Minutes of the Regular Meeting
of the Members of MassHousing
held on
March 9, 2021

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on March 9, 2021. In accordance with the Order Suspending Certain Provisions of the Open Meeting Law, GL.c.30A Section 20 issued by Governor Baker on March 12, 2020, no Members were physically present and the meetings were conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members (by roll call):

Members Michael Dirrane, Chair
Mark Attia, Designee of Michael Heffernan, ex officio
Carolina Avellaneda
Lisa Serafin
Ping Yin Chai
Patricia McArdle
Jerald Feldman
Jennifer Maddox, ex officio
Thomas Flynn

Members Not Participating None

Staff *Due to the remote convening, a list of MassHousing staff participating or observing the meeting was not available*

Guests *Due to the remote convening, a list of guests observing the meeting was not collected*

Chairman Dirrane convened the meeting to order at 2:00 p.m.

Chairman Dirrane welcomed new board member Thomas Flynn. Mr. Flynn has held many roles with the United Brotherhood of Carpenters and is currently the General Secretary-Treasurer.

Chairman Dirrane thanked retiring board member Andy Silins for his 29 years of service to MassHousing. Chairman Dirrane mentioned Mr. Silins had a 95% attendance rate at MassHousing board meetings over the years and was instrumental in assisting MassHousing during many difficult times.

Chairman Dirrane then indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, it was, by roll call vote of all the present Members, with Mr. Flynn abstaining:

VOTED: That the minutes of the meeting held on February 9, 2021 are hereby approved and placed on record.

Vote Electing the Treasurer of MassHousing

As Mr. Silins had previously served as Treasurer for the Agency, a new Treasurer was elected. Upon a motion duly made and seconded, it was, by roll call vote of all the present Members:

VOTED: That Lisa Serafin is hereby elected to serve as the Treasurer of MassHousing

It is noted that Agency Member Lisa Serafin, as Treasurer, would serve on the Massachusetts Housing Finance Agency Employee's Retirement System, consistent with Section 20 of Chapter 32 of Massachusetts General Laws, which provides that the Treasurer of MassHousing serve on the Board of the Massachusetts Housing Finance Agency Employees' Retirement System as an ex officio member.

Although a vote is not required, it was noted that Thomas J. Flynn will be assigned to the Human Resources and Compensation Committee, the full committee then being as follows:

Human Resources and Compensation Committee

Michael Dirrane, Chair
Ping Yin Chai
Carolina Avellaneda
Thomas J. Flynn

It is further noted that no action is necessary with respect to the boards of directors for either of the Center for Community Recovery Innovations, Inc. ("CCRI") or the Massachusetts Housing Finance Agency Property Acquisition and Disposition Corporation ("PADCO"), each of such boards consisting of the Members of MassHousing.

Executive Director's Report

Chrystal Kornegay was recently honored by Senate President Karen Spilka as part of HERstory: Volume II, a photo exhibition in the Senate President's suite in the State House dedicated to celebrating women of color throughout Massachusetts' history.

Ms. Kornegay was also recently recognized as one of Boston's "Most Impactful Black Women of 2021" by Get Konnected!, Boston's premier multicultural networking event series.

Ms. Kornegay discussed the Capital Magnet Fund Award MassHousing received from the federal government. MassHousing received $2,250,000 last year, and this year received $5.8 million, one of the top 5 awards given. Ms. Kornegay stated these funds will be targeted toward multi-family gap funding and down payment assistance. Ms. Kornegay went on to say this award represents a huge effort by MassHousing and is a significant contribution to the work we are doing in Massachusetts.

Ms. Kornegay went on to discuss the CommonWealth Builder Program. We have made the first three commitments in the CommonWealth Builder Program in Jamaica Plain, Haverhill and Everett.

Ping Yin Chai congratulated Ms. Kornegay for her efforts in bringing funds to MassHousing.

Finance Update

Charles Karimbakas reported that COVID statistics remain consistent in the HomeOwnership program. Our current portfolio has an unpaid principal balance of $3.7 billion, which is a 10% decrease. As 10-year Treasury rates increase, we may see a slowdown in prepayments. The delinquency rates in HomeOwnership are remarkably stable. MI Plus claims are trending down as many people are exhausting their six months of eligibility.

Ping Yin Chai asked for clarification of the $28,000 MI Plus claim amount. Mr. Karimbakas replied that in February 2021 we paid 35 MI Plus claims for a total of $28,000.

Mr. Karimbakas continued by stating the multifamily side has also been very consistent. There is one delinquent loan. Construction deals continued to move forward as the weather improves.

Carolina Avellaneda asked if the developer with the one delinquent loan has any other loans with MassHousing. Mr. Karimbakas said he would get that information for her.

Chairman Dirrane thanked Kevin Mello and his team for the great job they are doing. Mr. Karimbakas stated the team has been working very hard to work with borrowers regarding deferrals and modifications to work through these loans.

Ms. Kornegay added she and Mark Attia are working to help design an initiative to use federal funds targeted to assisting renters with their rent arrearages and new legislation includes a component for homeowner assistance.

Vote Modifying the March 10, 2020 SHARP Delegation

Mark Teden presented a proposal to update the SHARP Refinancing Initiative (SRI) delegation dated March 10, 2020 to allow for expanded flexibility in the use of loan proceeds to fund additional improvements at various projects in order to improve marketability and allow projects to remain competitive in their respective markets.

On March 10, 2020, the Board approved a delegating vote authorizing the Vice President of Multifamily Programs, in consultation with the General Counsel, to approve extensions, modifications and resubordinations of subordinate Agency debt on certain properties in the SRI portfolio.

Under the delegation, for 223(f) transactions that include proceeds at closing, 25% of such proceeds are applied to pay down the subordinate Agency debt. In addition, the Agency continues to be entitled to receive cash flow. As of February 26, 2021, seven properties with Agency subordinate debt have used the delegation to refinance with a 223(f) loan. Of the seven properties, one included full repayment of the Agency's subordinate debt.

The six remaining properties included pay-down of the Agency's subordinate debt equal to 25% of the loan proceeds. In one of the six cases, the Agency allowed for payment of certain capital expenditures that were not included in the HUD capital plan due to timing. In reviewing and approving the modifications and payments on these six properties, the Agency fielded requests from borrowers relating to potential additional uses of loan proceeds.

The requests generally fell into one of two buckets, either: (1) Expand/augment HUD required capital work and/or reserves, or (2) Amenity upgrades to improve marketability. With respect to the first bucket, on occasion, the refinancing may only require a certain scope of work to be addressed up-front and additional work of a similar manner/scope to be addressed in later years through draws on the replacement reserve. In these circumstances, it may be advantageous for the borrower from pricing and construction staging reasons to complete all the work at once. With respect to the second bucket, much of the SHARP portfolio includes properties with affordability set-asides of 20% of the units at 80% of AMI and as such the properties operate more like market-rate properties than the rest of the Agency's traditional portfolio. To remain competitive with market rate properties, there may be circumstances where properties may need to improve or establish amenities that are not covered or eligible under HUD's reserve policies. In those cases, performing the improvements will increase the cash flow that the Agency will receive going forward.

