

Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates
Proposed Budget For FY 2022
Exhibit 1
(in millions)

	FY 2022 Budget Total	FY 2021 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change
REVENUES				
New Lending				
Premiums on Loans Sold	\$ 6,275	\$ 4,000	\$ 2,275	56.9%
Transaction & Underwriting Fees	20,661	19,664	997	5.1%
Warehousing/Construction Notes, net	974	(102)	1,076	-1055.8%
Fees - Other (AHT, Other)	300	300	-	0.0%
Total New Lending Income	28,210	23,862	4,348	18.2%
Servicing				
Override/Servicing Fee Income	37,422	36,523	899	2.5%
GNMA/FFB Servicing Fee Income	8,364	7,680	684	8.9%
Fees - Compliance Monitoring Fees	442	394	48	12.2%
Total Servicing Income	46,228	44,597	1,631	3.7%
Spread				
Bond Program Net Interest Spread	29,849	26,295	3,554	13.5%
WCF Net Interest Spread	8,029	7,082	947	13.4%
Risk Share Fee Income	3,284	2,750	534	19.4%
Loan Prepayment Fees	750	750	-	0.0%
Total Spread	41,912	36,877	5,035	13.7%
Investment Earnings, Grant Income, Other				
Investment Earnings	2,621	5,917	(3,296)	-55.7%
Grant Income	-	2,000	(2,000)	-100.0%
Other Income	191	150	41	27.3%
Total Investment Earnings, Grant Income, Other	2,812	8,067	(5,255)	-65.1%
Total Operating Revenues	\$ 119,162	\$ 113,403	\$ 5,759	5.1%
DIRECT EXPENSES				
Administrative Expenses				
Personnel	\$ (35,716)	\$ (36,328)	\$ 612	-1.7%
Pension	(1,499)	(10,000)	8,501	-85.0%
OPEB	(1,300)	(3,000)	1,700	-56.7%
Other Payroll Added Costs	(6,315)	(6,308)	(7)	0.1%
Professional Services	(8,484)	(7,264)	(1,220)	16.8%
Information Technology	(7,415)	(8,026)	611	-7.6%
Leased Office Space	(5,217)	(5,006)	(211)	4.2%
Operating Costs	(4,416)	(4,347)	(69)	1.6%
Grant Expenditures	(20,700)	(25,200)	4,500	-17.9%
Insurance Claims	(1,594)	(3,810)	2,216	-58.2%
Total Direct Expenses	\$ (92,657)	\$ (109,289)	\$ 16,632	-15.2%
Investment in Future Income				
Servicing Rights Purchases (Production)	\$ (6,575)	\$ (5,300)	\$ (1,275)	24.1%
Costs of Issuance	(5,680)	(4,850)	(830)	17.1%
Total Investment in Future Income	\$ (12,255)	\$ (10,150)	\$ (2,105)	20.74%
NET INCOME	\$ 14,250	\$ (6,036)	\$ 20,286	336.1%

Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates by Business Line
Proposed Budget For FY 2022
Exhibit 2
(in millions)

