

Income and Expenses for the Massachusetts Housing Finance Agency and Affiliates
Proposed Budget For FY 2024
Exhibit 1
(in millions)

	FY 2024 Budget Total	FY 2023 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change	FY 2023 Projection Total	FY 2024 Budget to FY 2023 Proj \$ Change	Budget to Projection % Change
INCOME							
Lending							
Transaction & Underwriting Fees	\$ 11,883	\$ 14,149	\$ (2,266)	-16.0%	\$ 13,251	\$ (1,368)	-10.3%
Premiums on Loans Sold	3,595	4,543	(948)	-20.9%	4,865	(1,270)	-26.1%
Warehousing/Construction Notes, net	(365)	1,329	(1,694)	-127.5%	1,513	(1,878)	-124.1%
Fees - Other (AHTF, ARPA, Other)	500	1,650	(1,150)	-69.7%	1,710	(1,210)	-70.8%
Total Lending Income	15,613	21,671	(6,058)	-28.0%	21,339	(5,726)	-26.8%
Servicing							
Override/Servicing Fee Income	40,508	36,807	3,701	10.1%	38,661	1,847	4.8%
GNMA/FFB Servicing Fee Income	10,479	9,993	486	4.9%	10,421	58	0.6%
Fees - Other	361	420	(59)	-14.0%	420	(59)	-14.0%
Total Servicing Income	51,348	47,220	4,128	8.7%	49,502	1,846	3.7%
Net Interest Spread							
Bond Program Net Interest Spread	34,995	27,632	7,363	26.6%	36,436	(1,441)	-4.0%
WCF Net Interest Spread	10,170	8,553	1,617	18.9%	10,756	(586)	-5.4%
Risk Share Fee Income	3,133	2,794	339	12.1%	3,010	123	4.1%
Loan Prepayment Fees	750	1,500	(750)	-50.0%	1,494	(744)	-49.8%
Total Net Interest Spread	49,048	40,479	8,569	21.2%	51,696	(2,648)	-5.1%
Mortgage Insurance Fund (MIF)							
MIF Fee Income	4,924	4,474	450	10.1%	8,447	(3,523)	-41.7%
MIF Investment Earnings	3,168	1,857	1,311	70.6%	1,925	1,243	64.6%
MIF Insurance Claims	(580)	(575)	(5)	0.9%	(282)	(298)	105.7%
MIF Expenses	(1,640)	(1,375)	(265)	19.3%	(1,708)	68	-4.0%
Total MIF Income	5,872	4,381	1,491	34.0%	8,382	(2,510)	-29.9%
Investment Earnings, Other Income							
Corporate	9,946	2,682	7,264	270.8%	7,434	2,512	33.8%
Opportunity Fund	5,241	2,029	3,212	158.3%	2,537	2,704	106.6%
Total Investment Earnings, Other Income	15,187	4,711	10,476	222.4%	9,971	5,216	52.3%
Investment in Future Income							
Servicing Rights Purchased	\$ (4,350)	\$ (4,350)	\$ -	0.0%	\$ (5,924)	\$ 1,574	-26.6%
Mortgage Origination Expense	(3,246)	-	(3,246)	-	(4,631)	1,385	-29.9%
Costs of Issuance	(7,025)	(6,855)	(170)	2.5%	(8,126)	1,101	-13.5%
Total Investment in Future Income	\$ (14,621)	\$ (11,205)	\$ (3,416)	30.49%	\$ (18,681)	\$ 4,060	-21.73%
TOTAL INCOME	\$ 122,447	\$ 107,257	\$ 15,190	14.2%	\$ 122,209	\$ 238	0.2%
CORPORATE EXPENSES							
Payroll	\$ (40,968)	\$ (37,608)	\$ (3,360)	8.9%	\$ (37,711)	\$ (3,257)	8.6%
Related Personnel Expenses	(5,724)	(2,428)	(3,296)	135.7%	(2,428)	(3,296)	135.7%
Pension & OPEB	(6,812)	(6,399)	(413)	6.5%	(6,277)	(535)	8.5%
Professional Services	(6,222)	(5,970)	(252)	4.2%	(6,178)	(44)	0.7%
Information Technology	(11,150)	(11,206)	56	-0.5%	(11,206)	56	-0.5%
Leased Office Space	(4,849)	(5,220)	371	-7.1%	(5,055)	206	-4.1%
Operating Costs	(5,119)	(5,350)	231	-4.3%	(4,337)	(782)	18.0%
Total Corporate Expenses	\$ (80,844)	\$ (74,181)	\$ (6,663)	9.0%	\$ (73,192)	\$ (7,652)	10.5%
NET INCOME BEFORE GRANT ACTIVITY	\$ 41,603	\$ 33,076	\$ 8,527	25.8%	\$ 49,017	\$ (7,414)	-15.1%
Grant Activity							
Grant Income	50,748	6,622	44,126	666.4%	113,182	(62,434)	-55.2%
Grant Disbursements	(106,947)	(24,523)	(82,424)	336.1%	(62,969)	(43,978)	69.8%
Net Grant Activity	(56,199)	(17,901)	(38,298)	213.9%	50,213	(106,412)	-211.9%
NET INCOME (LOSS)	\$ (14,596)	\$ 15,175	\$ (29,771)	-196.2%	\$ 99,230	\$ (113,826)	-114.7%

