

Income and Expenses for the Massachusetts Housing Finance Agency and Affiliates
Proposed Budget for Fiscal Year 2026
Exhibit 1
(in thousands)

	FY 2026 Budget Total	FY 2025 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change	FY 2025 Projection Total	FY 2026 Budget to FY 2025 Proj \$ Change	Budget to Projection % Change
PRODUCTION							
Single-Family Production	\$ 500,000	\$ 475,000	\$ 25,000	5.3%	\$ 640,000	\$ (140,000)	-21.9%
Multifamily Production	760,900	715,000	45,900	6.4%	336,435	424,465	126.2%
Total Production	1,260,900	1,190,000	70,900	6.0%	976,435	284,465	29.1%
INCOME							
Multifamily							
Multifamily Lending	15,426	10,944	4,482	41.0%	12,824	2,602	20.3%
Multifamily Servicing	44,074	43,647	427	1.0%	43,964	110	0.3%
Multifamily Net Interest Spread	53,025	55,492	(2,467)	-4.4%	59,251	(6,226)	-10.5%
Subtotal - Multifamily Income	112,525	110,083	2,442	2.2%	116,039	(3,514)	-3.0%
Single-Family							
Single-Family Lending	3,592	994	2,598	261.4%	5,414	(1,822)	-33.7%
Single-Family Servicing (Net SRP)	7,249	7,014	235	3.4%	4,959	2,290	46.2%
Single-Family Net Interest Spread	14,335	14,026	309	2.2%	12,633	1,702	13.5%
Subtotal - Single-Family Income	25,176	22,034	3,142	14.3%	23,006	2,170	9.4%
Mortgage Insurance Fund (MIF)							
MIF Fee Income	5,620	4,680	940	20.1%	5,689	(69)	-1.2%
MIF Investment Earnings	4,722	4,131	591	14.3%	5,159	(437)	-8.5%
MIF Insurance Claims	(859)	(710)	(149)	21.0%	(511)	(348)	68.1%
MIF Expenses	(2,120)	(2,072)	(48)	2.3%	(1,901)	(219)	11.5%
Subtotal - MIF Income	7,363	6,029	1,334	22.1%	8,436	(1,073)	-12.7%
Investment Earnings, Other Income							
Corporate Income	8,998	12,274	(3,276)	-26.7%	15,942	(6,944)	-43.6%
Mission Income	13,043	2,133	10,910	511.5%	12,585	458	3.6%
Subtotal - Investment Earnings, Other Income	22,041	14,407	7,634	53.0%	28,527	(6,486)	-22.7%
TOTAL INCOME	\$ 167,105	\$ 152,553	\$ 14,552	9.5%	\$ 176,008	\$ (8,903)	-5.1%
CORPORATE EXPENSES							
Payroll & Related Personnel Expenses							
Payroll	\$ (48,095)	\$ (45,388)	\$ (2,707)	6.0%	\$ (44,897)	\$ (3,198)	7.1%
Related Personnel Expenses	(8,586)	(7,401)	(1,185)	16.0%	(7,671)	(915)	11.9%
Pension & OPEB	(6,014)	(5,920)	(94)	1.6%	(5,920)	(94)	1.6%
Subtotal - Payroll & Related Personnel Expenses	(62,695)	(58,709)	(3,986)	6.8%	(58,488)	(4,207)	7.2%
Administrative Expenses							
Professional Services	(4,840)	(3,702)	(1,138)	30.7%	(3,330)	(1,510)	45.3%
Information Technology	(11,621)	(12,153)	532	-4.4%	(11,622)	1	0.0%
Leased Office Space	(5,565)	(4,874)	(691)	14.2%	(5,052)	(513)	10.2%
Operating Costs	(4,905)	(4,993)	88	-1.8%	(4,506)	(399)	8.9%
Subtotal - Administrative Expenses	(26,931)	(25,722)	(1,209)	4.7%	(24,510)	(2,421)	9.9%
Mission Related Expenses from the WCF							
Mission Related Expenses from the WCF	(5,814)	(1,723)	(4,091)	237.4%	(3,151)	(2,663)	84.5%
Subtotal Mission Related Expenses from the WCF	\$ (5,814)	\$ (1,723)	\$ (4,091)	237.4%	\$ (3,151)	\$ (2,663)	84.5%
TOTAL EXPENSES	\$ (95,440)	\$ (86,154)	\$ (9,286)	10.8%	\$ (86,149)	\$ (9,291)	10.8%
NET INCOME (EXCLUDES GRANT ACTIVITY)	\$ 71,665	\$ 66,399	\$ 5,266	7.9%	\$ 89,859	\$ (18,194)	-20.2%
Grant Activity							
Grant Income	43,532	137,679	(94,147)	-68.4%	198,391	(154,859)	-78.1%
Grant Disbursements	(125,167)	(133,462)	8,295	-6.2%	(86,765)	(38,402)	44.3%
Net Grant Activity	(81,635)	4,217	(85,852)	-2035.9%	111,626	(193,261)	-173.1%
NET INCOME (INCLUDES GRANT ACTIVITY)	\$ (9,970)	\$ 70,616	\$ (80,586)	-114.1%	\$ 201,485	\$ (211,455)	-104.9%

