

Mortgage Insurance Fund (MIF) Committee
Meeting Minutes – March 11, 2025

The regular meeting of the Mortgage Insurance Fund Committee of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on March 11, 2025. 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:

Rachel Madden
Mounzer Aylouche
Paul Hagerty
Patricia McArdle

Members absent:

Peter Milewski

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 November 12, 2024, are hereby approved and placed on record.

Tom Norton provided an overview of MIF production for CY2024. He shared that during the year, both loan count and insurance in force were up with activations outpacing cancellations and amortization by 464 loans and \$204.2 million in insurance in force. We paid 12 MI claims, 289 MIPlus benefits and delinquency counts were steady. He pointed out that there were 1,590 MI applications of which 15 were MI Only applications and 1,575 MI Applications for MassHousing loans. There were 11 MI Only Production loans for \$3.5 million. Insured loans at the beginning of the year were 10,218, with a balance of roughly 2.56 billion. There were 921 cancelled loans totaling \$207 million. At the end of CY2024, insured loans numbered 10,682 and totaled approximately \$2.76 billion. Mr. Norton explained that the cancellation rate, while high, was relatively lower than those of the major MI companies.

He stated that our financial position and loan characteristics remain strong and that we implemented a new reinsurance agreement at the beginning of the year, raised the monthly MIPlus cap to \$4,000 per month and successfully launched an API for data reconciliation with

Freddie Mac, are working on an API with Freddie Mac on MI claims and have started discussions with Fannie Mae on similar APIs.

In terms of reinsurance, the total MI risk, according to Mr. Norton, was up by \$33.1 million in CY2024, while net MI risk was only up by \$1.8 million. He explained that reinsurance allows for growth in the portfolio without the corresponding increase in risk.

Ms. Qi Hong Li presented on the loan characteristics for CY2024. FICO was at 734, DTI at 41.1%, LTV at 92% and CLTV 99.2%. Borrowers making less than 60% AMI were 16.3%; those making less than 80% were 39.7% and those making less than 100% AMI were 65.1%. Gateway City loans were 54.7% and loans to minority households, 51.6%. Ms. Li continued that the loan delinquencies totaled 281 loans, with a delinquency rate of 2.75% on 12/31/23 compared to 281 delinquencies and a rate of 2.63% on 12/31/24. She noted that there was no change in loan count and that default count remains the same as the end of 2023 but down 12 basis points in default rate, and that the additional loan count accounts for the rate-differential. According to her defaults have been trending down since 12/31/20 when we had 852 defaults and a default rate of 7.92%.

Regarding MI claims and MIPlus benefits, Ms. Li shared that there were 12 MI claims in CY2024 for \$500K, 289 benefits to 80 borrowers for \$363K. This is up 78% compared to 156 benefits to 45 borrowers for \$204k in 2023. The ever-to-date (ETD) MIPlus benefit is 7,210 at \$7.1 million to 1,505 borrowers. There's been 1366 ETD MI Claims paid totaling \$72.5 million at an average payment of \$53 thousand. Ms. Li extoled the benefits of reinsurers and provided supporting data that showed that of the total claims paid from 2003 to 2024, reinsurers paid \$54.5 million (83%) in claims while MIF paid 11.1 million (17%).

Mr. Norton provided the financial results for CY24, stating that net operating income on a cash basis is \$6.32 million. He indicated that the premium income decreased by \$143K from CY23, while investment income went up by \$853K. Operating income is down by \$136K from CY23, net premium after insurance is also down by \$531K, but administrative expense is down by \$110K and the investment income is up \$853K. On a cash basis, the Fund balance is \$146.2 million.

For the unpaid claim estimates (UCE), which represent the estimate of expected losses from current delinquencies, incurred but not reported (IBNR) losses, and MI Plus expected losses, the provision for losses increased to \$162K in 2Q24 despite an increase in delinquencies by 19 loans. Mr. Norton explained that the increase was due primarily to more delinquent loans in the inventory without reinsurance coverage, an overall increase in delinquent loans as well as an increase in active MIPlus borrowers.

Regarding PMIERS, our total available assets are \$135.4 million on 12/31/24. Our minimum required asset is \$50 million, and our calculated required asset amount is \$13.9 million. The

percentage of total available assets to calculated required assets is 973%.

Mr. Norton then delivered on the future of MIF noting the incredible growth of the MIF since its inception and its impact on making mortgages affordable for low-to-moderate income borrowers. He announced that he was retiring after 24 years with the MIF and that Qi Hong Li will be taking over as Director of the MIF, that Alexander Burbine will be the new Assistant Risk Manager of the MIF. He thanked members of the MIF committee, especially Peter Milewski who he credited as the brainchild of MIF and its success. There were congratulatory messages to Mr. Norton. Patricia McArdle also announced the end of her term on the committee.

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

The meeting concluded at approximately 1:29 pm

A true record.

Attest.



Colin M. McNiece
Secretary