Income and Expenses for the Massachusetts Housing Finance Agency and Affiliates by Business Line
Proposed Budget For FY 2024
Exhibit 2
(in millions)

	MF	HO	MIF	Mission	Corporate	FY 2024 Budget Total	FY 2023 Budget Total	FY 2023 Projection Total	FY 2024 Budget to FY 2023 Proj \$ Change	Budget to Projection % Change
INCOME										
Lending										
Transaction & Underwriting Fees	\$ 11,823	\$ 60	\$ -	\$ -	\$ -	\$ 11,883	\$ 14,149	\$ 13,251	\$ (1,368)	-10.3%
Premiums on Loans Sold	1,280	2,315	-	-	-	3,595	4,543	4,865	(1,270)	-26.1%
Warehousing/Construction Notes, net	786	(1,151)	-	-	-	(365)	1,329	1,513	(1,878)	-124.1%
Fees - Other (AHTF, ARPA, Other)	500	-	-	-	-	500	1,650	1,710	(1,210)	-70.8%
Total Lending Income	14,389	1,224	-	-	-	15,613	21,671	21,339	(5,726)	-26.8%
Servicing										
Override/Servicing Fee Income	29,990	10,518	-	-	-	40,508	36,807	38,661	1,847	4.8%
GNMA/FFB Servicing Fee Income	10,479	-	-	-	-	10,479	9,993	10,421	58	0.6%
Fees - Other	361	-	-	-	-	361	420	420	(59)	-14.0%
Total Servicing Income	40,830	10,518	-	-	-	51,348	47,220	49,502	1,846	3.7%
Net Interest Spread										
Bond Program Net Interest Spread	25,629	9,366	-	-	-	34,995	27,632	36,436	(1,441)	-4.0%
WCF Net Interest Spread	10,170	-	-	-	-	10,170	8,553	10,756	(586)	-5.4%
Risk Share Fee Income	3,133	-	-	-	-	3,133	2,794	3,010	123	4.1%
Loan Prepayment Fees	750	-	-	-	-	750	1,500	1,494	(744)	-49.8%
Total Net Interest Spread	39,682	9,366	-	-	-	49,048	40,479	51,696	(2,648)	-5.1%
Mortgage Insurance Fund (MIF)										
MIF Fee Income	-	-	4,924	-	-	4,924	4,474	8,447	(3,523)	-41.7%
MIF Investment Earnings	-	-	3,168	-	-	3,168	1,857	1,925	1,243	64.6%
MIF Insurance Claims	-	-	(580)	-	-	(580)	(575)	(282)	(298)	105.7%
MIF Expenses	-	-	(1,640)	-	-	(1,640)	(1,375)	(1,708)	68	-4.0%
Total MIF Income	-	-	5,872	-	-	5,872	4,381	8,382	(2,510)	-29.9%
Investment Earnings, Other Income										
Corporate	-	-	-	-	9,946	9,946	2,682	7,434	2,512	33.8%
