

MassHousing
Massachusetts Housing Finance Agency & Affiliates
Proposed Fiscal Plan For FY 2021
Exhibit 1
(000's Omitted)

	FY 2021 Budget Total	FY 2020 Budget Total	Budget to Budget % Change	Budget to Budget \$ Change
REVENUES				
New Lending				
Premiums on Loans Sold	\$ 6,550	\$ 5,625	16.4%	\$ 925
Transaction & Underwriting Fees	19,664	19,511	0.8%	153
Warehousing/Construction Notes, net	(102)	797	-112.8%	(899)
Fees - Other (AHT, Other)	694	660	5.2%	34
Total New Lending Income	26,806	26,593	0.8%	213
Servicing				
Override/Servicing Fee Income	39,261	36,955	6.2%	2,306
GNMA/FFB Servicing Fee Income	7,680	6,912	11.1%	768
Total Servicing Income	46,941	43,867	7.0%	3,074
Spread				
Bond Program Net Interest Spread	23,632	38,721	-39.0%	(15,089)
Risk Share Fee Income	2,750	2,700	1.9%	50
Loan Prepayment Fees	750	750	0.0%	-
WCF Interest on Loans	7,082	6,703	5.7%	379
Total Spread	34,214	48,874	-30.0%	(14,660)
Investment Earnings, Grant Income, Other				
Investment Earnings - MMDT	4,091	11,379	-64.0%	(7,288)
Investment Earnings - Other	1,826	2,468	-26.0%	(642)
Grant Income	2,000	-	100.0%	2,000
Other Income	150	150	100.0%	-
Total Investment Earnings, Grant Income, Other	8,067	13,997	-42.4%	(5,930)
Total Operating Revenues	\$ 116,028	\$ 133,331	-13.0%	\$ (17,303)
DIRECT EXPENSES				
Administrative Expenses				
Personnel & Payroll Added Costs	\$ 55,636	\$ 55,532	0.2%	\$ 104
Professional Services	7,264	7,154	1.5%	110
Information Technology	8,026	6,375	25.9%	1,651
Leased Office Space	5,006	5,182	-3.4%	(176)
Operating Costs	4,347	4,154	4.6%	193
Asset Protection	75	125	-40.0%	(50)
Miscellaneous Expenses	-	500	-100.0%	(500)
Grant Expenditures	25,200	1,475	1608.5%	23,725
Insurance Claims	3,810	688	453.8%	3,122
Total Direct Expenses	\$ 109,364	\$ 81,185	34.7%	\$ 28,179
Investment in Future Income				
Servicing Rights Purchases (Production)	\$ 5,300	\$ 6,125	-13.5%	\$ (825)
HomeOwnership Origination Fee (MBS Purch)	2,550	4,600	-44.6%	(2,050)
Costs of Issuance	4,850	5,305	-8.6%	(455)
Total Investment in Future Income	\$ 12,700	\$ 16,030	-20.77%	\$ (3,330)
Net Income	(6,036)	36,116	-116.7%	(42,152)
NET INCOME	\$ (6,036)	\$ 36,116	-116.7%	\$ (42,152)

MassHousing
Working Capital Fund & Affiliates
Proposed Fiscal Plan For FY 2021
Exhibit 2
(000's Omitted)