Under either type of request, the additional uses would require the Agency to forego a portion of the previously agree upon distribution of proceeds. The terms of the particular transactions will be negotiated by the Vice President of Multifamily Programs, but in general the Agency's contribution would be limited to 25% of the total cost of any capital improvements or upgrades, with the borrower covering the remaining 75% of the cost. The borrower will be responsible for completing initial diligence and providing any required documents to the Agency for review and approval. This delegation will allow borrowers to submit requests for already closed transactions as well as for refinancings going forward. Upon a motion duly made and seconded, it was, <u>by roll call vote</u> of all the present Members:

VOTED: To authorize the Vice President of Multifamily Programs, in consultation with the General Counsel, to approve extensions, modifications and resubordinations of subordinate Agency debt on properties in the SRI Portfolio, on such terms and conditions as the Vice President of Multifamily Programs shall require, along with such amendments to documents as the General Counsel may deem necessary, in connection with any refinancings of third-party first mortgage debt; and

FURTHER VOTED: To authorize the Executive Director, General Counsel, and Vice President of Multifamily Programs, each acting singly, to execute and deliver on behalf of the Agency such agreement(s) and other document(s) deemed necessary or appropriate to implement the foregoing, as evidenced by the execution thereof by one or more of the foregoing, the form and substance of which such agreement(s) and other document(s) shall be acceptable to the General Counsel, and to further authorize the Executive Director to designate certain other specified individuals to execute documents in connection with the foregoing.

Vote Approving the Use of Reinsurance by the Mortgage Insurance Fund (“MIF”)

Tom Norton, Manager of Mortgage Insurance, presented a vote to approve the Use of Reinsurance by the Mortgage Insurance Fund (“MIF”).

Reinsurers Everest Reinsurance Company, Aspen Insurance UK Limited, Markel Global Reinsurance Company, Insurance Company of the West and Willis Re Inc. (as master servicer) for Everest Reinsurance Company, Aspen Insurance UK Limited, Markel Global Reinsurance Company, and Insurance Company of the West

Terms 90/10 Quota Share Reinsurance Agreement

- MIF Retains 10% of risk
- MIF Cedes 90% of risk to the approved reinsurer
- MIF Earns 10% of the gross mortgage insurance premium
- Reinsurer Earns 90% of the gross mortgage insurance premium
- Reinsurer Pays MIF 24.4% of their earned premium as a ceding commission for services rendered as the primary mortgage insurer
- The payments from the co-reinsurer are for services provided by MIF as the primary insurer.

The Mortgage Insurance Fund (MIF) of MassHousing operates for the benefit of MassHousing and its borrowers as a “public mortgage insurance fund,” under Section 1-4 (u) of MassHousing’s Enabling Act. Section 1-4(u) provides as follows:

> *(u) The MHFA may establish a program or programs to insure its mortgage loans pursuant to section five or new residential mortgages made or acquired by it or made by mortgage lenders from the proceeds of a loan pursuant to section five A alone or in conjunction with private enterprise or the commonwealth or the United States or any agency of either or both of them. The MHFA may establish loss reserve accounts for insurance programs and may fund such accounts from available monies.*

The MIF was created in 1987 and insured its first mortgage in 1988. Since its inception, the MIF has insured over 38,000 mortgages totaling $7.76 billion in insured loan amounts. It currently has insurance in force on 10,600 mortgages and $2.38 billion in current insurance in force. Insurance exposure ("risk") of the insurance in force is approximately $427 million. MassHousing has reinsurance in place that reduces the MIF's net risk in force after reinsurance to $159 million.

Since inception, the MIF has earned $88 million in net operating income from insurance operations and investment of funds held in reserve. With $13 million in initial capital and additional capital contributions of $30 million since 1989, the MIF maintains a reserve fund with a balance of $131 million.

The MIF ran out of initial capital and capacity to write new insurance in 1996. It entered into an excess of loss reinsurance agreement with Commonwealth Mortgage Assurance Company (CMAC).

In 2001 the MIF was approaching a point where, while it was profitable, it was again running out of capacity because of onerous capital requirements imposed by credit rating agencies, Standard and Poor's and Moody's Investor Services. It was at that time that the MIF utilized "quota share reinsurance" to preserve capital, extend its capacity, and build revenue through ceding commissions. Between 2001 and 2009 the MIF entered into reinsurance agreements with MGIC, Genworth, and United Guaranty. These agreements proved to be extremely profitable for the MIF.

The mortgage insurance industry has experienced significant swings in financial performance. High levels of profitability and the conversion of most MI companies to publicly traded stock companies, created unhealthy competition, and highly speculative business practices (subprime insurance, no doc loans, investment property insurance, exotic mortgage products, and unsound support of GSE automated underwriting). The result was a crash in the MI industry in 2008 with deep downgrades in the credit ratings of every company.

In 2009, reinsurance, because of the credit downgrades of our existing and potential reinsurers, no longer provided the capital support that it once did. Credit rating agencies no longer recognized the financial benefit of reinsurance provided by a mortgage insurance company rated less than BB or Baa. At that time, with sufficient capital and insurance capacity, the MIF retained 100% of its insurance between 2009 and 2013.

In 2013, the MIF entered into a reinsurance agreement with Willis Re Inc., an internationally recognized reinsurance brokerage firm, serving as the master servicer for two property and casualty insurance companies (Partner Reinsurance Company and Everest Reinsurance Company) that are highly rated. In 2016, the MIF entered into another reinsurance agreement with Willis Re, Inc. serving as the master servicer for Partner Reinsurance Company and Everest Reinsurance Company. Everest Reinsurance Company assumed all the reinsurance risk for the final option year of the reinsurance agreement in 2020.

Reinsurance

The MIF uses reinsurance to manage risk, limit financial liability from claims, leverage capital to increase insurance writing capacity, and generate non-risk based revenue from operations.

Reinsurance Benefits to Financial Strength

"Risk to Capital" is measured by the ratio of the "net risk in force" divided by the capital held in reserve. For the MIF, this ratio is the result of dividing its net risk in force after reinsurance ($159 million) plus MIPlus exposure ($70 million) by its capital in reserve ($131 million). The lower this ratio is the stronger the imputed ability to pay claims. The lower the "Risk to Capital" ratio, the stronger the insurer's financial strength. The "Risk to Capital Ratio" of the MIF is 3.8 to 1 without reinsurance and 1.7 to 1 with credit for reinsurance. The "Capital Adequacy Ratio" (CAR) is the sum of reserves and income over the next ten years as a ratio of projected net claims (after reinsurance) and expenses without the benefits of new insurance. A ratio of 100% is required to maintain an investment grade as a mortgage insurer. Generally, a 200% CAR would carry an AAA rating. The MIF currently carries a CAR of 208% without reinsurance and 277% with credit for reinsurance.

