

**Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates  
Proposed Budget For FY 2023**

**Exhibit 1  
(in millions)**

	FY 2023 Budget Total	FY 2022 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change
<b>REVENUES</b>				
<b>New Lending</b>				
Transaction & Underwriting Fees	\$ 18,623	\$ 20,661	\$ (2,038)	-9.9%
Premiums on Loans Sold	4,543	6,275	(1,732)	-27.6%
Warehousing/Construction Notes, net	1,329	974	355	36.4%
Fees - Other (AHTF, ARPA, Other)	1,650	300	1,350	450.0%
<b>Total New Lending Income</b>	<b>26,145</b>	<b>28,210</b>	<b>(2,065)</b>	<b>-7.3%</b>
<b>Servicing</b>				
Override/Servicing Fee Income	36,807	37,422	(615)	-1.6%
GNMA/FFB Servicing Fee Income	9,993	8,364	1,629	19.5%
Fees - Other	420	442	(22)	-5.0%
<b>Total Servicing Income</b>	<b>47,220</b>	<b>46,228</b>	<b>992</b>	<b>2.1%</b>
<b>Spread</b>				
Bond Program Net Interest Spread	27,632	29,849	(2,217)	-7.4%
WCF Net Interest Spread	8,553	8,029	524	6.5%
Risk Share Fee Income	2,794	3,284	(490)	-14.9%
Loan Prepayment Fees	1,500	750	750	100.0%
<b>Total Spread</b>	<b>40,479</b>	<b>41,912</b>	<b>(1,433)</b>	<b>-3.4%</b>
<b>Investment Earnings, Grant Income, Other</b>				
Investment Earnings	5,963	2,621	3,342	127.5%
Grant Income	6,622	-	6,622	-
Other Income	605	191	414	216.8%
<b>Total Investment Earnings, Grant Income, Other</b>	<b>13,190</b>	<b>2,812</b>	<b>10,378</b>	<b>369.1%</b>
<b>Total Operating Revenues</b>	<b>\$ 127,034</b>	<b>\$ 119,162</b>	<b>\$ 7,872</b>	<b>6.6%</b>
<b>DIRECT EXPENSES</b>				
<b>Administrative Expenses</b>				
Personnel	\$ (38,104)	\$ (35,716)	\$ (2,388)	6.7%
Pension & OPEB	(2,428)	(2,800)	372	-13.3%
Other Payroll Added Costs	(6,505)	(6,313)	(192)	3.0%
Professional Services	(6,663)	(6,717)	54	-0.8%
Information Technology	(11,206)	(9,183)	(2,023)	22.0%
Leased Office Space	(5,284)	(5,218)	(66)	1.3%
Operating Costs	(5,367)	(4,416)	(951)	21.5%
Grant Expenditures	(24,523)	(20,700)	(3,823)	18.5%
Insurance Claims	(575)	(1,594)	1,019	-63.9%
<b>Total Direct Expenses</b>	<b>\$ (100,654)</b>	<b>\$ (92,657)</b>	<b>\$ (7,997)</b>	<b>8.6%</b>
<b>Investment in Future Income</b>				
Servicing Rights Purchased	\$ (4,350)	\$ (6,575)	\$ 2,225	-33.8%
Costs of Issuance	(6,855)	(5,680)	(1,175)	20.7%
<b>Total Investment in Future Income</b>	<b>\$ (11,205)</b>	<b>\$ (12,255)</b>	<b>\$ 1,050</b>	<b>-8.57%</b>
<b>NET INCOME</b>	<b>\$ 15,175</b>	<b>\$ 14,250</b>	<b>\$ 925</b>	<b>6.5%</b>

**Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates by Business Line**  
**Proposed Budget For FY 2023**  
**Exhibit 2**  
**(in millions)**

