

Mortgage Insurance Fund (MIF) Committee  
Meeting Minutes – February 14, 2023

The regular meeting of the Mortgage Insurance Fund Committee of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on February 14, 2023. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, as amended, no Members were physically present, and the meeting was conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the following members of the MIF Committee, by roll call:

Peter Milewski  
Rachel Madden  
Mounzer Aylouche  
Paul Hagerty  
Michael Dirrane

*The meeting began at 1:00 p.m.*

The Members first took up the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, by roll call vote of all the members present, it was:

VOTED: That the minutes of the meeting held on November 8, 2022 are hereby approved and placed on record.

Tom Norton presented updated an update on the 4<sup>th</sup> quarter performance for calendar year 2022. Loan count and insurance in force were up and delinquencies dropped significantly. This is the first quarter that loan count and insurance in force increased since the second quarter of 2019. Loan characteristics continue to be good with strong mission performance with 48.9% of the loans in Gateway Cities, 80.8% to borrowers making less than 100% AMI, and 43.9% to minority households. LTV and CLTV are trending lower, partly due to the MassDREAMS program that is structured as a grant rather than a second loan. Mr. Milewski commended the team for the mission performance.

Defaults continue to trend downward. There was a significant drop in December. Additional technology improvements are allowing the reinstatement of default updates twice a month and because many borrower settle their accounts in the end of the month the reporting structure is allowing for better capture. Five MI claims totaling \$249,000 were paid over the quarter with

32 MI+ benefits to 11 borrowers for \$42,000. MI+ activity was generally consistent with over the quarter with the previous quarter.

Mr. Milewski asked if there were any benchmarks for default experience. Mr. Norton replied that we had not benchmarked the recent data but will do so for the next meeting.

Mr. Norton continued with a summary of the quarter's financial performance, noting that net operating income was up for the quarter but lower than the same period in the previous year. Investment income was higher and administrative expenses were up due to the continuing technology improvements. He then presented the Unpaid Claim Estimate (UCE). The UCE had previously been done on a yearly basis but Milliman is now developing quarterly. The UCE is used to estimate necessary provisions for losses from current delinquencies, incurred by not reported losses (IBNR), and MI Plus. The UCE has been trending down since 2020.

At 2022 year-end, the total available assets were \$121.7 million, 883% of the PMIERS calculated required asset amount of \$13.8 million. However, Fannie Mae and Freddie Mac require a minimum asset amount of \$50M.

Mr. Norton then described the activity with the MassDREAMS program. He noted that although there is limited data available to date, the early numbers are very good. He further noted that during the recent reinsurance discussions, the reinsurers were responding well to the program. Mr. Dirrane asked how a borrower accesses the MassDREAMS program. Mounzer Aylouche described the program requirements for a MassHousing first mortgage product and so the mortgage loans are originated through our correspondent lenders. Participants need to be residents of one of the disproportionately impacted communities but are eligible to purchase anywhere in the Commonwealth. The program awards are structured as grants rather than loans and can be applied to downpayments, closing costs, mortgage insurance, or points for the rate. Mr. Milewski asked if the program has a limited life. Mr. Aylouche replied that the program was very successful, and the available funds were expended in 79 days. Mr. Dirrane asked what the source of the funds was and whether the awards could be combined with other programs. Mr. Aylouche noted that the program was funded with federal ARPA funds and could be combined with the Agency's other homeowner assistance programs.

Mr. Milewski asked what percentage of the quarter's production was related to MassDREAMS and whether there are any concerns about production when the program is unavailable. Mr. Aylouche estimated most of the production was connected to the program and that sustaining production is a concern and the team is working on strategies for the spring.

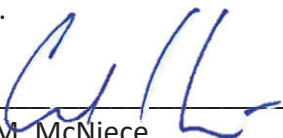
Rachel Madden noted the tremendous performance of the staff in executing on the MassDREAMS program, particularly in light of the exceptionally high activity over such a short time period.

There being no other old or new business, the meeting was adjourned.

*The meeting concluded at approximately 1:35 pm*

A true record.

Attest.

  
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Colin M. McNiece  
Secretary

Meeting Materials:

- Mortgage Insurance Fund Updates, MIF Committee, 4Q22, February 14, 2023