§ 2401. Legislative findings. * It is hereby found and declared that there continues to exist throughout the state a seriously inadequate supply of safe and sanitary dwelling accommodations, including accommodations for persons and families of low income, and a seriously inadequate supply of credit available for new residential improvement loans at carrying charges within the financial means of persons and families of low or moderate income. This condition is contrary to the public interest and threatens the health, safety, welfare, comfort and security of the people of the state. It is found and declared that one major cause of this condition has been recurrent, cyclical shortages of funds in private banking channels available for residential mortgages. Such shortages have contributed to drastic reductions in construction starts of new residential units. In addition, they have made the sale and purchase of existing residential units a virtual impossibility in many parts of the state. The ordinary operations of private enterprise have not in the past corrected these conditions.

* NB Effective until July 23, 2027

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It is further found and declared that the drastic reduction in residential construction starts associated with such shortages have caused a condition of substantial unemployment and underemployment in the construction industry which results in hardships to many individuals and families, wastes vital human resources, increases the public

assistance burdens of the state and municipalities, impairs the security of family life, impedes the economic and physical development of municipalities and adversely affects the welfare and prosperity of all the people of the state. A stable supply of adequate funds for residential mortgages is required to spur new housing starts in an orderly and sustained manner and thereby to reduce the hazards of unemployment and underemployment in the construction industry. The unaided operations of private enterprise have not met and cannot meet the need for a stable supply of adequate funds for residential mortgage financing.

It is further found and declared that these conditions associated with such recurrent shortages of residential mortgage funds contribute to the persistence of slums and blight and to the deterioration of the quality of the environment and living conditions of a large number of persons residing in the state of New York, have adversely affected the economy of the state as a whole and are contrary to the declared policy of the state to promote a vigorous and growing economy, to prevent economic stagnation, to increase revenues to the state and to its municipalities and to achieve stable local economies.

* Based upon the experience of the past, most recently during the periods of illiquidity which occurred in nineteen hundred sixty-six and again in nineteen hundred sixty-nine, shortages of funds for residential mortgages in the private banking system can be expected to recur from time to time in varying degrees of severity with the adverse consequences described above. To avoid or minimize such consequences, to bring greater stability to the residential construction industry and related industries, and thus to assure a steady flow of production of new housing units, there should be created a corporate governmental agency to be known as the "state of New York mortgage agency" which, through issuance of bonds and notes to the private investing public during periods when there is an inadequate supply of credit available for new loans for residential housing and housing improvement purposes, may (i) purchase existing mortgages from banks and direct an amount equal to the proceeds from the liquidated mortgage investments into new mortgages on residential family dwelling units, (ii) purchase new mortgages on residential family dwelling units, (iii) purchase new

housing loans for the rehabilitation or improvement of residential family dwelling units, and (iv) purchase lease-to-own mortgage loans.

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* NB Effective July 23, 2027

It is further found and declared that in addition to issuance of bonds and notes for such purposes, the accessibility of credit available for new loans for residential housing and housing improvement purposes will also be increased by making available to the people of the state to the fullest extent possible the benefit of federal programs providing credits against income tax for a portion of interest paid on residential mortgage and housing loans.

The secondary mortgage market provided by the corporate governmental agency created by this title is hereby found and determined to be an appropriate and effective means of making residential mortgages a more attractive investment for the private banking system, of reducing the volatility of mortgage flows over the business cycle, and of providing greater stability for the economies of the state and its municipalities.

It is further found and determined that it has long been the public

policy of the state to encourage every student who has the desire and capacity to pursue a post-secondary education. To this end, the state has developed one of the foremost systems of public higher education in the nation, as well as a substantial program of grants and loans to help finance the education of students attending both public and private post-secondary educational institutions.

Nevertheless, the rising costs to students of post-secondary education are placing the goal of such study beyond the financial reach of a growing proportion of our potential student population, particularly those young men and women coming from families of low- and middle-income. To effectively meet this fiscal crisis in post-secondary education, which is contrary to the general welfare of our citizens, it is hereby found and determined that the student loan programs in the state should be restructured to make available to every student financial assistance in the attainment of his college or career education and that the state of New York mortgage agency should be authorized to issue its bonds and notes for the purpose of making available funds with which to make available such student loans.

It is further found and determined that there is a need to establish a program to assist homeowners in the state of New York who have been affected by the national mortgage crisis who are either delinquent on their mortgage payments or are in danger of going into default because of economic hardship, as such term is defined under the agency's guidelines, in consultation with the advisory council established in subdivision three of section twenty-four hundred five-f of this part, who may lose their homes to foreclosure, or who may have abandoned their homes due to economic hardship and who may benefit from assistance. In addition, the existence of vacant, abandoned, distressed, dilapidated or reasonably beyond repair properties may contribute to the persistence of conditions that increase blight and add to the deterioration of the quality of the environment and living conditions of a large number of persons residing in the state. To address these conditions, it is hereby found and determined that the state of New York mortgage agency shall be authorized to create and manage a fund to acquire residences and to purchase mortgages and mortgage notes, or to provide monies to eligible

institutions to acquire residences and to purchase mortgages and mortgage notes and to carry out such other functions in connection with such acquisitions as are necessary to accomplish the purposes of this paragraph. In connection therewith, the state of New York mortgage agency shall be authorized to create a subsidiary corporation to carry out the program authorized under this paragraph.

It is further found and determined that there is a shortage of adequate funds to assist in the new construction of modular and manufactured housing, and to assist in the purchase of existing modular and manufactured housing.