

Mortgage Insurance Fund (MIF)
Committee Meeting Minutes –
February 10, 2026

The regular meeting of the Mortgage Insurance Fund Committee of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on February 10, 2026. 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:

Mounzer Aylouche
Paul Hagerty
Tom Norton
Darnell Dunn

Members absent:

Rachel Madden

The meeting began at 1:00 p.m.

The Members first took up the approval of the minutes of the previous meeting held on November 12, 2025. 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, 2025, are hereby approved and placed on record.

Qi Hong Li began with the portfolio performance for CY25: Overall, production was slower than the prior year, but the loan count increased by 87, and the portfolio grew by 2%, keeping the total portfolio balance steady at \$2.8 billion. We had 1,059 activations and 972 cancellations. New loan activations totaled \$348M (465M), which is down 25% (117M) year-over-year (YoY). The strong performance in CY24 was largely driven by the launch of fixed DPA program. MI Only loans increased to 19, up from 11 in CY24. Cancellations increased by 6% compared to last year, the average monthly premium rate remained stable at 0.49, while the Single Premium rate decreased from 2.1% to 1.6% YoY. This was driven by a 40% rate

discount for WFA loans effective 1/25, tailored for borrowers with AMI below 60%. As a result, the percentage of total single premium decreased from 31% to 15%.

The YoY portfolio balance increased by 1%, owing mostly to higher activations but offset in part by cancellation and loan amortization. There was 10,766 in portfolio loan count for 6/30/25 and 10,776 for 9/30/25. There was six MI Only loans, totaling \$2.2M in activation. Of the loans activated, 58% were standard coverage, with an average monthly premium of 0.58% and average coverage of 29%. Quarter-over-quarter (QoQ) average monthly premium increased from 0.47% to 0.52%, with average coverage increasing from 16.5% to 22.3%. As a result, the % of total single premium certs decreased from 31% to 15% and reinvestment rate for the book year 2025 decreased from 96% to 93% YoY.

Ms. Qi then presented the financial performance for CY25 by reporting that the net profit increased from \$6.3M in 2024 to \$7.3M in 2025, a 15% increase, or about \$0.9M. She explained that the increase was primarily driven by higher investment income of \$6M, lower administration expenses (which decreased by 5% (181K) to \$3.1M) and claims expenses partially offset by lower net premium income of \$5.2M. On the claims side, MIPlus claims increased this year, while MI claims decreased compared to last year. Total claims declined by 4% (or \$31K) YoY. The fund balance ended at \$152M, up \$7.3M from last year, further strengthening MIF's financial position.

For risk and mission goals, Ms. Qi reported that the overall risk profile remained stable in CY25. The average LTV was 92.1 and CLTV was 99.9. DTI improved slightly to 40.7 and FICO score also increased to 741. Loans to borrowers with AMI below 60% and 80% were slightly higher than last year and borrowers with AMI below 100 were lower than the previous year. Ms. Qi continued that the performance of mission goals also remained consistent. Borrowers in gateway cities declined to 46%, and minority borrowers declined to 48%, which were still respectable numbers. The modest decline from prior year was primarily driven by the introduction of the statewide DPA program introduced in June 2025, which expanded geographic reach and influenced borrower distribution. From an affordability perspective, loans to borrowers with AMI below 60%, and 80% were slightly higher than the prior year, while those with AMI below 100% were slightly lower than last year. Overall, the portfolio remains strong while continuing to support underserved borrowers.

Next, Ms. Qi provided an overview of delinquencies, foreclosures, and unpaid claim estimates (UCEs). The delinquency rate increased YoY from 2.6% to 3.2%, driven by seasonal factors and broader market trends- specifically higher default activity observed both in Massachusetts and nationally during 2025. The foreclosure rate increased slightly to 0.57%

but remains within normal historical levels. The delinquency rate declined to 3%, or 330 loans, in January, indicating a sign of stabilization. The overall risk remains manageable. Reinsurance covers around 80% of delinquent loans, limiting MIF's net loss exposure to 10% of potential claims and significantly mitigating financial impacts. Ms. Qi stated that she will closely monitor performance trends and market conditions to proactively manage risk and maintain financial stability.

The unpaid claim estimates (UCEs), calculated by Milliman increased from \$1.3M to \$1.6M YoY, primarily driven by higher delinquency inventory (which increased from 281 to 343 loans YoY), higher roll rates, and severity assumptions. The MIPlus UCE increased slightly as well.

Ms. Qi shared that our reinsurance contract ended on December 31, 2025, but that we had successfully negotiated an extension under favorable market conditions, increasing the ceding commission from 26% to 30%, which is at the top end of historical levels for the 90/10 quota share agreement. This improvement increases the premium retained by MIF from approximately \$0.334 to \$0.37 per dollar of premium, boosting net revenue while maintaining full reinsurance protection. According to Ms. Qi, based on current projections, this change is expected to increase net premiums for the current book year by about \$0.5 million over the next seven years compared to the prior 26% ceding commission.

Ms. Qi plans to extend the contract for an additional one to two years beyond 2026, given the favorable market. She shared that we already had administrative approval to extend through 2027 without issuing a new RFP, but that we would need additional approval to extend through 2028.

Ms. Qi concluded the presentation summarizing CY2025 as a period with slower new activations than the prior year, but with realized portfolio growth and increased fund balance. Delinquency and foreclosure rates were higher, with higher delinquency and roll rates resulting in an increased estimate of unpaid claims. Mission goals for minority borrowers and gateway cities (GWC) declined following the introduction of the statewide DPA program. On a positive note, Ms. Qi expressed her pride in securing a 30% ceding commission for the extended reinsurance contract, which strengthens our financial position.

Mr. Norton asked Ms. Qi about the base expense ratio for CY2025 or the previous year, as well as the percentage of loans she projected to reinsure in CY26. Ms. Qi responded that the average base expense ratio for the previous four quarters was around 26%, and that, in line with last year, projected to reinsure approximately 93% of pipeline loans. Mr. Norton remarked on how impressive that was, and how having a ceding commission above expense

ratio was critical in guaranteeing cashflow.

Mr. Dunn inquired about the approval process needed to extend the contract for the additional two years mentioned and if Ms. Qi expected to have the approval secured by the next MIF meeting in June. Ms. Qi responded that she would submit the request to the Chief of Staff, Jennifer Foley. Mr. Aylouche congratulated Ms. Qi and her team on a job well done and announced the imminent launch of a "new and improved and aggressive down payment assistant program" that he believed would generate more MI loans and boost MI business. There being no other old or new business, the meeting was adjourned.

The meeting concluded at approximately 1:21 pm

A true
record.

Attest.



Colin M. McNiece
Secretary