	Home Ownership	Rental Areas	Mortgage Insurance Fund	Opportunity Fund	Corporate	FY 2021 Budget Total	FY 2020 Budget Total	Budget to Budget % Change	Budget to Budget \$ Change
REVENUES									
New Lending									
Premiums on Loans Sold	\$ 4,050	\$ 2,500	\$ -	\$ -	\$ -	\$ 6,550	\$ 5,625	16.4%	\$ 925
Transaction & Underwriting Fees	635	13,750	5,279	-	-	19,664	19,511	0.8%	153
Warehousing/Construction Notes, net	1,075	(1,177)	-	-	-	(102)	797	-112.8%	(899)
Fees - Other (AHT, Other)	-	694	-	-	-	694	660	5.2%	34
Total New Lending Income	5,760	15,767	5,279	-	-	26,806	26,593	0.8%	213
Servicing									
Override/Servicing Fee Income	11,146	25,377	-	-	-	36,523	33,262	9.8%	3,261
GNMA/FFB Servicing Fee Income	-	7,680	-	-	-	7,680	6,912	11.1%	768
Total Servicing Income	11,146	33,057	-	-	-	44,203	40,174	10.0%	4,029
Spread									
Bond Program Net Interest Spread	-	-	-	-	-	-	-	-	-
Risk Share Fee Income	-	2,750	-	-	-	2,750	2,700	1.9%	50
Loan Prepayment Fees	-	750	-	-	-	750	750	0.0%	-
WCF Interest on Loans	-	7,082	-	-	-	7,082	6,703	5.7%	379
Total Spread	-	10,582	-	-	-	7,832	10,153	-22.9%	(2,321)
Investment Earnings, Grant Income, Other									
Investment Earnings - MMDT	-	-	-	1,754	2,337	4,091	11,379	-64.0%	(7,288)
Investment Earnings - Other	-	-	1,826	-	-	1,826	2,468	-26.0%	(642)
Grant Income	-	-	-	-	2,000	2,000	-	100.0%	2,000
Other Income	-	-	-	-	150	150	150	0.0%	-
Total Investment Earnings, Grant Income, Other	-	-	1,826	1,754	4,487	8,067	13,997	-42.4%	(5,930)
Total Operating Revenues	\$ 16,906	\$ 59,406	\$ 7,105	\$ 1,754	\$ 4,487	\$ 86,908	\$ 90,917	-4.4%	\$ (4,009)
DIRECT EXPENSES									
Administrative Expenses									
Personnel & Payroll Added Costs	\$ 10,885	\$ 20,345	\$ 436	\$ -	\$ 23,970	\$ 55,636	\$ 55,532	0.2%	\$ 104
Professional Services	783	838	782	-	4,861	7,264	7,154	1.5%	110
Information Technology	2,584	400	-	-	5,042	8,026	6,375	25.9%	1,651
Leased Office Space	958	1,900	31	-	2,117	5,006	5,182	-3.4%	(176)
Operating Costs	652	260	23	-	3,412	4,347	4,154	4.6%	193
Asset Protection	-	-	-	-	-	-	100	-100.0%	(100)
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Grant Expenditures	-	-	-	25,200	-	25,200	1,475	1608.5%	23,725
Insurance Claims	-	-	3,810	-	-	3,810	688	453.8%	3,122
Total Direct Expenses	\$ 15,862	\$ 23,743	\$ 5,082	\$ 25,200	\$ 39,402	\$ 109,289	\$ 80,660	35.5%	\$ 28,629
Investment in Future Income									
Servicing Rights Purchases (Production)	\$ 5,300	\$ -	\$ -	\$ -	\$ -	\$ 5,300	\$ 6,125	-13.5%	\$ (825)
HomeOwnership Origination Fee (MBS Purch)	-	-	-	-	-	-	-	-	-
Costs of Issuance	-	-	-	-	-	-	500	-100.0%	(500)
Total Investment in Future Income	\$ 5,300	\$ -	\$ -	\$ -	\$ -	\$ 5,300	\$ 6,625	-20.00%	\$ (1,325)
NET INCOME	\$ (4,256)	\$ 35,663	\$ 2,023	\$ (23,446)	\$ (34,914)	\$ (24,931)	\$ 3,632	-786.4%	\$ (28,563)

MassHousing
Combined HomeOwnership & Rental Bond Programs
Proposed Fiscal Plan For FY 2021
Exhibit 3
(000's Omitted)