Financial Benefits of Reinsurance

The MIF earns 10% of the gross premium for its retention of 10% of the gross mortgage insurance risk. The reinsurer retains 90% of the gross premium for its retention of 90% of the risk, but will pay the MIF a ceding commission of 24.4% of its gross premium (21.96% of the total gross premium). The MIF will earn 31.96% of the total gross premium for assuming just 10% of the mortgage insurance risk.

Mortgage insurance is also capital consumptive. The MIF currently has approximately $53 million in unallocated reserves able to support new mortgage insurance writings. At a prescribed 5 to 1 "risk to capital ratio" requirement this would allow the MIF to take on $265 million of risk (exposure on each loan in aggregate). With an estimated 18% average coverage, this would allow us to insure $1.5 billion ($265 million : 18%) mortgage loans.

The following chart illustrates the reduction in insurance liability, the preservation of capital, increase in insurance capacity, and the potential return on capital that a proposed reinsurance agreement would provide the MIF.

	Self Insured		90/10 Quota Share Reinsurance	
Insurance Written	$	100,000,000	$	1,000,000,000
Risk (18% coverage)	$	18,000,000	$	180,000,000
Reinsurance	$	-	$	162,000,000
Net Risk (Liability)	$	18,000,000	$	18,000,000
Risk to Capital Ratio		5 to 1		5 to 1
Capital Required	$	3,600,000	$	3,600,000
Premium Written	$	500,000	$	5,000,000
Retained Premium	$	500,000	$	500,000
Ceded Premium	$	-	$	4,500,000
Ceding Commission			$	1,098,000
Retained Premium plus Ceding Commission	$	500,000	$	1,598,000
Ten Year Net Premium Revenue Revenue	$	3,750,000	$	11,985,000
Projected Underwriting Expense	$	1,000,000	$	5,000,000
Projected Claims	$	1,200,000	$	1,200,000
Net Revenue after Claims and Expenses	$	1,550,000	$	5,785,500
Net Return on Capital over 10 Years		43.1%		160.7%
Based on a .50% insurance premium rate and 24.4% ceding commission				

This type of capacity provides the MIF with the ability to insure non-MassHousing loans for community banks that are CRA investments for the banks, and provides insurance capacity for conventional loans.

Under a 90/10 quota share the $1.5 billion would become $15 billion in loan insurance capacity. Even under the two-year contract with a one year mutual option, reinsurance could support $1 billion in insurance writing for each of the next three years and still leave the MIF with over $1 billion in capacity without reinsurance at the end of three years.

Proposal Evaluation

Request for proposals (RFP) went to six domestic private mortgage insurance companies: Arch, Essent, Genworth, MGIC, Radian, and Assured Guaranty. The RFP also went to 6 reinsurance brokers: Aon, Capsicum Re, Guy Carpenter, ProtectDiv, Trans Re, and Willis Re, Inc.

Genworth, Aon, Protecdiv, and Willis Re, Inc. submitted proposals. The proposals from Aon and Protectdiv were more consultative offers and did not come with specific commitments.

MassHousing had its mortgage insurance actuarial firm, Milliman, Inc. conduct an analysis of the proposals for MassHousing and the MIF. Criteria that served as the basis for their analysis included;

- Financial Strength
- Financial Benefit Derived from Ceding Revenue
- Scope of Business Insured (certain proposals limited certain types of loans)
- Existing MassHousing risk with the reinsurer (the need to diversify risk)
- Ease of Doing Business

Milliman has provided a detailed written report of their analysis. The following chart is a comparative graphic of the proposals the MIF received.

MassHousing Mortgage Insurance Fund
RFP Reinsurance Bid Offer Analysis
Summary of Offered Terms
As of February 26, 2021

Company	Subscribing Reinsurers	Capital Rating	Ceding Commission	Reinsurance Term	Overlays	Concentration Limits	2020 NIW Eligible for Reinsurance
Genworth	N/A	S&P BB+, Moody's Baa3, Fitch BBB-	10%[1]	Two Years with one year extension. 10 years per book year.	No 100 LTV, Min 620 FICO, if AUS ineligible, out of scope or refer. Max DTI 45%, 2 or 6 months reserves[2]	LTV > 95: 50%, FICO <680: 12%, DTI>45: 13%	85.9% (Dollar basis) 86.9% (Count basis)
Willis[3]	Everest, Aspen Re, Ins. Co of West, Markel Global	Everest (A+, A1, A+), Aspen Re (A-, A3, A), Ins. Co of West (A), Markel Global (A, A+, A)	24.4%	Two Years with one year extension. 10 years per book year.	No LTV > 97 except down payment approved programs (No CLTV > 103), No doc loans, Non-owner occupied, neg am loans, cash out refi, manufactured homes, non-primary residence	FICO 620-659 or DTI>45: 5%, FICO<680: 12.5%, >$625,000: 5%, Single Premiums: 30%	96.7% (Dollar basis) 97.2% (Count basis)
Protecdiv[4]	Arch, Essent, Everest	Arch (A+, A+, A2), Essent (A, BBB+, A3), Everest (A+, A+, A1)	25%-30% for one year with two one year extension options or 23%-29% for two years with one year extension option	Unknown	Unknown	Unknown	Unknown
Aon[5]	Unknown	Unknown	20-25% (Unadjusted for MIF business). Profit commission considered.	Unknown	Unknown	Unknown	Unknown

[1] Genworth also offered a 20% ceding commission with a 12% premium rate increase and a 30% ceding commission with a 28% premium rate increase.
[2] MassHousing is also subject to Genworth's Housing Finance Agency Underwriting Guidelines not presented in bid offer sheet (guidelines were provided separately).
[3] Final offer terms.
[4] Protecdiv presented expected reinsurers and contract terms. Final terms will be confirmed upon awarding "Broker of Record."
[5] Aon provided general market reinsurance terms not specific to MassHousing's MIF business and provided outline for next steps upon hiring them as reinsurance broke

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MassHousing Mortgage Insurance Fund

Reinsurance Analysis

Summary of Genworth Overlays and Remaining Population for Study

Initial Loan Population[1]	NIW (Actual $)	Count
Calendar Year 2020 MIF Insured Loans (12-31-20 Universal Data File)	$600,630,662	2,127

Item	RFP Response Represented Underwriting Overlay	# of Loans Affected/Removed	Population Remaining $	Population Remaining #
1	Max LTV 95% for 2 units	1	600,529,288	2,126
2	Rehab/Renovation Loans eligible with AUS Approve/Eligible or Accept/Eligible	3	600,147,252	2,123
3	100 LTV Not Permitted	21	598,383,052	2,102
4	Minimum FICO 620	0	598,383,052	2,102
5	DTI per AUS with Approve/Eligible or Accept/Eligible	88	573,962,833	2,016
6	AUS ineligible, out of scope or refer: Max DTI 45%	10	570,021,743	2,006
7	AUS ineligible, out of scope or refer: 2 mos Required Reserves Primary Purchase 1-unit <=$765,600	0	570,021,743	2,006
8	AUS ineligible, out of scope or refer: 6 mos Required Reserves Primary 2-4-units	0	570,021,743	2,006

