

CERTIFICATE OF ASSISTANT SECRETARY

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY

I, Marge M. Della Vecchia Executive Director, hereby certify that I am the Secretary of the New Jersey Housing and Mortgage Finance Agency, and as the Secretary, I certify that the attached copy of the proceedings of the Board Meeting of the New Jersey Housing and Mortgage Finance Agency is a true and correct copy of the minutes of the September 2, 2009 meeting of the Agency.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the New Jersey Housing and Mortgage Finance Agency this 2nd day of September 2009.



Marge M. Della Vecchia, Secretary
New Jersey Housing and Mortgage Finance Agency

FINAL

**MINUTES OF THE 342ND BOARD MEETING
OF THE
NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY**

MEMBERS: Charles Richman, Acting Commissioner, DCA
* Nancy Kaplen, Assistant Attorney General
(representing Anne Milgram, Attorney General)
** Steve Petrecca, Assistant Manager, Office of the State Treasurer
(representing R. David Rousseau, State Treasurer)
*** Thomas Hunt, Assistant Director, Office of Consumer Finance, Department of Banking
and Insurance (representing Neil N. Jasey, Commissioner, Department of Banking and
Insurance)
**** Patti Holland, Assistant Director, Office of Housing and Community Development
(representing Jennifer Velez, Commissioner, Department of Human Services)
Monsignor William Linder
Patrick Sheehan
Dorothy Blakeslee
Stanley Weeks

OFFICIALS

PRESENT: Marge Della Vecchia, Executive Director
Tracee Battis, Chief of Programs
Eileen Hawes, Chief Financial Officer
Leslie S. Lefkowitz, Chief of Legal & Regulatory Affairs
Claudia Lovas, Director of Program Development
Frank Tucci, General Services Assistant
Carilyn Willis, Executive Secretary

OTHERS

PRESENTS: Aimee Manocchio Nason, Deputy Attorney General
Sonia Frontera, Governor's Authority Unit
David Weinstein, Archer and Greiner
Robin Redford, Raymond James

- * Letter of May 1, 2009 designating Nancy Kaplen to represent the Attorney General
- ** Letter of September 9, 2008 designating Steve Petrecca to represent the State Treasurer
- *** Letter of August 26, 2009, designating Thomas Hunt to represent Neil N. Jasey, Commissioner,
Department of Banking and Insurance
- **** Letter of November 13, 2008 designating Patti Holland, to represent Jennifer Velez, Commissioner,
Department of Human Services

SUNSHINE ACT

"The New Jersey Housing and Mortgage Finance Agency gave notice of the time, place and date of this meeting by facsimile, regular mail and hand delivery on August 18, 2009 to the Secretary of State of New Jersey, The Star Ledger, The Times, and the Courier Post, and by posting the notice at the office of the Agency in Trenton, New Jersey. Pursuant to the New Jersey Open Public Meetings Act, a resolution must be passed by the New Jersey Housing and Mortgage Finance Agency in order to hold a session from which the public is excluded."

1. CAPITAL MARKETS

APPROVAL OF ADDITIONAL DOCUMENTATION FOR THE MULTIFAMILY BOND DEAL – ITEM 1A.

1. Dorothy Blakeslee moved and Stanley Weeks seconded 1. Approval of the New Jersey Housing and Mortgage Finance Agency Supplemental Resolution Amending and Supplementing the Series Resolution of the New Jersey Housing and Mortgage Finance Agency adopted June 18, 2009 authorizing the issuance of not to exceed \$85,000,000 in New Jersey Housing and Mortgage Finance Agency Multi-Family Revenue Bonds 2009 Series A, Fixed Rate (non-AMT); 2009 Series B, Fixed Rate (non-AMT); 2009 Series C, Fixed Rate (non-AMT); 2009 Series D, Variable Rate (Federally Taxable) (the "2009 Bonds").