	Home Ownership Bond Programs	Rental Bond Programs	FY 2021 Budget Total	FY 2020 Budget Total	Budget to Budget % Change	Budget to Budget \$ Change
REVENUES						
New Lending						
Premiums on Loans Sold	\$ -	\$ -	\$ -	\$ -	-	\$ -
Transaction & Underwriting Fees	-	-	-	-	-	-
Warehousing/Construction Notes, net	-	-	-	-	-	-
Fees - Other (AHT, Other)	-	-	-	-	-	-
Total New Lending Income	-	-	-	-	-	-
Servicing						
Override/Servicing Fee Income	-	2,738	2,738	3,693	-25.9%	(955)
GNMA/FFB Servicing Fee Income	-	-	-	-	-	-
Total Servicing Income	-	2,738	2,738	3,693	-25.9%	(955)
Spread						
Bond Program Net Interest Spread	9,449	14,183	23,632	38,721	-39.0%	(15,089)
Risk Share Fee Income	-	-	-	-	-	-
Loan Prepayment Fees	-	-	-	-	-	-
WCF Interest on Loans	-	-	-	-	-	-
Total Spread	9,449	14,183	23,632	38,721	-39.0%	(15,089)
Investment Earnings, Grant Income, Other						
Investment Earnings - MMDT	-	-	-	-	-	-
Investment Earnings - Other	-	-	-	-	-	-
Grant Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Investment Earnings, Grant Income, Other	-	-	-	-	-	-
Total Operating Revenues	\$ 9,449	\$ 16,921	\$ 26,370	\$ 42,414	37.8%	\$ 16,044
DIRECT EXPENSES						
Administrative Expenses						
Personnel & Payroll Added Costs	\$ -	\$ -	\$ -	\$ -	-	-
Professional Services	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-
Leased Office Space	-	-	-	-	-	-
Operating Costs	-	-	-	-	-	-
Asset Protection	75	-	75	25	200.0%	50
Miscellaneous Expenses	-	-	-	500	-100.0%	(500)
Grant Expenditures	-	-	-	-	-	-
Insurance Claims	-	-	-	-	-	-
Total Direct Expenses	\$ 75	\$ -	\$ 75	\$ 525	-85.7%	\$ (450)
Investment in Future Income						
Servicing Rights Purchases (Production)	\$ -	\$ -	\$ -	\$ -	-	\$ -
HomeOwnership Origination Fee (MBS Purch)	2,550	-	2,550	4,600	-44.6%	(2,050)
Costs of Issuance	2,550	2,300	4,850	4,805	0.9%	45
Total Investment in Future Income	\$ 5,100	\$ 2,300	\$ 7,400	\$ 9,405	-21.32%	\$ (2,005)
NET INCOME	\$ 4,274	\$ 14,621	\$ 18,895	\$ 32,484	-41.8%	\$ (13,589)

MassHousing
Combined HomeOwnership Operations
Proposed Fiscal Plan For FY 2021
Exhibit 4
(000's Omitted)

	Home Ownership Bond Programs	WCF - Home Ownership	FY 2021 Budget Total	FY 2020 Budget Total	Budget to Budget % Change	Budget to Budget \$ Change
REVENUES						
New Lending						
Premiums on Loans Sold	\$ -	\$ 4,050	\$ 4,050	\$ 3,150	28.6%	\$ 900
Transaction & Underwriting Fees	-	635	635	825	-23.1%	(190)
Warehousing/Construction Notes, net	-	1,075	1,075	413	160.3%	662
Fees - Other (AHT, Other)	-	-	-	-	-	-
Total New Lending Income	-	5,760	5,760	4,388	31.3%	1,372
Servicing						
Override/Servicing Fee Income	-	11,146	11,146	12,494	-10.8%	(1,348)
GNMA/FFB Servicing Fee Income	-	-	-	-	-	-
Total Servicing Income	-	11,146	11,146	12,494	-10.8%	(1,348)
Spread						
Bond Program Net Interest Spread	9,449	-	9,449	14,553	-35.1%	(5,104)
Risk Share Fee Income	-	-	-	-	-	-
Loan Prepayment Fees	-	-	-	-	-	-
WCF Interest on Loans	-	-	-	-	-	-
Total Spread	9,449	-	9,449	14,553	-35.1%	(5,104)
Investment Earnings, Grant Income, Other						
Investment Earnings - MMDT	-	-	-	-	-	-
Investment Earnings - Other	-	-	-	-	-	-
Grant Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Investment Earnings, Grant Income, Other	-	-	-	-	-	-
Total Operating Revenues	\$ 9,449	\$ 16,906	\$ 26,355	\$ 31,435	16.2%	\$ 5,080
DIRECT EXPENSES						
Administrative Expenses						
Personnel & Payroll Added Costs	\$ -	\$ 10,885	\$ 10,885	\$ 10,668	2.0%	\$ 217
Professional Services	-	783	783	920	-14.9%	(137)
Information Technology	-	2,584	2,584	1,609	60.6%	975
Leased Office Space	-	958	958	952	0.6%	6
Operating Costs	-	652	652	645	1.1%	7
Asset Protection	75	-	75	125	-40.0%	(50)
Miscellaneous Expenses	-	-	-	(250)	-100.0%	250
Grant Expenditures	-	-	-	-	-	-
Insurance Claims	-	-	-	-	-	-
Total Direct Expenses	\$ 75	\$ 15,862	\$ 15,937	\$ 14,669	8.6%	\$ 1,268
Investment in Future Income						
Servicing Rights Purchases (Production)	\$ -	\$ 5,300	\$ 5,300	\$ 6,125	-13.5%	\$ (825)
HomeOwnership Origination Fee (MBS Purch)	2,550	-	2,550	4,600	-44.6%	(2,050)
Costs of Issuance	2,550	-	2,550	2,505	1.8%	45
Total Investment in Future Income	\$ 5,100	\$ 5,300	\$ 10,400	\$ 13,230	-21.39%	\$ (2,830)
NET INCOME	\$ 4,274	\$ (4,256)	\$ 18	\$ 3,536	-99.5%	\$ (3,518)