Item	Simply Underwrite (DU or LPA Approved) for HFA Underwriting Overlay	# of Loans Affected/Removed	Population Remaining $	Population Remaining #
1	Single Family, Condo, Co-op, Manufactured Housing, Conforming Loan Size, Max 97 LTV/105 CLTV/Min 620 FICO	21	568,257,543	1,985
2	Single Family, Condo, Co-op, Manufactured Housing, Non-Conforming Loan Size, Max 95 LTV/105 CLTV/Min 620 FI	0	568,257,543	1,985
3	2-Units, Conforming Loan Size, Max 95 LTV/105 CLTV/Min 620 FICO	1	568,156,149	1,984
4	2-Units, Non-Conforming Loan Size, Max 85 LTV/105 CLTV/Min 620 FICO	0	568,156,149	1,984
5	3-Units, Non-Conforming Loan Size, Max 95 LTV/105 CLTV/Min 620 FICO	0	568,156,149	1,984
6	4-Units, Non-Conforming Loan Size, Max 95 LTV/105 CLTV/Min 620 FICO	0	568,156,149	1,984

Item	Standard Guidelines for HFAs (Loans Ineligible for Simply Underwrite)	# of Loans Affected/Removed	Population Remaining $	Population Remaining #
1	Single Family, Condo, Co-op, Max Loan $765,600, Max 97 LTV/105 CLTV/Min 620 FICO/Max 50% DTI	21	562,391,949	1,963
2	Manufactured Housing, Max Loan $510,400, Max 95 LTV/105 CLTV/Min 620 FICO/Max 50% DTI	0	562,391,949	1,963
3	2-Units, Max Loan $653,550, Max 95 LTV/105 CLTV/Min 620 FICO/Max 50% DTI	46	543,277,251	1,917
4	3-Units, Max Loan $789,950, Max 95 LTV/105 CLTV/Min 700 FICO/Max 45% DTI	54	520,764,882	1,863
5	4-Units, Max Loan $981,700, Max 95 LTV/105 CLTV/Min 700 FICO/Max 45% DTI	14	515,698,933	1,849
6	Required Reserves: 2 mos Primary Purchase 1-unit, 6 mos Primary 2-4 units	0	515,698,933	1,849
7	Borrower Contribution: 1 Unit & DTI <=45%: 1%, 1 Unit & DTI >45%: 3%, 2-4 Units: 3%	0	515,698,933	1,849
8	Balloon Loan Type Ineligible	0	515,698,933	1,849

Item	Concentration Limits Applied After Population Reduction due to Overlays	# of Loans Affected/Removed	Population Remaining $	Population Remaining #
1	LTV > 95% Concentration Limit of 50%	0	515,698,933	1,849
2	FICO < 680 Concentration Limit of 12%	0	515,698,933	1,849
3	DTI > 45% Concentration Limit of 13%	0	515,698,933	1,849
		FINAL DATASET	515,698,933	1,849
		% of Original Pop.	85.9%	86.9%

[1] There are 3 loans with missing FICO score. These loans are removed from our analysis.

MassHousing Mortgage Insurance Fund

Reinsurance Analysis

Summary of Willis IV Overlays and Remaining Population for Study

Initial Loan Population[1]	NIW (Actual $)	Count
Calendar Year 2020 MIF Insured Loans (12-31-20 Universal Data File)	$600,630,662	2,127

Item	Exclusion	# of Loans Affected/Removed	Population Remaining $	Population Remaining #
1	LTV > 97% for non-DPA loans	21	596,866,462	2,106
2	CLTV > 103% for DPA loans	1	596,716,569	2,105
3	Loans lacking borrower income	0	596,716,569	2,105
4	Non-owner occupied	0	596,716,569	2,105
5	Negative amortization	0	596,716,569	2,105
6	Cash-out refinancing transactions	0	596,716,569	2,105
7	Manufactured homes	0	596,716,569	2,105
8	Non-primary residence	0	596,716,569	2,105

Item	Concentration Limits Applied After Population Reduction due to Overlays	# of Loans Affected/Removed	Population Remaining $	Population Remaining #
1	FICO < 660 and >= 620 or DTI > 45% Concentration Limit of 5%	38	580,581,952	2,067
2	Loan Amount > $625K Concentration Limit of 5%	0	580,581,952	2,067
3	Single Premium Policies Concentration Limit of 30%	0	580,581,952	2,067
4	FICO < 680 Concentration Limit of 12.5%	0	580,581,952	2,067
		FINAL DATA SET	$580,581,952	2,067
		% of Original Pop.	96.7%	97.2%

[1] There are 3 loans with missing FICO score. These loans are removed from our analysis.

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Individual Proposal Reviews

Genworth – Genworth is rated at BB+. We have had Genworth as a reinsurer and have always found them easy to work with and accommodating. Genworth submitted a bid with ceding commission options. The 10% ceding commission option allowed us to keep our same MI rates but the option for the 20% ceding commission would have us increase our MI rates by 12% and the option for the 30% ceding commission would have us increase our MI rates by 28%. The bid allowed 12% of loans to have FICO scores below 680. The bid allows 50% of loans to have LTVs greater than 95 and allows for 13% of loans to have Debt-to-Income Ratios greater than 45. Milliman estimates that this bid would cover 86% of our expected production. This deal is also limited to ten years. At today's prepayment speeds only a minimal amount of insurance would still be in force with a negligible risk of claim after ten years. We currently have $13.5 million in Risk in Force (3%) with Genworth.

Willis Re, Inc. on behalf of Everest Reinsurance Company (50%), Aspen Insurance UK Limited (20%), Insurance Company of the West (10%), and Markel Global Reinsurance Company 10%) – In this proposal Willis Re, an internationally recognized reinsurance brokerage firm with headquarters in New York, would serve as the master servicer for four reinsurance companies that would serve as co-reinsurers. Everest Reinsurance Company would reinsure 50% of production and is rated A+, Aspen Insurance UK Limited is rated A- and would reinsure 20% of production and Insurance Company of the West and Markel Global Reinsurance Company would each insure 10% of production and are both rated A. They are offering a ceding commission of 24.4%. The bid allows for 5% of our production to have FICO scores between 620 and 659 or Debt-to-Income Ratios greater than 45, the bid allows for 12.5% of production to have FICO scores less than 680 and 30% of our production can be loans with single premiums. Milliman estimates that this bid would cover 97% of our expected production. There is a liability cap of 200% of earned premium (loss ratio). This would mean that if our claims exceeded 200% of premium received the reinsurers would no longer be required to pay claims. MassHousing has never paid more out in claims than we have received in premiums (100% loss ratio) in any fiscal year. This deal is also limited to ten years. We currently have $166.1 million in Risk in Force (39%) with Everest Reinsurance Company. Aspen Insurance UK Limited, Insurance Company of the West and Markel Global Reinsurance Company are new reinsurance partners for us.

Protectdiv- Protectdiv is a reinsurance broker with headquarters in Philadelphia. In this proposal, Protcetdiv did not have specific commitments from any reinsurer. They were offering consultative servicers in case they were needed.

