

Mortgage Insurance Fund (MIF) Committee
Meeting Minutes – November 8, 2022

The regular meeting of the Mortgage Insurance Fund Committee of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on November 8, 2022. 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 those members present, it was:

VOTED: That the minutes of the meeting held on September 13, 2022 are hereby approved and placed on record.

Michael Dirrane joined following the vote on the minutes.

Tom Norton presented a summary of MIF production in the first quarter of fiscal year 2023. He noted that cancellations continued to decline and activations increase over the prior quarter, and that insurance in force and the loan count appears to have stabilized and was up in October.

Peter Milewski asked what impact interest rates may have on the portfolio. Mr. Norton responded that the Fund is expecting to see less run-off and the market is not seeing a big drop-off in property values. He noted that historically, higher rates have meant better loans. Mounzer Aylouche added that the homebuyer industry has struggled lately but the launch of the MassDREAMS program spurred a tremendous increase in production. Mr. Aylouche continued to describe the MassDREAMS program and informed the body that over \$6.5 million had been awarded since the program launch in mid-September.

Mr. Norton continued with a summary of the loan characteristics and trends, citing the significant production in Gateway Cities and among minority borrowers. He noted that defaults continue to trend down and are significantly lower than the same period last year. There were no MI claims paid during the quarter and MIPlus claims have slowed too. Net operating income is down over the same period as last year, primarily due to increase administrative expense of deploying the new technology platform. Capacity continues to be strong with a capital adequacy ratio of 253% without reinsurance and 363% with full reinsurance credit. The PMIERS calculated asset amount is \$14.4 million and the percentage of total assets to the calculated required assets is 828%.


Mr. Norton then summarized the loan characteristics under the risk-based pricing model, noting that the data is still a small sample given the low production since its launch. FICO scores were down approximately 10 points and the CLTV/LTV differential increased slightly. Milliman is reviewing now.

Mr. Dirrane noted that the original establishment of MIF was based in part on market conditions that we may be seeing again soon. He asked how many more loans we could do in MassDREAMS. Mr. Aylouche said he expected to have the current funds subscribed by the end of January.

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

The meeting concluded at approximately 1:37 pm

A true record.

Attest


Colin M. McNiece
Secretary

Meeting Materials:

- Mortgage Insurance Fund Updates, MIF Committee, November 8, 2022