Opportunity Fund	-	-	-	5,241	-	5,241	2,029	2,537	2,704	-
Total Investment Earnings, Other Income	-	-	-	5,241	9,946	15,187	4,711	9,971	5,216	52.3%
Investment in Future Income										
Servicing Rights Purchased	\$ -	\$ (4,350)	\$ -	\$ -	\$ -	\$ (4,350)	\$ (4,350)	\$ (5,924)	\$ 1,574	-26.6%
Mortgage Origination Expense	-	(3,246)	-	-	-	(3,246)	-	(4,631)	1,385	-
Costs of Issuance	(4,250)	(2,775)	-	-	-	(7,025)	(6,855)	(8,126)	1,101	-13.5%
Total Investment in Future Income	\$ (4,250)	\$ (10,371)	\$ -	\$ -	\$ -	\$ (14,621)	\$ (11,205)	\$ (18,681)	\$ 4,060	-21.73%
Total Income	\$ 90,651	\$ 10,737	\$ 5,872	\$ 5,241	\$ 9,946	\$ 122,447	\$ 107,257	\$ 122,209	\$ 238	0.2%
CORPORATE EXPENSES										
Payroll	\$ -	\$ -	\$ -	\$ -	\$ (40,968)	\$ (40,968)	\$ (37,608)	\$ (37,711)	\$ (3,257)	8.6%
Related Personnel Expenses	-	-	-	-	(6,812)	(6,812)	(6,399)	(6,277)	(535)	8.5%
Pension & OPEB	-	-	-	-	(5,724)	(5,724)	(2,428)	(2,428)	(3,296)	135.7%
Professional Services	-	-	-	-	(6,222)	(6,222)	(5,970)	(6,178)	(44)	0.7%
Information Technology	-	-	-	-	(11,150)	(11,150)	(11,206)	(11,206)	56	-0.5%
Leased Office Space, net	-	-	-	-	(4,849)	(4,849)	(5,220)	(5,055)	206	-4.1%
Operating Costs	-	-	-	-	(5,119)	(5,119)	(5,350)	(4,337)	(782)	18.0%
Total Corporate Expenses	\$ -	\$ -	\$ -	\$ -	\$ (80,844)	\$ (80,844)	\$ (74,181)	\$ (73,192)	\$ (7,652)	10.5%
NET INCOME (LOSS) BEFORE GRANT ACTIVITY	\$ 90,651	\$ 10,737	\$ 5,872	\$ 5,241	\$ (70,898)	\$ 41,603	\$ 33,076	\$ 49,017	\$ (7,414)	-15.1%
Grant Activity										
Grant Income	-	-	-	50,748	-	50,748	6,622	113,182	(62,434)	-
Grant Disbursements	-	-	-	(106,947)	-	(106,947)	(24,523)	(62,969)	(43,978)	69.8%
Net Grant Activity	-	-	-	(56,199)	-	(56,199)	(17,901)	50,213	(106,412)	-211.9%
NET INCOME (LOSS)	\$ 90,651	\$ 10,737	\$ 5,872	\$ (50,958)	\$ (70,898)	\$ (14,596)	\$ 15,175	\$ 99,230	\$ (113,826)	-114.7%

Income and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Sustainable Core
Proposed Budget For FY 2024
Exhibit 3
(in millions)