Aon- Aon is a global professional services firm with a reinsurance line of business. In this proposal, Aon did not have specific commitments from any reinsurer. They were offering consultative servicers in case they were needed. Aon is merging with Willis Re Towers Watson, the parent company of Willis Re, Inc.

Summary and Recommendations

Based on the criteria used in the analysis Willis Re and the partnership of *Everest Reinsurance Company, Aspen Insurance UK Limited, Insurance Company of the West, and Markel Global Reinsurance Company* offer the following: a) the highest credit rating and financial strength; b) the highest ceding commission and financial return to the MIF; and c) little expected loan or property exclusions.

Based on the analysis performed by MassHousing's actuarial firm and the summary and conclusions drawn from their analysis, we recommend the following votes for Board approval.

Upon a motion duly made and seconded, it was, by roll call vote of all the present Members:

VOTED: to authorize the Agency, in connection with the Mortgage Insurance Fund (the "MIF"), to enter into and implement a reinsurance agreement with Everest Reinsurance Company, Aspen Insurance UK Limited, Markel Global Reinsurance Company, Insurance Company of the West, as administered by Willis Re (or appropriate affiliates thereof) on the following terms: (1)the reinsurance agreement will be a 90/10 quota share reinsurance agreement where the MIF will retain 10% of the risk and gross insurance premium, and cede 90% of the risk and gross insurance premium to the co-reinsurers and (2) The co-reinsurers will pay a ceding commission to the MIF equal to 24.4% of their ceded insurance premiums. The payments from the co-reinsurers to the MIF are for services provided as the primary insurer.

FURTHER VOTED to authorize the Executive Director or her designee to execute such reinsurance agreement and other documents or instruments as are necessary or appropriate, the form and substance of which such agreement and other documents or instruments shall be acceptable to the General Counsel, to carry out the foregoing, on such terms as the Executive Director or any such designee determines to be appropriate, on behalf of the Mortgage Insurance Fund and/or MassHousing.

Jennifer Maddox and Patricia McCardle left the meeting at 2:50 p.m.

Loan Committee

Council Tower, Boston (Roxbury)

Greg Watson presented a proposal for Approval to accept assignment of a HUD-issued Firm Commitment for FHA insurance, Commitment of a first mortgage loan (the "New Loan") and Approval to finance the New Loan through the issuance of a Ginnie Mae MBS for Council Tower in Roxbury.

The proceeds of the New Loan will be used to pay off all outstanding indebtedness. The owner will also complete over $1,900,000 in non-critical repairs, fully fund the replacement reserve account, and withdraw equity.

The 4.9-acre site is located in Roxbury's Egelston Square neighborhood and is surrounded by a mix of residential and commercial buildings. Local amenities include shopping, restaurants, health services, and public transit. Council Tower consists of a single 17-story high-rise building constructed in 1985. In addition to residential units, the property has a community space, computer room, and fitness center. One hundred forty-four units are subsidized by a project-based Section 8 contract, set to be renewed under Mark-up-to-Market as part of this transaction. The remaining unit is non-revenue and is occupied by a member of the maintenance staff. The current owner is the nonprofit sponsor entity. As part of this transaction, the property will be transferred to the newly formed limited partnership.

Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of $28,800,000. The proceeds will be used to repay $10,129,319 in existing indebtedness, complete approximately $1,900,000 in non-critical repairs, pay transaction costs, and withdraw equity. The $2,029,808 ($13,999 per unit) replacement reserve balance will remain in that account.

Upon a motion duly made and seconded, it was, by roll call vote of all the present Members:

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $28,800,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than $38,880,000 nor less than $18,720,000 to Council Tower Limited Partnership (the "Borrower") for Council Tower and (2) to make the FHA-insured first mortgage loan to the Borrower for Council Tower in the approximate amount of $28,800,000subject to the limitation that the final amount of such loan shall not be more than $38,880,000 nor less than $18,720,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages granted by the Board on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Council Tower.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

1. The affordability of rents for 20% of the units:

One hundred forty-four (99.3%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

Note: The market needs data reflects the information available to A&M staff as of the date of collection November 18, 2020 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus' known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 867 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.4%, and range between 95% and 96.9%. Two out of the five comparables reviewed were offering rental concessions to prospective tenants. These include free rent and reduced security deposits. My review of similar mixed-income/subsidized portfolio properties (1,898 units) demonstrated a weighted average vacancy rate of approximately 1.54%.

3rd Qtr. 2020 CoStar data for the subject's Roxbury/Dorchester submarket (7,468 units) has an overall vacancy rate at 17.8% YTD, which is an increase of 9.97% from one year ago. CoStar data for the Boston market (232,498 units) has an overall vacancy rate of 8.3% YTD, which is an increase of 3.22% from one year ago. The Roxbury submarket and the Boston vacancy rate is projected to stay over the next five years.

CoStar, submarket data for the 4-5 Star building type (2,209 units) indicates a 3rd Qtr. 2020 vacancy rate of 31.5% and an average asking rent of $2,519, while submarket data for the subject's 3 Star building type (2,797 units) indicates a 3rd Qtr. 2020 vacancy rate of 16.5% at an average asking rent of $2,297 and 1-2 Star buildings (2,462 units) indicates a 3rd Qtr. 2020 vacancy rate of 6.9.% at an average asking rent of $1,517. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential. The reason for the high vacancy for the 4-5 Star building types is because out of the 12 properties included in this group are six properties that are in the initial lease up with a vacancy rates between 21% and 66.3%.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston 269,482 year-round housing units, 51,283 (19%) of which are subsidized for low/moderate income households.

As of January 2021, the Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 274,674 households in the City of Boston approximately 68.3% earned less than the HUD published 2020 AMI ($119,000), approximately 45.4% earned less than 50% of 2020 AMI, approximately 51.7 % earned less than 60% of the 2020 AMI, and approximately 59.4% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

4. No Undue Concentration of Low-income Households

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	0	1
Number of Units	28	117
Net SF/Unit	415	536
Elev./Non-Elev.	E	E
Market Rate Rent (insert)	$2,292	$2,528
MHFA Below Market Rent (Cost-Based Rent)	$1,908	$2,144
MHFA Adjusted Rent	30% of 80% of AMI	

Underwriting Rents		
Project-Based Section 8 (Contract)	$1,940	$2,200
Project-Based Section 8 (MH Disp.)	$1,792	$1,920

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

Longfellow Glen, Sudbury

Greg Watson presented a proposal for Approval to Accept Assignment of a HUD-Issued Commitment for FHA-Insurance; Commitment of a First Mortgage Loan ("the "New Loan"); and Approval to Finance the New Loan through the issuance of a Ginnie Mae MBS for Longfellow Glen in Sudbury.

The transaction will be a refinancing of Longfellow Glen, which contains 120 units in five buildings on 22.61 acres of land in Sudbury. The loan will provide funds to payoff the outstanding MassHousing debt, complete minor repairs, fully fund the replacement reserves, pay all transaction costs, and withdraw equity.