*Aye-Charles Richman, Nancy Kaplen, Steve Petrecca, Patti Holland, Thomas Hunt, Monsignor Linder,
Dorothy Blakeslee, Patrick Sheehan, Stanley Weeks
Nay-None*

Monsignor Linder moved and Dorothy Blakeslee seconded 2. Authorization for staff to explore expanding the competition for the utilization of rating agencies, given the recent increased scrutiny of the rating agencies, to insure that the Agency is using the most appropriate rating agency for its bond deals.

Board member Dorothy Blakeslee asked if there is anything in the rating agency process that takes into account the Agency's process of working out and providing advice and financial management.

Eileen Hawes answered that in assessing their ratings on the Agency, which is called an ICR or issuer credit rating of which the agency has a AA rating, they do take that into consideration and look at the overall management team and the performance of the Agency's financings. With respect to the loan loss model that is the subject of the \$20 million surety bond, they do not take that into consideration. What they've done is look at all the underlying mortgages that are included in the 2004 resolution, of which the 2009 will be a series of bonds, and depending upon the property type, whether tax credits, or Section 8 or 236, they look at whether the project meets a minimum of loan to value threshold and a minimum of debt service coverage ratio threshold. If it does not, they assume that that project defaults day one and again, depending upon the characteristics of the property, they determine a recovery value which can vary anywhere from 37 ½% up to 98% and how many years it will take to recover that. They don't take into consideration what the Agency brings to the table in terms of property management and workout solutions. She added that is a very severe worse case scenario loss assumption used by the rating agency as their model for rating affordable housing.

Ms. Blakeslee stated that there is a reasonable basis for us to look at other rating agencies' processes and monitoring.

Ms. Hawes answered that was one of the reasons Chair Richman asked us to include the second action.

Chair Richman asked Ms. Hawes if this is the first time that she was aware that this model was applied.

Ms. Hawes answered that the rating agency has applied it in prior series but they have since made some changes in their assumptions that have made it more severe. In prior series, there was sufficient coverage under the resolution to meet it, but because of what has happened in the last year or so with the real estate market and with some of the changes that the rating agency has made in their assumptions the end result is a more severe loan loss.

Chair Richman addressed Ms. Blakeslee stating that he expressed to staff extreme frustration with what he saw as an application and requirement for additional levels of protection that have not been required in the past. The Agency has an extraordinary record of assuring that the bonds were protected and the projects were protected. He further stated that in his opinion we are suffering the consequences of the bad deeds of many others in the marketplace over the last several years and that this was his reasoning for asking for the second motion.

*Aye-Charles Richman, Nancy Kaplen, Steve Petrecca, Patti Holland, Thomas Hunt, Monsignor Linder,
Dorothy Blakeslee, Patrick Sheehan, Stanley Weeks
Nay-None*

2. APPROVAL OF MINUTES

APPROVAL OF THE MINUTES OF THE AGENCY'S BOARD MEETING HELD SEPTEMBER 2, 2009 IN SUBSTANTIALLY FINAL FORM - ITEM 3A.

Monsignor Linder moved and Nancy Kaplen seconded approval of the minutes of the Agency's Board Meeting held September 2, 2009 in substantially final form.

*Aye-Charles Richman, Nancy Kaplen, Steve Petrecca, Patti Holland, Thomas Hunt, Monsignor Linder,
Dorothy Blakeslee, Patrick Sheehan, Stanley Weeks
Nay-None*

MOTION TO ADJOURN

Thomas Hunt moved and Patrick Sheehan seconded motion to adjourn at 1:15 p.m.