	HO	MF	MIF	Opportunity Fund & Grant Activity	Corporate	FY 2023 Budget Total	FY 2022 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change
<b>REVENUES</b>									
<b>New Lending</b>									
Transaction & Underwriting Fees	\$ 839	\$ 13,310	\$ 4,474	\$ -	\$ -	\$ 18,623	\$ 20,661	\$ (2,038)	-9.9%
Premiums on Loans Sold	1,543	3,000	-	-	-	4,543	6,275	(1,732)	-27.6%
Warehousing/Construction Notes, net	1,013	316	-	-	-	1,329	974	355	36.4%
Fees - Other (AHTF, ARPA, Other)	-	1,650	-	-	-	1,650	300	1,350	450.0%
<b>Total New Lending Income</b>	<b>3,395</b>	<b>18,276</b>	<b>4,474</b>	<b>-</b>	<b>-</b>	<b>26,145</b>	<b>28,210</b>	<b>(2,065)</b>	<b>-7.3%</b>
<b>Servicing</b>									
Override/Servicing Fee Income	9,377	27,430	-	-	-	36,807	37,422	(615)	-1.6%
GNMA/FFB Servicing Fee Income	-	9,993	-	-	-	9,993	8,364	1,629	19.5%
Fees - Other	-	420	-	-	-	420	442	(22)	-5.0%
<b>Total Servicing Income</b>	<b>9,377</b>	<b>37,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,220</b>	<b>46,228</b>	<b>992</b>	<b>2.1%</b>
<b>Spread</b>									
Bond Program Net Interest Spread	5,643	21,989	-	-	-	27,632	29,849	(2,217)	-7.4%
WCF Net Interest Spread	-	8,553	-	-	-	8,553	8,029	524	6.5%
Risk Share Fee Income	-	2,794	-	-	-	2,794	3,284	(490)	-14.9%
Loan Prepayment Fees	-	1,500	-	-	-	1,500	750	750	100.0%
<b>Total Spread</b>	<b>5,643</b>	<b>34,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,479</b>	<b>41,912</b>	<b>(1,433)</b>	<b>-3.4%</b>
<b>Investment Earnings, Grant Income, Other</b>									
Investment Earnings	-	-	1,857	1,858	2,248	5,963	2,621	3,342	127.5%
Grant Income	-	-	-	6,622	-	6,622	-	6,622	-
Other Income	-	-	-	171	434	605	191	414	216.8%
<b>Total Investment Earnings, Grant Income, Other</b>	<b>-</b>	<b>-</b>	<b>1,857</b>	<b>8,651</b>	<b>2,682</b>	<b>13,190</b>	<b>2,812</b>	<b>10,378</b>	<b>369.1%</b>
<b>Total Operating Revenues</b>	<b>\$ 18,415</b>	<b>\$ 90,955</b>	<b>\$ 6,331</b>	<b>\$ 8,651</b>	<b>\$ 2,682</b>	<b>\$ 127,034</b>	<b>\$ 119,162</b>	<b>\$ 7,872</b>	<b>6.6%</b>
<b>DIRECT EXPENSES</b>									
<b>Administrative Expenses</b>									
Personnel	\$ (7,886)	\$ (13,935)	\$ (496)	\$ -	\$ (15,787)	\$ (38,104)	\$ (35,716)	\$ (2,388)	6.7%
Pension & OPEB	(513)	(886)	(32)	-	(998)	(2,428)	(2,800)	372	-13.3%
Other Payroll Added Costs	(1,368)	(2,187)	(74)	-	(2,876)	(6,505)	(6,313)	(192)	3.0%
Professional Services	(439)	(273)	(693)	-	(5,259)	(6,663)	(6,717)	54	-0.8%
Information Technology	(3,710)	(667)	-	-	(6,829)	(11,206)	(9,183)	(2,023)	22.0%
Leased Office Space	(1,038)	(1,852)	(64)	-	(2,331)	(5,284)	(5,218)	(66)	1.3%
Operating Costs	(1,223)	(305)	(17)	-	(3,822)	(5,367)	(4,416)	(951)	21.5%
Grant Expenditures	-	-	-	(24,523)	-	(24,523)	(20,700)	(3,823)	18.5%
Insurance Claims	-	-	(575)	-	-	(575)	(1,594)	1,019	-63.9%
<b>Total Direct Expenses</b>	<b>\$ (16,176)</b>	<b>\$ (20,104)</b>	<b>\$ (1,950)</b>	<b>\$ (24,523)</b>	<b>\$ (37,901)</b>	<b>\$ (100,654)</b>	<b>\$ (92,657)</b>	<b>\$ (7,997)</b>	<b>8.6%</b>
<b>Investment in Future Income</b>									
Servicing Rights Purchased	\$ (4,350)	\$ -	\$ -	\$ -	\$ -	\$ (4,350)	\$ (6,575)	\$ 2,225	-33.8%
Costs of Issuance	(2,655)	(4,200)	-	-	-	(6,855)	(5,680)	(1,175)	20.7%
<b>Total Investment in Future Income</b>	<b>\$ (7,005)</b>	<b>\$ (4,200)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,205)</b>	<b>\$ (12,255)</b>	<b>\$ 1,050</b>	<b>-8.57%</b>
<b>NET INCOME</b>	<b>\$ (4,766)</b>	<b>\$ 66,651</b>	<b>\$ 4,381</b>	<b>\$ (15,872)</b>	<b>\$ (35,219)</b>	<b>\$ 15,175</b>	<b>\$ 14,250</b>	<b>\$ 925</b>	<b>6.5%</b>

**Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Income Streams**  
**Proposed Budget For FY 2023**  
**Exhibit 3**  
**(in millions)**

	FY 2023 Budget Total	FY 2022 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change	FY 2022 Projection Total
<b>Ongoing Revenue from Past Activities</b>					
Override/Servicing Fee Income	\$ 36,807	\$ 37,422	\$ (615)	-1.6%	\$ 38,489
GNMA/FFB Servicing Fee Income	9,993	8,364	1,629	19.5%	9,469
Bond Program Net Interest Spread	27,632	29,849	(2,217)	-7.4%	21,661
WCF Net Interest Spread	8,553	8,029	524	6.5%	9,876
Risk Share Fee Income	2,794	3,284	(490)	-14.9%	3,250
Loan Prepayment Fees	1,500	750	750	100.0%	1,710
Investment Earnings	2,248	423	1,825	431.4%	1,436
Fees - Other	420	442	(22)	-5.0%	609
<b>Total - Ongoing Revenue from Past Activities</b>	<b>\$ 89,947</b>	<b>\$ 88,563</b>	<b>\$ 1,384</b>	<b>1.6%</b>	<b>\$ 86,500</b>
<b>Current Year Activity - Fee Revenue</b>					
Transaction & Underwriting Fees	\$ 14,149	\$ 15,192	\$ (1,043)	-6.9%	\$ 11,243
Premiums on Loans Sold	4,543	6,275	(1,732)	-27.6%	5,788
Warehousing/Construction Notes, net	1,329	974	355	36.4%	(416)
Fees - Other (AHTF, ARPA, Other)	2,084	425	1,659	390.4%	1,890
<b>Total Current Year Activity - Fee Revenue</b>	<b>\$ 22,105</b>	<b>\$ 22,866</b>	<b>\$ (761)</b>	<b>-3.3%</b>	<b>\$ 18,505</b>
<b>Current Year Activity - Operating Costs</b>					
Personnel	\$ (46,435)	\$ (44,368)	\$ (2,067)	4.7%	\$ (43,575)
Administrative Expenses	(27,746)	(24,564)	(3,182)	13.0%	(23,389)
<b>Total Current Year Activity - Operating Costs</b>	<b>\$ (74,181)</b>	<b>\$ (68,932)</b>	<b>\$ (5,249)</b>	<b>7.6%</b>	<b>\$ (66,964)</b>
<b>Available Net Income - Cash</b>	<b>\$ 37,871</b>	<b>\$ 42,497</b>	<b>\$ (4,626)</b>	<b>-10.9%</b>	<b>\$ 38,041</b>
<b>Investment in Future Income</b>					
Servicing Rights Purchased	\$ (4,350)	\$ (6,575)	\$ 2,225	-33.8%	\$ (3,896)
Costs of Issuance	(6,855)	(5,680)	(1,175)	20.7%	(6,131)
<b>Total Investment in Future Income</b>	<b>\$ (11,205)</b>	<b>\$ (12,255)</b>	<b>\$ 1,050</b>	<b>-8.57%</b>	<b>\$ (10,027)</b>
<b>MIF</b>					
Transaction & Underwriting Fees	\$ 4,474	\$ 5,469	\$ (995)	-18.2%	\$ 5,875
Investment Earnings	1,857	1,674	183	10.9%	1,730
Income - Other	-	-	-	-	16
Personnel	(602)	(462)	(140)	30.2%	(301)
Administrative Expenses	(773)	(969)	196	-20.2%	(816)
Insurance Claims	(575)	(1,594)	1,019	-63.9%	(209)
<b>Total MIF</b>	<b>\$ 4,381</b>	<b>\$ 4,118</b>	<b>\$ 263</b>	<b>6.4%</b>	<b>\$ 6,295</b>
<b>Opportunity Fund &amp; Grant Activity</b>					
Investment Earnings	\$ 1,858	\$ 524	\$ 1,334	254.6%	\$ 1,334
Grant Income	6,622	-	6,622	-	8,595
Other Income	171	66	105	159.1%	185
Grant Expenditures	(24,523)	(20,700)	(3,823)	18.5%	(13,067)
<b>Total Opportunity Fund &amp; Grant Activity</b>	<b>\$ (15,872)</b>	<b>\$ (20,110)</b>	<b>\$ 4,238</b>	<b>-21.1%</b>	<b>\$ (2,953)</b>
<b>NET INCOME</b>	<b>\$ 15,175</b>	<b>\$ 14,250</b>	<b>\$ 925</b>	<b>6.5%</b>	<b>\$ 31,356</b>

**Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Sustainable Core  
Proposed Budget For FY 2023**

**Exhibit 4  
(in millions)**

	FY 2023 Budget Total	FY 2022 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change	FY 2022 Projection Total
<b>WCF - Operating Income</b>					
Override/Servicing Fee Income	\$ 36,807	\$ 37,422	\$ (615)	-1.6%	\$ 38,489
GNMA/FFB Servicing Fee Income	9,993	8,364	1,629	19.5%	9,469
WCF Net Interest Spread	8,553	8,029	524	6.5%	9,876
Risk Share Fee Income	2,794	3,284	(490)	-14.9%	3,250
Loan Prepayment Fees	1,500	750	750	100.0%	1,710
Investment Earnings	2,248	423	1,825	431.4%	1,436
Transaction & Underwriting Fees	14,149	15,192	(1,043)	-6.9%	11,243
Premiums on Loans Sold	4,543	6,275	(1,732)	-27.6%	5,788
Warehousing/Construction Notes, net	1,329	974	355	36.4%	(416)
Fees - Other (AHTF, ARPA, Other)	2,504	867	1,637	188.8%	2,499
<b>Total WCF - Operating Income</b>	<b>\$ 84,420</b>	<b>\$ 81,580</b>	<b>\$ 2,840</b>	<b>3.5%</b>	<b>\$ 83,344</b>
<b>WCF - Operating Costs</b>					
Personnel	\$ (46,435)	\$ (44,368)	\$ (2,067)	4.7%	\$ (43,575)
Administrative Expenses	(27,746)	(24,564)	(3,182)	13.0%	(23,389)
Servicing Rights Purchased	(4,350)	(6,575)	2,225	-33.8%	(3,896)
<b>Total WCF - Operating Costs</b>	<b>\$ (78,531)</b>	<b>\$ (75,507)</b>	<b>\$ (3,024)</b>	<b>4.0%</b>	<b>\$ (70,860)</b>
<b>Excess of Revenues over Expenses</b>	<b>\$ 5,889</b>	<b>\$ 6,073</b>	<b>\$ (184)</b>	<b>-3.0%</b>	<b>\$ 12,484</b>
<b>Transfers From the Bond Programs</b>					
MF Bond Programs - Housing Bonds	\$ 14,500	\$ 15,000	\$ (500)	-3.3%	\$ 11,990
MF Bond Programs - Other	2,968	3,957	(989)	-25.0%	3,683
SF Bond Programs	16	70	(54)	-77.1%	36
<b>Total Transfers From the Bond Programs</b>	<b>\$ 17,484</b>	<b>\$ 19,027</b>	<b>\$ (1,543)</b>	<b>-8.1%</b>	<b>\$ 15,709</b>
<b>Excess After Transfers from Bond Programs</b>	<b>\$ 23,373</b>	<b>\$ 25,100</b>	<b>\$ (1,727)</b>	<b>-6.9%</b>	<b>\$ 28,193</b>
<b>Transfer to Opportunity Fund</b>	<b>\$ 11,687</b>	<b>\$ 12,550</b>	<b>\$ (863)</b>	<b>-6.9%</b>	<b>\$ 14,096</b>
<b>MF Bond Programs</b>					
Bond Program Net Interest Spread	\$ 21,989	\$ 23,031	(1,042)	-4.5%	\$ 18,488
Costs of Issuance	(4,200)	(3,130)	(1,070)	34.2%	(3,130)
<b>Total MF Bond Program</b>	<b>\$ 17,789</b>	<b>\$ 19,901</b>	<b>\$ (2,112)</b>	<b>-10.6%</b>	<b>\$ 15,358</b>
<b>SF Bond Programs</b>					
Bond Program Net Interest Spread	\$ 5,643	\$ 6,818	(1,175)	-17.2%	\$ 3,173
Costs of Issuance	(2,655)	(2,550)	(105)	4.1%	(3,001)
<b>Total SF Bond Program</b>	<b>\$ 2,988</b>	<b>\$ 4,268</b>	<b>\$ (1,280)</b>	<b>-30.0%</b>	<b>\$ 172</b>
<b>Total Bond Programs</b>	<b>\$ 20,777</b>	<b>\$ 24,169</b>	<b>\$ (3,392)</b>	<b>-14.0%</b>	<b>\$ 15,530</b>
<b>MIF</b>					
Transaction & Underwriting Fees	\$ 4,474	\$ 5,469	\$ (995)	-18.2%	\$ 5,875
Investment Earnings	1,857	1,674	183	10.9%	1,730
Income - Other	-	-	-	-	16
Personnel	(602)	(462)	(140)	30.2%	(301)
Administrative Expenses	(773)	(969)	196	-20.2%	(816)
Insurance Claims	(575)	(1,594)	1,019	-63.9%	(209)
<b>Total MIF</b>	<b>\$ 4,381</b>	<b>\$ 4,118</b>	<b>\$ 263</b>	<b>6.4%</b>	<b>\$ 6,295</b>
<b>Opportunity Fund &amp; Grant Activity</b>					
Investment Earnings	\$ 1,858	\$ 524	\$ 1,334	254.6%	1,334
Grant Income	6,622	-	6,622	100.0%	8,595
Other Income	171	66	105	100.0%	185
Grant Expenditures	(24,523)	(20,700)	(3,823)	18.5%	(13,067)
<b>Total Opportunity Fund &amp; Grant Activity</b>	<b>\$ (15,872)</b>	<b>\$ (20,110)</b>	<b>\$ 4,238</b>	<b>-21.1%</b>	<b>\$ (2,953)</b>
<b>NET INCOME</b>	<b>\$ 15,175</b>	<b>\$ 14,250</b>	<b>\$ 925</b>	<b>6.5%</b>	<b>\$ 31,356</b>