Longfellow Glen is comprised of five (5) apartment buildings constructed in 1983. The subject property contains 50 one-bedroom, 58 two-bedroom and 12 three-bedroom units occupied by elderly and disabled residents. All 120 units are restricted to households earning no more than 60% AMI and all are covered by a project-based Section 8 contract. PRI Longfellow Glen, LLC is the current owner and will retain ownership of Longfellow Glen.

Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of $32,240,000. The proceeds will be used to repay approximately $11,554,915 in existing MassHousing first mortgage debt. The transaction will also include the completion of approximately $21,835 in critical and non-critical repairs, fully fund the replacement reserves with $850,000 ($7,083 per unit) and fund an equity takeout of approximately $19,672,034.

Upon a motion duly made and seconded, it was, by roll call vote of all the present Members:

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $32,240,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than $43,254,000 nor less than $20,956,000 to PRI Longfellow Glen, LLC (the "Borrower") for Longfellow Glen and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of $32,240,000 (the "New Loan"), subject to the limitation that the final amount of such loan shall not be more than $43,254,000 nor less than $20,956,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Longfellow Glen.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

1. The affordability of rents for 20% of the units:
120 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area
Note: The market needs data reflects the information available to A&M staff as of the date of collection February 17, 2021 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus' known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (550 approximate units in the area revealed a strong market, with increasing rental and occupancy rates over the past three years. Current occupancy rates of the five developments reviewed averaged approximately 94.2% and ranged between 90% and 100%. The property has operated as Section 8 and market property since 1984 and the average vacancy rate for the property for the past 5 years is .825%. My review of similar mixed income/subsidized portfolio properties (445 units) demonstrated a weighted average vacancy rate of approximately .89%

4th Qtr. 2020 CoStar data for the subject's Metro West Multi-Family Submarket (12,977 units) has an overall vacancy rate at 9.1% YTD, which is an increase of 2.74% from one year ago. CoStar data for the Boston market (235,634 units) has an overall vacancy rate of 8.5.% YTD, which is an increase of 2.5% from one year ago. The Metro West Multi-Family Submarket vacancy rate is projected to decrease to 7.8% over the next five years, while the Boston market is projected to decrease to 7.3%.

CoStar, submarket data for the 4-5 Star building type (4,583 units) indicates a 4th Qtr. 2020 vacancy rate of 14.0 % and an average asking rent of $2,415, while submarket data for the subject's 3 Star building type 4,401 units) indicates a 4th Qtr. 2020 vacancy rate of 8.2% at an average asking rent of $1,642 and 1-2 Star buildings (3,993 units) indicates a 4th Qtr. 2020 vacancy rate of 4.5% at an average asking rent of $1,656. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

The Sudbury Housing Authority (SHA) owns, maintains and manages 28 scattered-site, single-family and duplex rental houses for low income families consisting of , nine 2-bedroom; six 3-bedroom; one 4-bedroom unit and 64 one bedroom units for people over 60 and disabled people. The current wait for public housing is approximately 8-10 years for the public housing units. The family housing waiting lists are generally closed to new applicants due to the low vacancy rate. Sudbury Housing Authority does not participate in the Section 8 Housing Choice Voucher program.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the Town of Sudbury has 5,921 year-round housing units, 669 (11.3%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 6,355 households in the town of Sudbury, approximately 73.1% earned less than the HUD published 2020 AMI ($119,000), approximately 38.2% earned less than 50% of 2020 AMI, approximately 59% earned less than 60% of the 2020 AMI and approximately 65.8% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

4. No Undue Concentration of Low-income Households

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	50	58	12
Net SF/Unit	586	693	1,004
Elev./Non-Elev.	Elev.	Elev.	Elev.
Market Rate Rent	$3,835	$4,386	$5,223
(10% Rate 20 Year Term)			
MHFA Below Market Rent	$1,955	$2,506	$3,343
(Cost-Based Rent)			
MHFA Adjusted Rent	30% of 80% of AMI		
Underwriting Rents			
Project-Based Section 8	$2,000	$2,600	$3,500
Project-Based Section 8 (80% AMI Rents)	$1,775	$2,144	$2,555

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

Old Mill Glen, Maynard

Greg Watson presented a proposal for Approval to accept assignment of a HUD-issued Firm Commitment for FHA-insurance, Commitment of a first mortgage loan (the "New Loan") and Approval to finance the New Loan through the issuance of a Ginnie Mae MBS for Old Mill in Maynard.

This transaction will be the refinancing of Old Mill Glen, which contains 50 units in four two-story buildings located on an 8.06 acre parcel of land in Maynard. The loan will provide funds to pay off existing MassHousing debt, complete minor repairs, fully fund replacement reserves, and withdraw equity.

Old Mill Glen is comprised of four two-story buildings constructed in 1983. The subject property contains 50
one-, two-, and three-bedroom townhouse style residential units. All 50 units are restricted to households earning no more than 60% AMI and all are covered by a project-based Section 8 contract. PRI Old Mill Glen, LLC is the current owner.

Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of $10,720,000. The proceeds will be used to repay approximately $5,717,143 in existing MassHousing debt. The transaction will also include the completion of approximately $27,195 in critical and non-critical repairs, fully fund the replacement reserves with $274,020 ($5,480 per unit) and fund an equity takeout of approximately $4,588,416.

Upon a motion duly made and seconded, it was, by roll call vote of all the present Members:

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $10,720,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than $14,472,000 nor less than $6,968,000 to PRI Old Mill Glen, LLC (the "Borrower") for Old Mill Glen and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of $10,720,000 (the "New Loan"), subject to the limitation that the final amount of such loan shall not be more than $14,472,000 nor less than $6,968,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing's General

Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Old Mill Glen.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

1. The affordability of rents for 20% of the units:
50 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area
Note: The market needs data reflects the information available to A&M staff as of the date of collection February 17, 2021 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus' known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (441 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over the past three years. Current occupancy rates of the five developments reviewed averaged approximately 97.2% and ranged between 90% and 100%. The property has operated as Section 8 and market property since 1983 and the average vacancy rate for the property for the past 5 years is .965%. My review of similar mixed income/subsidized portfolio properties (523 units) demonstrated a weighted average vacancy rate of approximately 2.8%

4th Qtr. 2020 CoStar data for the subject's Route 2 Multi-Family Submarket (4,664 units) has an overall vacancy rate at 6.2% YTD, which is an increase of 1.02 % from one year ago. CoStar data for the Boston market (235,634 units) has an overall vacancy rate of 8.5.% YTD, which is an increase of 2.5% from one year ago. The Route 2 submarket vacancy rate is projected to decrease to 4.3% over the next five years, while the Boston market is projected to decrease to 7.3%.

