor.

II. Directorship: The Directorship of the Committee shall be as set forth in accordance with and pursuant to Article VII, Sections 1 and 2 of the bylaws. In addition, such Directors as the Chairman shall appoint: a.) must satisfy such criteria of independence as the Directors of the Agency may establish and other requirements as the Directors of the Agency may determine to be applicable or appropriate, and b.) all Directors of the Audit Committee shall have financial experience and, if possible, at least one Director shall be a financial expert.

III. Committee Structure and Operation: The Audit Committee shall meet where and as provided by the Chair of the Committee. The Secretary of the Agency shall be the Secretary of the Audit Committee unless and until the Audit Committee designates otherwise. In the absence of the Chair during any Audit Committee meeting, the Audit Committee may designate a temporary Chair for that meeting. Pursuant to Article VII, Section 7 of the Agency's bylaws, when the Audit Committee has an even number of currently serving committee Directors, then 50% of the total number of the Directors of the Committee shall constitute a quorum for the transaction of business and when the committee has an odd number of currently serving Committee Directors, then a majority of all of the Directors of such committee shall constitute a quorum for the transaction of business. The Audit Committee shall act only on the affirmative vote of a majority of the Directors at a meeting or by unanimous written consent.

IV. Responsibilities: The committee shall have the following responsibilities:

1. Select, retain, and terminate (subject to approval by the Directors) the Independent Auditor to examine the Agency's accounts, controls, and financial statements, evaluate the Independent Auditor and set the Independent Auditor's compensation, oversee the work of the Independent Auditor and pre-approve all audit services to be provided by the Independent Auditor.

2. Establish procedures for the engagement of the Independent Auditor to provide permitted audit services. The Independent Auditor retained by the Agency shall

be prohibited from providing such non-audit services to the Agency as the Audit Committee may determine

3. Set procedures and practices for the hiring by the Agency of employees or former employees of the Independent Auditor, provided, however that the Chief Executive Officer, Chief Financial Officer and audit director of the Agency shall not have been employed by the Independent Auditor during the two year period preceding the audit.

4. Discuss with management and the Independent Auditor the annual audited financial statements, including matters to be reviewed under applicable legal or regulatory requirements.

5. Discuss with management and the Independent Auditor, as appropriate, any audit problems or difficulties and management's response, and the Agency's risk assessment and risk management policies, including the Agency's major financial risk exposure and steps taken by management to monitor and mitigate such exposure.

6. Resolve disagreements with respect to and oversee compliance with accounting policies and principles.

7. Review the Agency's financial reporting and accounting standards and principles, significant changes in such standards or principles or in their application and the key accounting decisions affecting the Agency's financial statements, including alternatives to, and the rationale for, the decision made.

8. Review and approve the internal audit staff functions, including: (i) purpose and authority; (ii) annual audit plan, budget and staffing; (iii) the appointment and compensation of the Agency Vice President in charge of internal audit; (iv) reports from the internal audit staff and the Agency Vice President in charge of internal audit, including, but not limited to, such reports as the Audit Committee shall require be made by the Agency Vice President in charge of internal audit directly to the Audit Committee; and (v) procedures for implementing accepted recommendations of the Independent Auditor.

9. Review the adequacy and effectiveness of the Agency's internal system of audit and financial controls and the results of internal audits. The Agency's Agency Vice President in charge of internal audit is an internal auditor serving as internal auditor for the Agency and other agencies affiliated with the Agency.

10. Review and investigate any matters pertaining to the status of compliance with laws, regulations, and internal procedures and/or refer instances of noncompliance

to the State Inspector General, or as it deems appropriate, the Agency's Senior Vice President and Counsel for investigation.

11. Establish procedures for the receipt, retention, investigation, treatment and/or referral to the State Inspector General or, as it deems appropriate, the Agency's Senior Vice President and Counsel, of complaints on accounting, internal accounting controls or audit matters, as well as for confidential, anonymous submissions by Agency employees of concerns regarding questionable accounting or audit matters.

12. Establish procedures to ensure that every Director, officer and employee of the Agency shall report promptly to the State Inspector General, or, as it deems appropriate, the Agency's Senior Vice President and Counsel, any information concerning allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the Directors, officers or employees of the Agency or any person having business dealings with the Agency. The Audit Committee shall review all reports and draft reports delivered by the State Inspector General to the Agency and shall serve as a point of contact with such Inspector General to the extent it has not deemed it appropriate to delegate to the Agency's Senior Vice President and Counsel the responsibility for being such point of contact.

13. Report its recommendations to the Directors.

14. Provide, at least annually, the Directors with a review of:
    a. The Audit Committee's performance, and
    b. The adequacy of the Audit Committee's charter together with any proposed changes the Committee recommends to the Directors for approval.

V. Authority and Powers Delegated to the Committee as Agent of the Agency: The Audit Committee shall have the authority to retain such outside counsel, experts and other advisors as the Audit Committee may deem appropriate in its sole discretion. The Audit Committee shall have sole authority to approve related fees and retention terms, subject to the provisions of Public Authorities Law Section 2879. In discharging its oversight role the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Agency.