## **Exhibit 5**

### **Glossary of Terms used in MassHousing's Fiscal Plan for FY 2023**

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**

#### **Production and 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 and the Single Family Housing Revenue Bond Program (SFHRB).
- Transaction/underwriting fees include application and financing fees charged for Multifamily Lending loan commitments and closings. In Homeownership (HO), these include borrower processing 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 HO lending activity, pending subsequent sale of the loans, or loans wrapped by Mortgage-Backed Securities (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.
- Other Income, which represents revenue not included elsewhere (Affordable Housing Trust Fund fee income).

#### **Servicing Income, Spread, and Investment Earnings**

- Servicing income includes loan servicing fees, including Government National Mortgage Association (GNMA) and Federal Financing Bank (FFB) service fees, contract administration fees from the U.S. Department of Housing and Urban Development (HUD), as well as fees charged to participants of the Tenants Assistance Program (TAP).

- HO and Multifamily 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 the risk of 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. mortgage increases, Priority Development Loans, HO 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 (FHLB) of Boston are booked to WCF.
- Grant Income, which are grants received to further the Agency's mission. This includes grants received from the Commonwealth, FHLB, and the Capital Magnet Fund.
- Earnings from investments held by MassHousing in WCF and the Opportunity Fund, excluding Construction Loan Notes, and 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, and leasehold obligations (net of sublease income). Administrative expenses also include the continuing support of community services such as TAP and Youth Residents Activities Program (Youth RAP). 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).

- **Grant Expenditures**

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

- **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 Purchased**

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

- **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.