

Mortgage Insurance Fund (MIF) Committee
Meeting Minutes – September 12, 2023

The regular meeting of the Mortgage Insurance Fund Committee of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on September 12, 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

Members absent:

None

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 those members present, it was:

VOTED: That the minutes of the meeting held on May 9, 2023, are hereby approved and placed on record.

Tom Norton presented a summary of MIF production for FY 2023. He mentioned the launch of the MI Platform and introduction of the MI calculator in Encompass. He noted that MIF application increased by 10% but that this figure was not an accurate representation considering a temporarily system disruption due to an Encompass-related issue. Increased interest rate impacted MI cancellation rate, which overall, decreased by 60%. However, there was an activity increase. Mr. Norton stated that the loan characteristics remains strong and that Bristol, Hampden, Hampshire led in production number per county because of the elevated home prices in those areas. According to him, there was a trend down with LTVs, but with CLTV, it depended on whether the loan included a second mortgage or grants.

The average FICO trended down because of the introduction of risk-based pricing. Mission goals were driven by rate increase. Minority and Gateway City loans were up.

Mr. Norton noted that the overall performance was good. Default count and rate trended down and was the lowest default count since August 2017 and our lowest default rate since July 2019. In GWC +3 the default rate was 2.48% compared to 3.76 during FY22. With insurance in force increasing, defaults continuing to decrease resulting in an increased fund balance. In terms of MI claims, there were 6 claims for \$303,000.00. MIPlus benefits had 126 benefits to 38 borrowers for \$144,000.00.

Qi Li continued with a summary of the financial results noting that net operating income is up by \$1.35M due primarily to increases in premium revenue (\$11.575M) and investment income partially offset by increases in administrative expenses. On a cash basis, our Net Operating income was \$4.9M, our Fund Balance on Cash basis is \$142.1M and investment yield increased by 99 Basis Points from 1.25% on 6/30/22 to 2.24% on 6/30/23.

PMIERS Required Assets increased slightly with large percentage being single premium. Qi added that PMIERS performed well. On 6-30-23, our total available asset amount was \$125.5M, our calculated required asset amount is \$14.1M and our minimum required asset amount is \$50M. The percentage of total available assets to calculated required assets is 890%.

Unpaid Claim Estimate (UCE) estimate of expected losses from current delinquencies, incurred but not reported (IBNR) losses and MI Plus. Milliman develops this on a quarterly basis and is used for our provision for losses on our financial statements. There were fewer disclosures and more loans subject to reinsurance.

Risk Based Pricing Loan Characteristics between Legacy versus Encompass from July 2022 – June 2023 shows lower FICO, LTV and CLTV. However, an increase in single premium mortgage insurance by 33% and monthly MI at 7% increase. Legacy has a MI certificate count of 1, 264 compared to Encompass with 1,749.

MassDREAMS LOAN Characteristics at the time of the meeting, all but 2 MASSDREMS MI has been activated with a total of 837 loans. The average grant was \$32,294. There was a total of 143 borrower-paid MI with an average size of \$8,655.87 and 164 lender-paid MI with average size of \$3,472.08.


Mr. Norton concluded by providing a summary of Freddie Mac's Core Review Findings. Peter Milewski suggested that the graph depicting Minority and Gateway City Production could have been separated for better elucidation but commended the MI team on a job well done and for its successful collaboration with HO on the MassDREAMS grant program.

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

The meeting concluded at approximately 1:54 pm

A true record.

Attest.



Colin M. McNiece
Secretary