Income and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Opportunity Fund Contribution
Proposed Budget for Fiscal Year 2026
Exhibit 2
(in thousands)

	FY 2026 Budget Total	FY 2025 Budget Total	Budget to Budget \$ Change	Budget to Budget % Change	FY 2025 Projection Total	FY 2026 Budget to FY 2025 Proj \$ Change	Budget to Projection % Change
WCF - Operating Income							
Multifamily Lending	15,426	10,944	4,482	41.0%	12,824	2,602	20.3%
Multifamily Servicing	44,074	43,647	427	1.0%	43,964	110	0.3%
WCF - Multifamily Net Interest Spread	19,321	15,470	3,851	24.9%	16,280	3,041	18.7%
Single-Family Lending	3,592	994	2,598	261.4%	5,414	(1,822)	-33.7%
Single-Family Servicing	7,249	7,014	235	3.4%	4,959	2,290	46.2%
WCF - Single-Family Net Interest Spread	624	617	7	1.1%	771	(147)	-19.1%
Corporate Income	8,998	12,274	(3,276)	-26.7%	15,942	(6,944)	-43.6%
Total WCF - Operating Income	99,284	90,960	8,324	9.2%	100,154	(870)	-0.9%
WCF - Operating Costs							
Payroll	\$ (48,095)	\$ (45,388)	\$ (2,707)	6.0%	\$ (44,897)	\$ (3,198)	7.1%
Related Personnel Expenses	(8,586)	(7,401)	(1,185)	16.0%	(7,671)	(915)	11.9%
Pension & OPEB	(6,014)	(5,920)	(94)	1.6%	(5,920)	(94)	1.6%
Professional Services	(4,840)	(3,702)	(1,138)	30.7%	(3,330)	(1,510)	45.3%
Information Technology	(11,621)	(12,153)	532	-4.4%	(11,622)	1	0.0%
Leased Office Space	(5,565)	(4,874)	(691)	14.2%	(5,052)	(513)	10.2%
Operating Costs	(4,905)	(4,993)	88	-1.8%	(4,506)	(399)	8.9%
Mission Related Expenses from the WCF	(5,814)	(1,723)	(4,091)	237.4%	(3,151)	(2,663)	84.5%
Total WCF - Operating Costs	\$ (95,440)	\$ (86,154)	\$ (9,286)	10.8%	\$ (86,149)	\$ (9,291)	10.8%
Excess of Revenues over Expenses	\$ 3,844	\$ 4,806	\$ (962)	-20.0%	\$ 14,005	\$ (10,161)	-72.6%
Transfers From the Bond Programs							
MF Bond Programs - Housing Bonds	15,000	15,000	-	0.0%	15,000	-	0.0%
MF Bond Programs - Other	2,303	3,165	(862)	-27.2%	3,165	(862)	-27.2%
SF Bond Programs	47	58	(11)	-19.0%	58	(11)	-19.0%
Total Transfers From the Bond Programs	17,350	18,223	(873)	-4.8%	18,223	(873)	-4.8%
Excess After Transfers from Bond Programs	\$ 21,194	\$ 23,029	\$ (1,835)	-8.0%	\$ 32,228	\$ (11,034)	-34.2%
Transfer to Opportunity Fund	\$ 10,597	\$ 23,029	\$ (1,835)	-8.0%	\$ 32,228	\$ (11,034)	-34.2%

Exhibit 3

Glossary of Terms used in MassHousing's Fiscal Plan for FY 2026

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 Multifamily Lending 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.

Servicing Income, Spread, and Investment Earnings

- Servicing income includes loan servicing fees, including Government National Mortgage Association (GNMA) and Federal Financing Bank (FFB) service fees, and the Performance Based Contract Administration (PBCA) fees from the U.S. Department of Housing and Urban Development (HUD).
- Single-Family and Multifamily 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 the risk of loss for loans funded under the Risk Sharing Program for Insured Affordable Multifamily 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 number of loans that have been funded out of WCF or funded on an interim basis pending the issuance of bonds.

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 booked to the bond resolutions refer to fees paid to the trustees of our bond resolutions.

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.

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.