	Home Ownership	Rental Areas	Mortgage Insurance Fund	Opportunity Fund	Corporate	FY 2022 Budget Total	FY 2021 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change
REVENUES									
New Lending									
Premiums on Loans Sold	\$ 3,275	\$ 3,000	\$ -	\$ -	\$ -	\$ 6,275	\$ 4,000	\$ 2,275	56.9%
Transaction & Underwriting Fees	792	14,400	5,469	-	-	20,661	19,664	997	5.1%
Warehousing/Construction Notes, net	746	228	-	-	-	974	(102)	1,076	-1055.8%
Fees - Other (AHT, Other)	-	300	-	-	-	300	300	-	0.0%
Total New Lending Income	4,813	17,928	5,469	-	-	28,210	23,862	4,348	18.2%
Servicing									
Override/Servicing Fee Income	9,778	27,644	-	-	-	37,422	36,523	899	2.5%
GNMA/FFB Servicing Fee Income	-	8,364	-	-	-	8,364	7,680	684	8.9%
Fees - Compliance Monitoring Fees	-	442	-	-	-	442	394	48	12.2%
Total Servicing Income	9,778	36,450	-	-	-	46,228	44,597	1,631	3.7%
Spread									
Bond Program Net Interest Spread	6,818	23,031	-	-	-	29,849	26,295	3,554	13.5%
WCF Net Interest Spread	-	8,029	-	-	-	8,029	7,082	947	13.4%
Risk Share Fee Income	-	3,284	-	-	-	3,284	2,750	534	19.4%
Loan Prepayment Fees	-	750	-	-	-	750	750	-	0.0%
Total Spread	6,818	35,094	-	-	-	41,912	36,877	5,035	13.7%
Investment Earnings, Grant Income, Other									
Investment Earnings	-	-	1,674	524	423	2,621	5,917	(3,296)	-55.7%
Grant Income	-	-	-	-	-	-	2,000	(2,000)	-100.0%
Other Income	-	-	-	66	125	191	150	41	27.3%
Total Investment Earnings, Grant Income, Other	-	-	1,674	590	548	2,812	8,067	(5,255)	-65.1%
Total Operating Revenues	\$ 21,409	\$ 89,472	\$ 7,143	\$ 590	\$ 548	\$ 119,162	\$ 113,403	\$ 5,759	5.1%
DIRECT EXPENSES									
Administrative Expenses									
Personnel	\$ (7,578)	\$ (13,155)	\$ (378)	\$ -	\$ (14,605)	\$ (35,716)	\$ (36,328)	\$ 612	-1.7%
Pension	(325)	(535)	(15)	-	(625)	(1,499)	(10,000)	8,501	-85.0%
OPEB	(285)	(465)	(10)	-	(540)	(1,300)	(3,000)	1,700	-56.7%
Other Payroll Added Costs	(1,375)	(2,245)	(60)	-	(2,635)	(6,315)	(6,308)	(7)	0.1%
Professional Services	(2,252)	(378)	(908)	-	(4,947)	(8,484)	(7,264)	(1,220)	16.8%
Information Technology	(1,745)	(257)	-	-	(5,413)	(7,415)	(8,026)	611	-7.6%
Leased Office Space	(1,077)	(1,921)	(50)	-	(2,170)	(5,217)	(5,006)	(211)	4.2%
Operating Costs	(1,102)	(226)	(13)	-	(3,076)	(4,416)	(4,347)	(69)	1.6%
Grant Expenditures	-	-	-	(20,700)	-	(20,700)	(25,200)	4,500	-17.9%
Insurance Claims	-	-	(1,594)	-	-	(1,594)	(3,810)	2,216	-58.2%
Total Direct Expenses	\$ (15,740)	\$ (19,181)	\$ (3,027)	\$ (20,700)	\$ (34,009)	\$ (92,657)	\$ (109,289)	\$ 16,632	-15.2%
Investment in Future Income									
Servicing Rights Purchases (Production)	\$ (6,575)	\$ -	\$ -	\$ -	\$ -	\$ (6,575)	\$ (5,300)	\$ (1,275)	24.1%
Costs of Issuance	(2,550)	(3,130)	-	-	-	(5,680)	(4,850)	(830)	17.1%
Total Investment in Future Income	\$ (9,125)	\$ (3,130)	\$ -	\$ -	\$ -	\$ (12,255)	\$ (10,150)	\$ (2,105)	20.74%
NET INCOME	\$ (3,456)	\$ 67,161	\$ 4,116	\$ (20,110)	\$ (33,461)	\$ 14,250	\$ (6,036)	\$ 20,286	336.1%

**Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Income Streams
Proposed Budget For FY 2022**

**Exhibit 3
(in millions)**

	FY 2022 Budget Total	FY 2021 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change	FY 2021 Projection Total
Ongoing Revenue from Past Activities					
Bond Program Net Interest Spread	\$ 29,849	\$ 26,295	3,554	13.5%	\$ 29,069
Override/Service Fee Income	37,422	36,523	899	2.5%	35,520
GNMA/FFB Servicing Fee Income	8,364	7,680	684	8.9%	8,076
Risk Share Fee Income	3,284	2,750	534	19.4%	2,750
WCF Net Interest Spread	8,029	7,082	947	13.4%	13,301
Loan Prepayment Fees	750	750	-	0.0%	1,875
Investment Earnings	423	2,337	(1,914)	-81.9%	1,304
Other Income	125	150	(25)	-16.7%	124
Total - Ongoing Revenue from Past Activities	\$ 88,246	\$ 83,567	4,679	5.6%	\$ 92,019
Current Year Activity - Fee Revenue					
Premiums on Loans Sold	\$ 6,275	\$ 4,000	\$ 2,275	56.9%	\$ 13,267
Transaction & Underwriting Fees	15,192	14,385	807	5.6%	10,217
Warehousing/Construction Notes, net	974	(102)	1,076	-1055.8%	(2,259)
Unusual Loan Related Income	-	-	-	-	23,699
Fees - Other (AHT, Other)	300	300	-	0.0%	2,498
Fees - Compliance Monitoring Fees	442	394	48	12.2%	267
Total Current Year Activity - Fee Revenue	\$ 23,183	\$ 18,977	\$ 4,206	22.2%	\$ 47,689
Current Year Activity - Operating Costs					
Administrative Expenses					
Personnel	\$ (35,338)	\$ (36,007)	\$ 669	-1.9%	\$ (34,904)
Pension	(1,485)	(9,980)	8,495	-85.1%	(22,541)
OPEB	(1,290)	(2,985)	1,695	-56.8%	(3,265)
Other Payroll Added Costs	(6,255)	(6,228)	(27)	0.4%	(6,029)
Professional Services	(7,577)	(6,482)	(1,095)	16.9%	(5,912)
Information Technology	(7,415)	(8,026)	611	-7.6%	(7,161)
Leased Office Space	(5,168)	(4,976)	(191)	3.8%	(5,226)
Operating Costs	(4,403)	(4,325)	(78)	1.8%	(3,838)
Total Current Year Activity - Operating Costs	\$ (68,930)	\$ (79,009)	\$ 10,079	-12.8%	\$ (88,876)
Available Net Income - Cash	\$ 42,499	\$ 23,536	\$ 18,964	80.6%	\$ 50,832
Investment in Future Income					
Servicing Rights Purchases (Production)	\$ (6,575)	\$ (5,300)	\$ (1,275)	24.1%	\$ (8,179)
Costs of Issuance	(5,680)	(4,850)	(830)	17.1%	(7,229)
Total Investment in Future Income	\$ (12,255)	\$ (10,150)	\$ (2,105)	20.74%	\$ (15,408)
MIF					
Transaction & Underwriting Fees	\$ 5,469	\$ 5,279	\$ 190	3.6%	\$ 6,280
Investment Earnings	1,674	1,826	(152)	-8.3%	2,044
Personnel	(378)	(321)	(57)	17.7%	(174)
Pension	(15)	(20)	5	-25.0%	(40)
OPEB	(10)	(15)	5	-33.3%	(35)
Other Payroll Added Costs	(60)	(80)	20	-24.9%	(115)
Professional Services	(908)	(782)	(126)	16.1%	(549)
Leased Office Space	(50)	(30)	(20)	66.2%	(31)
Operating Costs	(13)	(22)	9	-42.3%	(17)
Insurance Claims	(1,594)	(3,810)	2,216	-58.2%	(1,158)
Total MIF	\$ 4,116	\$ 2,024	\$ 2,091	103.3%	\$ 6,201
Opportunity Fund					
Investment Earnings	\$ 524	\$ 1,754	\$ (1,230)	-70.1%	\$ 453
Grant Income	-	2,000	(2,000)	100.0%	7,800
Other Income	66	-	66	-	80
Grant Expenditures	(20,700)	(25,200)	4,500	-17.9%	(1,190)
Total Opportunity Fund	\$ (20,110)	\$ (21,446)	\$ 1,336	-6.2%	\$ 7,143
NET INCOME	\$ 14,250	\$ (6,036)	\$ 20,286	336.1%	\$ 48,768

**Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Sustainable Core
Proposed Budget For FY 2022
Exhibit 4
(in millions)**