**MassHousing
Combined Rental Operations
Proposed Fiscal Plan For FY 2021
Exhibit 5
(000's Omitted)**

	Rental Bond Programs	WCF - Rental	FY 2021 Budget Total	FY 2020 Budget Total	Budget to Budget % Change	Budget to Budget \$ Change
REVENUES						
New Lending						
Premiums on Loans Sold	\$ -	\$ 2,500	\$ 2,500	\$ 2,475	1.0%	\$ 25
Transaction & Underwriting Fees	-	13,750	13,750	13,225	4.0%	525
Warehousing/Construction Notes, net	-	(1,177)	(1,177)	384	-406.5%	(1,561)
Fees - Other (AHT, Other)	-	694	694	660	5.2%	34
Total New Lending Income	-	15,767	15,767	16,744	-5.8%	(977)
Servicing						
Override/Servicing Fee Income	2,738	25,377	28,115	24,461	14.9%	3,654
GNMA/FFB Servicing Fee Income	-	7,680	7,680	6,912	11.1%	768
Total Servicing Income	2,738	33,057	35,795	31,373	14.1%	4,422
Spread						
Bond Program Net Interest Spread	14,183	-	14,183	23,418	-39.4%	(9,235)
Risk Share Fee Income	-	2,750	2,750	2,700	1.9%	50
Loan Prepayment Fees	-	750	750	750	0.0%	-
WCF Interest on Loans	-	7,082	7,082	6,703	5.7%	379
Total Spread	14,183	10,582	24,765	33,571	-26.2%	(8,806)
Investment Earnings, Grant Income, Other						
Investment Earnings - MMDT	-	-	-	-	-	-
Investment Earnings - Other	-	-	-	-	-	-
Grant Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Investment Earnings, Grant Income, Other	-	-	-	-	-	-
Total Operating Revenues	\$ 16,921	\$ 59,406	\$ 76,327	\$ 81,688	6.6%	\$ 5,361
DIRECT EXPENSES						
Administrative Expenses						
Personnel & Payroll Added Costs	\$ -	\$ 20,345	\$ 20,345	\$ 19,174	6.1%	\$ 1,171
Professional Services	-	838	838	517	62.1%	321
Information Technology	-	400	400	382	4.7%	18
Leased Office Space	-	1,900	1,900	1,826	4.1%	74
Operating Costs	-	260	260	286	-9.1%	(26)
Asset Protection	-	-	-	-	-	-
Miscellaneous Expenses	-	-	-	-	-	-
Grant Expenditures	-	-	-	-	-	-
Insurance Claims	-	-	-	-	-	-
Total Direct Expenses	\$ -	\$ 23,743	\$ 23,743	\$ 22,185	7.0%	\$ 1,558
Investment in Future Income						
Servicing Rights Purchases (Production)	\$ -	\$ -	\$ -	\$ -	-	\$ -
HomeOwnership Origination Fee (MBS Purch)	-	-	-	-	-	-
Costs of Issuance	2,300	-	2,300	2,800	-17.9%	(500)
Total Investment in Future Income	\$ 2,300	\$ -	\$ 2,300	\$ 2,800	-17.86%	\$ (500)
NET INCOME	\$ 14,621	\$ 35,663	\$ 50,284	\$ 56,703	-11.3%	\$ (6,419)

Exhibit 6

Glossary of Terms used in MassHousing's Fiscal Plan for FY 2021

This material provides a brief explanation of the various revenue and expense categories that are used throughout this Fiscal Plan. This guide does not present textbook definitions of these terms, but describes how certain types of transactions are recognized.