CoStar, submarket data for the 4-5 Star building type (2,073 units) indicates a 4th Qtr. 2020 vacancy rate of 7.3% and an average asking rent of $2,462, while submarket data for the subject's 3 Star building type 1,801 units) indicates a 4th Qtr. 2020 vacancy rate of 6.5% at an average asking rent of $2,250 and 1-2 Star buildings (790 units) indicates a 4th Qtr. 2020 vacancy rate of 2.5% at an average asking rent of $1,719. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

The Maynard Housing Authority (MHA) manages 32 Family housing units ranging from 1-3. Bedroom units. Per the representative of MHA The current wait for public housing is approximately 8-10 years for the public housing units. Maynard Housing Authority does not participate in the Section 8 Housing Choice Voucher program

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the Town of Maynard has 4,430 year-round housing units, 419 (9.5%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 4,262 households in the town of Maynard, approximately 57.3% earned less than the HUD published 2020 AMI ($119,000), approximately 30.00% earned less than 50% of 2020 AMI, approximately 35.4% earned less than 60% of the 2020 AMI and approximately 45.4% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing
MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

4. No Undue Concentration of Low-income Households
The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units
As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other

public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	18	16	16
Net SF/Unit	581	736	1,090
Elev./Non-Elev.	Non-Elev.	Non-Elev.	Non-Elev.
Market Rate Rent (10% Rate 20 Year Term)	$2,250	$2,550	$3,380
MHFA Below Market Rent (Cost-Based Rent)	$1,625	$1,925	$2,755
MHFA Adjusted Rent	30% of 80% of AMI		
Underwriting Rents			
Project-Based Section 8 (Market Rents)	$1,625	$1,925	$2,800
Project-Based Section 8 (80% AMI Rents)	$1,625	$1,925	$2,559

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

Nehoiden Glen, Needham

Greg Watson presented a proposal for Approval to accept assignment of a HUD-issued Firm Commitment for FHA-insurance, Commitment of a first mortgage loan (the "New Loan") and Approval to finance the New Loan through the issuance of a Ginnie Mae MBS for Nehoiden Glen in Needham.

The transaction will be a refinancing of Nehoiden Glen, which contains 61 units in three buildings on 4.33 acres of land in Needham. The loan will provide funds to payoff the outstanding MassHousing debt, complete repairs, fully fund the replacement reserves, pay all transaction costs, and withdraw equity.

Glen is comprised of three (3) three-story apartment buildings and one (1) three-story apartment building constructed in 1979. The subject property contains 42 one-bedroom and 19 two-bedroom units occupied by elderly and disabled residents. All 61 units are restricted to households earning no more than 60% AMI. 60 units are covered by a project-based Section 8 contract. PRI Nehoiden Glen, LLC is the current owner and will retain ownership of Nehoiden Glen.

Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of $16,560,000. The proceeds will be used to repay approximately $9,120,187 in existing MassHousing debt. The transaction will also include the completion of approximately $14,815 in critical and non-critical repairs, fully fund the replacement reserves with $524,881 ($8,605 per unit) and fund an equity takeout of approximately $6,948,836

Upon a motion duly made and seconded, it was, <u>by roll call vote</u> of all the present Members:

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $16,560,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than $22,356,000 nor less than $10,764,000 to PRI Nehoiden Glen, LLC (the "Borrower") for Nehoiden Glen and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of $16,560,000 (the "New Loan"), subject to the limitation that the final amount of such loan shall not be more than $22,356,000 nor less than $10,764,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Nehoiden Glen.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

1. The affordability of rents for 20% of the units:

61 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

Note: The market needs data reflects the information available to A&M staff as of the date of collection February 24, 2021, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus' known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 1,160 units) in the area revealed a strong rental market with increasing rental and occupancy rates. Current occupancy rates of the five comparable properties reviewed averaged approximately 95.2 %, and range between 90% and 100%. Three of the comparables were offering concessions consisting of one to two months of free rent. The property has operated as Section 8 and market property since 1979 and the average vacancy rate for the property for the past 5 years is .49%. My review of similar mixed income/subsidized portfolio properties (1,070 units) demonstrated a weighted average vacancy rate of approximately 1.075%

4th Qtr. 2020 CoStar data for the subject's Metro West Submarket (13,046 units) has an overall vacancy rate at 9.2% YTD, which is an increase of 3.01 % from one year ago. CoStar data for the Boston market 234,462 units) has an overall vacancy rate of 8.4% YTD, which is an increase of

2.71% from one year ago. The Metro West Submarket vacancy rate is projected to decrease to 7.5% over the next five years, while the Boston market is projected to decrease to 7.0%.

CoStar, submarket data for the 4-5 Star building type (4,652 units) indicates a 4th Qtr. 2020 vacancy rate of 14.1% and an average asking rent of $2,392, while submarket data for the subject's 3 Star building type (4,401 units) indicates a 4th Qtr. 2020 vacancy rate of 8.6% at an average asking rent of $1,627 and 1-2 Star buildings(3,993 units) indicates a 4th Qtr. 2020 vacancy rate of 4.0% at an average asking rent of $1,629 The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

Further, the Needham Housing Authority (NHA) owns and /or operates two State public housing developments for Elderly/Non Elderly/Disabled residents which consist of 152 one bedroom units. Per the representative of NHA they use the CHAMP (Common Housing Application for Massachusetts Programs) waitlist for the state and she was unable to estimate how many applicants were on the CHAMP waiting list. NHA also owns/operates one Federal funded elderly/disabled property consisting of 46 one-bedroom units. Per the representative of NHA, Elderly/Non Elderly waiting list is open and there are 9 applicants on the waiting list. NHA also owns/operates one Federally funded Family property consisting of 5 two bedroom units, 20 three bedroom units and 4 four bedroom units. Per the representative of NHA, the Federal Family waiting list is open and there are 104 applicants on the waiting list. NHA also has 120 Section 8 rental vouchers that are administer by Dedham Housing Authority, they participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List and the anticipated wait time is from 5 to 10 years.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the Town of Needham has 11,047 year-round housing units, 1,410(12.8%) of which are subsidized for low/moderate income households.

U. S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 10,801 households in the Town of Needham, approximately 50.1% earned less than the HUD published 2020 AMI ($119,000), approximately 19.3% earned less than 50% of 2020 AMI, approximately 24.1% earned less than 60% of the 2020 AMI and approximately 36.1% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

4. No Undue Concentration of Low-income Households

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	1	2
Number of Units	42	19
Net SF/Unit	623	904
Elev./Non-Elev.	Elev.	Elev.
Market Rate Rent (10% Rate 20 Yr. Term)	$4,232	$4,668
MHFA Below Market Rent (Cost-Based Rent)	$2,133	$2,569
MHFA Adjusted Rent	30% of 80% of AMI	
Underwriting Rents		
Project-Based Section 8 (Market Rents)	$2,200	$2,650
Project-Based Section 8 (80% AMI Rents)	$1,887	$2,263
60% AMI Non-Assisted		$1,300

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

Patricia McCardle rejoined the meeting at 3:00 p.m.

Cedar Glen, Reading

Greg Watson presented a proposal for Cedar Glen in Reading. Approval to accept assignment of a HUD-issued Firm Commitment for FHA-insurance; Commitment of a first mortgage loan (the "New Loan"); and Approval to finance the New Loan through the issuance of a Ginnie Mae MBS for Cedar Glen in Reading.

This transaction will be the refinancing of Cedar Glen, which contains 114 units in four buildings located on a 15.78 acre parcel of land in Reading. The loan will provide funds to pay off existing MassHousing debt, complete minor repairs, fully fund replacement reserves, and withdraw equity.