	FY 2024 Budget Total	FY 2023 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change	FY 2023 Projection Total	FY 2024 Budget to FY 2023 Proj \$ Change	Budget to Projection % Change
WCF - Operating Income							
Override/Servicing Fee Income	\$ 40,508	\$ 36,807	\$ 3,701	10.1%	\$ 38,661	\$ 1,847	4.8%
Transaction & Underwriting Fees	11,883	14,149	(2,266)	-16.0%	13,251	(1,368)	-10.3%
GNMA/FFB Servicing Fee Income	10,479	9,993	486	4.9%	10,421	58	0.6%
WCF Net Interest Spread	10,170	8,553	1,617	18.9%	11,379	(1,209)	-10.6%
Investment Earnings	10,036	2,248	7,788	346.4%	7,560	2,476	32.8%
Premiums on Loans Sold	3,595	4,543	(948)	-20.9%	4,865	(1,270)	-26.1%
Risk Share Fee Income	3,133	2,794	339	12.1%	3,010	123	4.1%
Fees - Other (AHTF, ARPA, Other)	771	2,504	(1,733)	-69.2%	2,004	(1,233)	-61.5%
Loan Prepayment Fees	750	1,500	(750)	-50.0%	1,494	(744)	-49.8%
Warehousing/Construction Notes, net	(365)	1,329	(1,694)	-127.5%	1,513	(1,878)	-124.1%
Servicing Rights Purchased	(4,350)	(4,350)	-	0.0%	(5,924)	1,574	-26.6%
Total WCF - Operating Income	\$ 86,610	\$ 80,070	\$ 6,540	8.2%	\$ 88,234	\$ (1,624)	-1.8%
WCF - Operating Costs							
Payroll & Related Personnel Expenses	\$ (53,504)	\$ (46,435)	\$ (7,069)	15.2%	\$ (46,416)	\$ (7,088)	15.3%
Administrative Expenses	(27,340)	(27,746)	406	-1.5%	(26,776)	(564)	2.1%
Total WCF - Operating Costs	\$ (80,844)	\$ (74,181)	\$ (6,663)	9.0%	\$ (73,192)	\$ (7,652)	10.5%
Excess of Revenues over Expenses	\$ 5,766	\$ 5,889	\$ (123)	-2.1%	\$ 15,042	\$ (9,276)	-61.7%
Transfers From the Bond Programs							
MF Bond Programs - Housing Bonds	\$ 15,000	\$ 14,500	\$ 500	3.4%	\$ 14,500	\$ 500	3.4%
MF Bond Programs - Other	3,221	2,968	253	8.5%	2,968	253	8.5%
SF Bond Programs	72	16	56	350.0%	16	56	350.0%
Total Transfers From the Bond Programs	\$ 18,293	\$ 17,484	\$ 809	4.6%	\$ 17,484	\$ 809	4.6%
Excess After Transfers from Bond Programs	\$ 24,059	\$ 23,373	\$ 686	2.9%	\$ 32,526	\$ (8,467)	-26.0%
Transfer to Opportunity Fund	\$ 12,030	\$ 11,687	\$ 343	2.9%	\$ 16,263	\$ (4,234)	-26.0%

Exhibit 4

Glossary of Terms used in MassHousing's Fiscal Plan for FY 2024

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.

Income

Production and Lending Income

- 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 Multifamily Lending (MF) loan commitments and closings. In Single Family (SF), these include borrower processing 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 SF lending activity, pending subsequent sale of the loans, or loans wrapped by Mortgage-Backed Securities (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 (Affordable Housing Trust Fund fee income).

Servicing Income, Net Interest Spread, and Investment Earnings

- Servicing income includes loan servicing fees, including Government National Mortgage Association (GNMA) and Federal Financing Bank (FFB) service fees, and contract administration fees from the U.S. Department of Housing and Urban Development (HUD).
- SF and MF Net Interest 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

Exhibit 4

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 the risk of a share of any loss for loans funded under the Risk Sharing Program for Insured Affordable MF 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, HO 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 (FHLB) of Boston are booked to WCF.
- Earnings from investments held by MassHousing in WCF and the Opportunity Fund, excluding Construction Loan Notes, and MIF.

Investment in Future Income

- **Servicing Rights Purchased**
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.

Corporate Expenses

- **Corporate Expenses**
Corporate 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). Corporate expenses also include the continuing support of community services such as TAP and Youth Residents Activities Program (Youth RAP). 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

Exhibit 4

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).

- **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.

Grant Activity

- **Grant Income**

Grants received to further the Agency's mission. This includes grants received from the Commonwealth, the Federal Government, FHLB, and the Capital Magnet Fund.

- **Grant Disbursements**

Grants expended to further the Agency's mission, which include grants from the Federal Government, the Commonwealth, funding for the Center for Community Recovery Innovations (CCRI) and the Opportunity Fund expenditures.