Operating Revenues

□ New Lending Income

This income is earned and recognized at the time of the loan funding. This includes the following:

- Premiums earned on loans that are securitized and sold to the secondary market.
- Transaction/underwriting fees include application and financing fees charged for Rental Lending loan commitments and closings. In HomeOwnership, these include borrower processing fees and FNMA recourse fees. Fees also include premiums and renewals earned by the Mortgage Insurance Fund (MIF).
- Warehousing, which represent the interest earned on loans that are initially funded through the Working Capital Fund (WCF). The WCF serves as a temporary funding source for Home Ownership lending activity, pending subsequent sale of the loans, or loans wrapped by MBS, either to outside investors or to one or more of MassHousing's bond programs. The warehousing interest earned is offset by the interest expense of the line of credit, which is used to fund the purchase of these loans.
- Construction Loans/Notes, which represents the interest earned on construction loans offset by the interest expense of the construction loan notes used to fund the financing of these loans.

□ Servicing Income

Servicing income includes loan servicing fees, including GNMA/FFB service fees, contract administration fees from HUD, as well as fees charged to participants of the Tenants' Assistance Program (TAP).

□ Net Interest Spread

This includes the following:

- Bond Program Net Interest Spread, which represents the interest earned in the bond resolutions on its loans and investment earnings offset by the interest expense of the bonds used to fund the financing of these loans and financing costs.
- In addition, there are fees which are unique to certain resolutions such as remarketing and liquidity fees applicable in the case of variable rate bonds. Lastly, certain resolutions have financed Section 8 developments subsidized with a so-called Financing Adjustment Factor (FAF). The bonds financing these developments were

refunded in prior years with the resulting interest rate savings being shared equally with HUD and booked as Financing Costs.

- Risk Share Fee Income, which represents the fees earned for bearing a risk loss for loans funded under the Risk Sharing Program for Insured Affordable Multi Family Project Loans (Risk-Sharing Program), which is administered by HUD.
 - Loan Prepayment Fees, which is a fee received to recapture the interest lost when a loan is paid off before its scheduled maturity date.
 - WCF Interest on Loans, which represents a limited number of loans (i.e., Section 8 recapitalization second mortgages, mortgage increases, Priority Development Loans, Home Ownership construction loans, etc.) that have been funded out of WCF in lieu of issuing bonds, or on an interim basis pending the issuance of bonds. In addition, loans funded through an advance of funds from the Federal Home Loan Bank of Boston are booked to WCF.
- **Investment Earnings-MMDT**
Earnings from investments held by MassHousing in WCF and the Opportunity Fund, excluding Construction Loan Notes, and MIF.
- **Investment Earnings-Other**
Earnings from investments held by MIF.

Direct Expenses

- **Administrative Expenses**
Administrative expenses booked to WCF refer to the cost of doing business, including such costs as all personnel and operating expenses, professional service contracts, leasehold obligations (net of sublease income), and depreciable capital items (e.g., computer equipment). Administrative expenses also include the continuing support of community services such as TAP (Tenants' Assistance Program) and Youth RAP (Residents' Activities Program). This line item also funds the provision of technical assistance and other resources targeting minority-owned and woman-owned business enterprises (MBEs & WBEs) in industries related to housing construction and management. Costs associated with crime prevention, youth development and community engagement that are provided to certain MassHousing developments are also included in this item.

Administrative expenses booked to the bond resolutions refer to fees paid to the trustees of our bond resolutions (e.g., US Bank, Wells Fargo, Bank of New York Mellon) as well as our HomeOwnership loan servicers (e.g., First Eastern Mortgage Corporation).

❑ **Asset Protection**

Asset protection refers to expenses incurred to stabilize properties in the portfolio which are considered to be “at-risk”. Such expenses might include an emergency repair of a physically distressed building in the portfolio which does not have the necessary resources to pay for the repair on its own.

❑ **Miscellaneous**

Miscellaneous expenses are those not included elsewhere and non-operating type of disbursements such as payments and contributions.

❑ **Grant Expenditures**

Grants expended to further the Agency’s mission, which include grants for the Center for Community Recovery Innovations (CCRI) and the Opportunity Fund.

❑ **Insurance Claims**

Insurance claims refer to claims paid by MIF on loans insured by the Fund, or partial claims paid with various risk-share partners.

Investment in Future Income

❑ **Servicing Rights Purchases**

The cost to acquire the rights to service, and earn a servicing fee, over the life of the loans.

❑ **HomeOwnership Origination Fees**

The cost that the Single-Family Housing Revenue Bond Program (SFHRB) pays for MBS investments to the WCF as reimbursement for the premium that the WCF paid to purchase loans that are subsequently securitized. This amount approximates 2% of the loan amount purchased.

❑ **Cost of Issuance**

Financing costs include the costs to issue and refund bonds such as those fees paid to the bond underwriting team and selling group, bond counsel, rating agencies, as well as any ancillary expenses.