*Aye-Charles Richman, Nancy Kaplen, Steve Petrecca, Patti Holland, Thomas Hunt, Monsignor Linder,
Dorothy Blakeslee, Patrick Sheehan, Stanley Weeks
Nay-None*



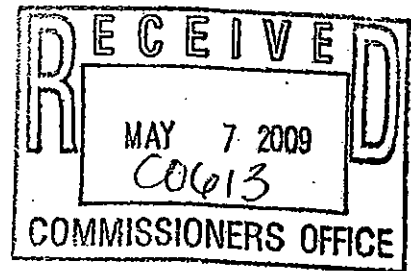
State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
PO Box 080
TRENTON NJ 08625-0080

JON S. CORZINE
Governor

ANNE MILGRAM
Attorney General

May 1, 2009

Honorable Joseph V. Doria, Jr.
Commissioner
Department of Community Affairs
New Jersey Housing and Mortgage Finance Agency
P.O. Box 18550
Trenton, New Jersey 08650



Dear Commissioner Doria:

I hereby designate Nancy Kaplen, Assistant Attorney General, to represent me in my absence at the meetings of the New Jersey Housing and Mortgage Finance Agency and to vote in my stead and to otherwise act on my behalf.

In addition, I am also designating Robert Romano, Assistant Attorney General, as an alternate designee.

Very truly yours,

Anne Milgram
Attorney General





State of New Jersey
OFFICE OF THE STATE TREASURER
PO Box 002
TRENTON NJ 08625-0002

JON S. CORZINE
Governor

R. DAVID ROUSSEAU
State Treasurer

September 9, 2008

Marge DellaVecchia, Executive Director
NJ Housing and Mortgage Finance Agency
637 South Clinton Avenue
PO Box 18550
Trenton, NJ 08650

Dear Ms. DellaVecchia:

I hereby designate Steve Petrecca, Department of Treasury to act as my designee at all the meetings of the New Jersey Housing and Mortgage Finance Agency.

Sincerely,

A handwritten signature in black ink, appearing to read "R. David Rousseau".

R. David Rousseau
State Treasurer



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF THE COMMISSIONER
PO BOX 325
TRENTON, NJ 08625-0325

JON S. CORZINE
Governor

TEL (609) 292-5360

NEIL N. JASEY
Commissioner

August 26, 2009

Marge Della Vecchia
Executive Director
NJ Housing and Mortgage Finance Agency
637 South Clinton Avenue - PO Box 18550
Trenton, NJ 08650

Re: Designee for '2009' Board Meetings

Dear Ms. Della Vecchia:

My designee for the New Jersey Housing Mortgage and Finance Agency Board meetings is Thomas Hunt, Assistant Banking Director, Office of Consumer Finance, Division of Banking. In addition, Mr. Hunt is authorized voting power on my behalf.

If you have any questions, please do not hesitate to call Mr. Hunt at (609) 292-7272, ext. 50111.

Very truly yours,


Neil N. Jasey
Commissioner

c: Thomas Hunt
Assistant Director, Office of Consumer Finance

Terry McEwen
Director, Division of Banking

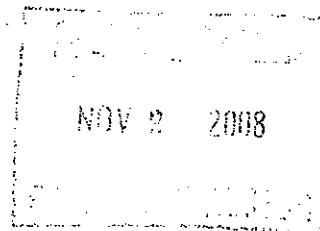


State of New Jersey
DEPARTMENT OF HUMAN SERVICES
PO Box 700
TRENTON NJ 08625-0700

JON S. CORZINE
Governor

JENNIFER VELEZ
Commissioner

November 13, 2008



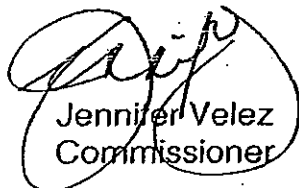
Marge Della Vecchia, Executive Director
NJ Housing and Mortgage Finance Agency
637 South Clinton Avenue
Trenton, NJ 08650-2085

Dear Ms. Della Vecchia:

Please be advised that Patti Holland, Assistant Director, Office of Housing, Policy and Program Development, Division of Mental Health Services, has been chosen as the Department's representative for board meetings of the New Jersey Housing and Mortgage Finance Agency. In her absence Dan Bachalis will be her designee and will have full authority to represent and take action on matters related to the Department of Human Services.

We appreciate the opportunity to participate in meetings of the HMFA Board and look forward to continuing to promote affordable housing needs for our citizens.

Sincerely,


Jennifer Velez
Commissioner

JV:3:sig
c: Kevin Martone
Patti Holland
Dan Bachalis