

## **Governance Guidelines of the State of New York Mortgage Agency**

The Board of Directors (the “Board”) of the State of New York Mortgage Agency (the “Agency”) has adopted the following Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its responsibilities. These Guidelines have been developed and are recommended by the Governance Committee of the Board.

### **Role of Directors**

The business and affairs of the Agency shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director’s responsibilities. Directors are expected to discharge their duties in good faith with a degree of diligence, care and skill, and are responsible for the proper use of Agency funds and assets. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is reasonably expected to notify the Secretary of the Board in advance of such meeting.

### **Functions of the Board**

As part of its oversight role, the Board considers its primary functions to include the following, which will be discharged either directly by the Board or through appropriate committees:

- Evaluating and determining the salary ranges and salary adjustments of the Agency’s Senior Officers (as defined in the Agency’s By-Laws), and approving the salary of the Agency’s President and CEO;
- Approving and or monitoring the Agency’s financings, mortgage programs, mortgage insurance activities, and contracting activities;
- Monitoring fundamental financial and business strategies and approving significant Agency actions;
- Advising management on significant issues facing the Agency;
- Overseeing the Agency’s financial reporting process and the adequacy of accounting, financial and internal controls; and
- Reviewing and evaluating the Agency’s governance policies, code of ethics and legal and regulatory compliance procedures.

### **Membership Criteria**

By law, the Agency’s Board of Directors consists of the State Comptroller or a member appointed by the State Comptroller who shall serve until his or her successor is appointed, the director of the budget of the State, the commissioner of housing and community renewal, one director appointed by the Temporary President of the Senate, one director appointed by the Speaker of the State Assembly, and four directors appointed by the Governor (with the advice and consent of the Senate). The Agency’s enabling legislation does not set forth specific criteria for membership on the Board.

The purpose of the Governance Committee is to assist the Board of Directors to establish practices and procedures to promote honest and ethical conduct by Agency Directors, officers and employees and enhance public confidence in the Agency, including, but not limited to, assistance in monitoring and assessing the effectiveness of the Board of Directors and in developing and implementing the Agency's governance guidelines. The Governance Committee Charter places responsibility on the Governance Committee to prepare, and the Governance Committee has prepared, a profile of the skill sets and experiences of individuals best equipped to be constructive Directors of the Agency.

### **Size of the Board**

By law, the Agency's Board of Directors comprises nine members, who shall be selected and hold office as provided in the Agency's enabling legislation.

### **Director Independence**

It is the policy of the Board that, except for Directors who serve as Directors by virtue of holding a civil office of the State, a majority of the remaining members of the Board qualify as "independent" directors, as such terms is defined in the Public Authorities Accountability Act of 2005 (the "Act"). This policy applies to appointments made on or after January 13, 2006, the date of passage of the Act. The official or officials having the authority to appoint or remove such remaining members shall take such actions as may be necessary to satisfy this requirement.

Each Director should keep the Secretary and the Governance Committee fully and promptly informed as to any developments that might affect the Director's independence. This requirement shall be independent of any requirements for disclosure of conflicts of interests that may be applicable to Directors.

### **Director Compensation**

By law, the Directors, including the Chairman, shall serve without salary or other compensation, but each director shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of his or her official duties.

## **BOARD AND COMMITTEE PROCEDURAL MATTERS**

The procedures with respect to meetings of the Board of Directors, notice thereof and their conduct shall be as set forth in the By-laws. The procedures with respect to meetings of the Committees of the Agency, notice thereof and their conduct shall be as set forth in the By-laws.

### **Evaluating Committee Performance**

The Governance Committee and the Audit and Finance Committee shall each conduct an annual self-evaluation process, as required under their respective Charters.

## **OTHER MATTERS**

### **Access to Management**

The Board of Directors shall have full and unrestricted access to the Agency's management. It is assumed that Directors will use judgement so that this contact is not distracting to the operations of the Agency.

### **Guidelines Subject to Periodic Review**

These Guidelines will be subject to a periodic review, first by the Governance Committee and then the full Board to assure that they are in accordance with sound corporate governance. These Guidelines are not intended to change or interpret any law or regulation, or the Agency's enabling legislation or Bylaws.