



Massachusetts Housing Finance Agency
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Mortgage Insurance Fund (MIF) Committee
Meeting Minutes

The regular meeting of the Mortgage Insurance Fund Committee of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on May 11, 2021. In accordance with the Order Suspending Certain Provisions of the Open Meeting Law, G.L. c.30A Section 20 issued by Governor Baker on March 12, 2020, 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:

Michael Dirrane
Peter Milewski
Rachel Madden
Steven Vickery
Mounzer Aylouche

MassHousing Staff Present: Laurie Bennet
Tom Norton
Lisa Fiandaca
Kevin Mello
Colin McNiece
Peter Cooper

Guests: Ken Bjurstrom, Milliman, Inc.

The meeting began at 1:00 p.m.

The first order of business was 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 February 9, 2021 are hereby approved and placed on record.

Ken Bjurstrom presented an overview of the services Milliman, Inc. provides for the MIF, outlining their activities around risk management, audit requirements, regulatory requirements and various ad hoc analytics. He highlighted the weekly and monthly monitoring of MI+ borrowers during COVID and noted their state-of-the-art modeling capabilities.

Mr. Norton asked for additional detail on risk-based pricing and Mr. Dirrane note he had a similar interest and asked if the MIF is being pilfered by risk-based pricing models and whether there is an opportunity for MassHousing to capture or retain that activity.

Mr. Bjurstrom responded that, yes, analytics are becoming more sophisticated, and market is becoming accustomed to the availability of increasing data and more granular pricing. He noted that we are seeing some adverse selection in MA but that there is much competition in DPA products. He explained that Milliman is currently monitoring and at some point, may want to do more in-depth study but would need certain technology at the point of sale, which isn't yet but is expected to become available to MIF. He also noted that the Agency has a very solid reinsurance program and capital base.

Mr. Dirrane asked if we are seeing deterioration in diversity within the portfolio and noting, that FICO scores are implicitly biased, asked if there might be a way for MassHousing to do something differently.

Mr. Bjurstrom noted that there are alternative data sets becoming available and new financial platform services. He noted however, that because 90-95% of the loans are purchased by the GSEs, their criteria and standards are still controlling, and it may be difficult to implement alternatives without carrying those loans on your own balance sheet.

Tom Norton then presented a summary of the third quarter's performance. He noted that the new reinsurance agreements were completed and that applications were relatively strong. Activity was strong for a winter quarter, but cancellations were up significantly. Loan characteristics continue to be very good.

Peter Milewski noted that the loan characteristics looked exceptionally good with respect to mission objectives, calling out the minority participation and income brackets.


Mr. Norton noted that it was the highest quarter ever for minority penetration and that defaults have been trending downward since the historical peak at prior year end.

There being no other old or new business on the Agency, the members then voted to adjourn.

The meeting concluded at approximately 1:51 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary

Meeting Materials:

- (i) MassHousing Actuarial Services, May 11, 2021 (Milliman, Inc.)
- (ii) Q3FY21 MIF Performance, May 11, 2021