	FY 2022 Budget Total	FY 2021 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change
WCF - Operating Income				
Override/Servicing Fee Income	37,422	36,523	899	2.5%
GNMA/FFB Servicing Fee Income	8,364	7,680	684	8.9%
Risk Share Fee Income	3,284	2,750	534	19.4%
WCF Net Interest Spread	8,029	7,082	947	13.4%
Loan Prepayment Fees	750	750	-	0.0%
Investment Earnings	423	2,337	(1,914)	-81.9%
Other Income	125	150	(25)	-16.7%
Premiums on Loans Sold	6,275	4,000	2,275	56.9%
Transaction & Underwriting Fees	15,192	14,385	807	5.6%
Warehousing/Construction Notes, net	974	(102)	1,076	-1055.8%
Fees - Other (AHT, Other)	300	300	-	0.0%
Fees - Compliance Monitoring Fees	442	394	48	12.2%
Unusual Loan Related Income	-	-	-	-
Total WCF - Operating Income	\$ 81,580	\$ 76,249	5,331	7.0%
WCF - Operating Costs				
Administrative Expenses				
Personnel	\$ (35,338)	\$ (36,007)	\$ 669	-1.9%
Pension	(1,485)	(9,980)	8,495	-85.1%
OPEB	(1,290)	(2,985)	1,695	-56.8%
Other Payroll Added Costs	(6,255)	(6,228)	(27)	0.4%
Professional Services	(7,577)	(6,482)	(1,095)	16.9%
Information Technology	(7,415)	(8,026)	611	-7.6%
Leased Office Space	(5,168)	(4,976)	(191)	3.8%
Operating Costs	(4,403)	(4,325)	(78)	1.8%
Servicing Rights Purchases (Production)	(6,575)	(5,300)	(1,275)	24.1%
Total WCF - Operating Costs	\$ (75,505)	\$ (84,309)	\$ 8,804	-10.4%
Excess of Revenues over Expenses	\$ 6,075	\$ (8,059)	\$ 14,135	175.4%
Transfers From the Bond Programs				
Multi-Family Bond Programs - Housing Bonds	\$ 15,000	\$ 8,878	\$ 6,122	69.0%
Multi-Family Bond Programs - Other	3,957	4,422	(465)	-10.5%
Single Family Bond Programs	70	154	(84)	-54.5%
Total Transfers From the Bond Programs	\$ 19,027	\$ 13,454	\$ 5,573	-41.4%
Excess After Transfers from Bond Programs	\$ 25,102	\$ 5,395	\$ 19,708	-365.3%
Transfer to Opportunity Fund	\$ 12,551	\$ 4,697	\$ 7,854	-167.2%
Multi-Family Bond Program				
Bond Program Net Interest Spread	\$ 23,031	\$ 16,921	6,110	36.1%
Costs of Issuance	(3,130)	(2,300)	(830)	36.1%
Total Multi-Family Bond Program	\$ 19,901	\$ 14,621	\$ 5,280	36.1%
Single Family Bond Program				
Bond Program Net Interest Spread	\$ 6,818	\$ 9,374	(2,556)	-27.3%
Costs of Issuance	(2,550)	(2,550)	-	0.0%
Total Single Family Bond Program	\$ 4,268	\$ 6,824	\$ (2,556)	-37.5%
Total Bond Programs	\$ 24,169	\$ 21,445	\$ 2,724	12.7%
MIF				
Transaction & Underwriting Fees	\$ 5,469	\$ 5,279	\$ 190	3.6%
Investment Earnings	1,674	1,826	(152)	-8.3%
Income - Other	-	-	-	-
Personnel	(378)	(321)	(57)	17.7%
Pension	(15)	(20)	5	-25.0%
OPEB	(10)	(15)	5	-33.3%
Other Payroll Added Costs	(60)	(80)	20	-24.9%
Professional Services	(908)	(782)	(126)	16.1%
Information Technology	-	-	-	-
Leased Office Space	(50)	(30)	(20)	66.2%
Operating Costs	(13)	(22)	9	-42.3%
Insurance Claims	(1,594)	(3,810)	2,216	-58.2%
Total MIF	\$ 4,116	\$ 2,024	\$ 2,091	103.3%
Opportunity Fund				
Investment Earnings	\$ 524	\$ 1,754	\$ (1,230)	-70.1%
Grant Income	-	2,000	(2,000)	100.0%
Other Income	66	-	66	-
Grant Expenditures	(20,700)	(25,200)	4,500	-17.9%
Total Opportunity Fund	\$ (20,110)	\$ (21,446)	\$ 1,336	-6.2%
NET INCOME	\$ 14,250	\$ (6,036)	\$ 20,286	336.1%

Exhibit 5

Glossary of Terms used in MassHousing's Fiscal Plan for FY 2022

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 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.
- Other Income, which represents revenue not included elsewhere (eg., AHTF fee income).

Servicing Income, Spread, and Investment Earnings

- 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).
- HO and Rental 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. 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.
- Grant Income, which are grants received to further the Agency's mission. This includes grants received from the Commonwealth, the Federal Home Loan Bank ("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 (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).

- **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.

- **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.

- **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.