Cedar Glen is comprised of four one-, two- and three-story age-restricted buildings constructed in 1979. The subject property contains 114 one- and two-bedroom elderly/disabled residential units. All 114 units are restricted to households earning no more than 60% AMI. 113 units are covered by a project-based Section 8 contract. PRI Cedar Glen, LLC is the current owner.

Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of $29,360,000. The proceeds will be used to repay approximately $13,448,724 in existing MassHousing debt. The transaction will also include the completion of approximately $37,524 in critical and non-critical repairs, fully fund the replacement reserves with $479,940 ($4,210 per unit) and fund an equity takeout of approximately $15,177,359.

Upon a motion duly made and seconded, it was, by roll call vote of all the present Members:

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $29,360,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than $39,636,000 nor less than $19,084,000 to PRI Cedar Glen, LLC (the "Borrower") for Cedar Glen and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of $29,360,000 (the "New Loan"), subject to the limitation that the final amount of such loan shall not be more than $39,636,000 nor less than $19,084,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Cedar Glen.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

1. The affordability of rents for 20% of the units:
114 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area
Note: The market needs data reflects the information available to A&M staff as of the date of collection February 22, 2021, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus' known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (appx. 857 units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the 5 developments reviewed averaged appx. 96.4%, and range between 95% and 100%. The property has operated as Section 8 and market property since 1980 and the average vacancy rate for the property for the past 5 years is .68%. My review of similar mixed income/subsidized portfolio properties (1.470 units) demonstrated a weighted average vacancy rate of approximately 1.51%

4th Qtr. 2020 CoStar data for the subject's 93 North Multi-Family Submarket (7,042 units) has an overall vacancy rate at 6.1% YTD, which is a decrease of .62 % from one year ago. CoStar data for the Boston market 235,851 units) has an overall vacancy rate of 8.6% YTD, which is an increase of 2.63% from one year ago. The 93 North Multi-Family Submarket vacancy rate is projected to decrease to 5.0% over the next five years, while the Boston market is projected to decrease to 7.4%.

CoStar, submarket data for the 4-5 Star building type (2,901 units) indicates a 4th Qtr. 2020 vacancy rate of 8.9% and an average asking rent of $2,301, while submarket data for the subject's 3 Star building type (2,714 units) indicates a 4th Qtr. 2020 vacancy rate of 5.2% at an average asking rent of $2,037 and 1-2 Star buildings (1,427 units) indicates a 4th Qtr. 2020 vacancy rate of 2.0% at an average asking rent of $1,853. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

The Reading Housing Authority (RHA) owns and /or operates 80 1-bedroom State public housing units for elderly/disabled and 10 units of State family public Housing. Per the representative of RHA, there are 288 State Family Applicants, 152 State Elderly Applicants, and 150 State Non-Elderly/Handicapped Applicants on the waiting list

Effective September 1, 2015, the Reading Housing Authority's Section 8 Program is administered by the Chelsea Housing Authority (CHA). Per the representative at CHA, they have been allocated have 125 Housing Choice Vouchers (HCV), however, only 101 HCV are leased. Per the CHA, they participate in the centralized waiting list administered through the state and believe there are thousands on that list, but do not have specifics on the centralized list.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the Town of Reading has 9,584 year-round housing units, 1,004 (10.5%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2014-2018 American Community Survey (ACS) that of the 9,191 households in the Town of Reading 54.3% earned less than the HUD published 2020 AMI ($119,000), approximately 24.2% earned less than 50% of 2020 AMI, approximately 30.4% earned less than 60% of the 2020 AMI and approximately 41.4% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing
MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

4. No Undue Concentration of Low-income Households
The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units
As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as

the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	1	2
Number of Units	84	30
Net SF/Unit	671	900
Elev./Non-Elev.	Elev.	Elev.
Market Rate Rent (10% Rate 20 Yr. Term)	$3,937	$4,341
MHFA Below Market Rent (Cost-Based Rent)	$1,945	$2,349
MHFA Adjusted Rent	30% of 80% of AMI	
Underwriting Rents		
Project-Based Section 8 (Market Rents)	$1,975	$2,375
Project-Based Section 8 (80% AMI Rents)	$1,877	$2,244
60% AMI Non-Assisted		$1,133

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

Mr. Feldman noted the large equity takeouts in the MAP loans. Staff agreed that the amounts are substantial, noted the issue had come up at the Loan Committee, and said the borrowers had expressed an intention to invest in additional acquisitions.

Westland Avenue Apartments, Boston (Fenway)

Joe Hughes presented a proposal for Approval for a Level 1 Transfer of Ownership for Westland Avenue Apartments in the Fenway.

Westland Avenue Apartments Limited Partnership, a special purpose entity controlled by Westland Avenue Apartments, Inc., an affiliate of the Fenway Community Development Corporation ("Fenway CDC"), is seeking MassHousing's approval to allow for an identity of interest sale of Westland Avenue Apartments (the "Development") to New Fenway Westland LLC, or other newly formed special purpose entity controlled by the Fenway CDC (the "Purchaser"). As part of the sale, the Purchaser will assume the MassHousing loan and all related contract documents. The affordability mix described in Section A above will remain in place following the transfer of the Development.

Immediately prior to the conveyance of the Development to the Purchaser, the investor limited partner, which is controlled by Boston Financial, will exit the current owner. The parties currently plan to effect this exit through a redemption of limited partnership interests to be funded from distributable cash held by the borrower.

Following the exit of the investor and the conveyance of the Development to the Purchaser, the Development will be well positioned for recapitalization and Fenway CDC has begun discussions with MassHousing about refinancing options.

Westland Avenue Apartments is a 97-unit mixed-income apartment community in Boston's Fenway neighborhood. The property consists of four 4 to 6 story masonry buildings originally built in the early 1900s and substantially renovated in 1981 and 1982.

The site has been maintained and has had modest improvements in recent years, including boiler replacement and masonry repairs. In 2020, a capital needs analysis was completed, and replacement reserves were determined to be undercapitalized. There are no known immediate physical condition deficiencies at this time, but Fenway CDC anticipates a recapitalization and renovation of the development as early as later this year.

In 2005, MassHousing financed the Development with a first mortgage loan to the current owner in the original principal amount of $10,500,000 under HUD's Risk Share Program. The property is also subject to subordinate DHCD Housing Stabilization Fund Rehabilitation Loan (HSFL) loan, a Capital Improvement and Preservation Fund (CIPF) loan and City of Boston "Leading the Way" Block Grant restrictions which will be assumed by the proposed buyer, subject to DHCD/City of Boston approval.

Upon a motion duly made and seconded, it was, <u>by roll call vote</u> of all the present Members:

VOTED: That MassHousing approve the Level One Transfer of Ownership of Westland Avenue Apartments in Boston, Massachusetts from Westland Avenue Apartments Limited Partnership to New Fenway Westland LLC, or other single-purpose entity controlled by Fenway Community Development Corporation, subject to the requirements of the Transfer of Ownership Policy approved by the Board on August

14, 2007 and further subject to any additional conditions required by the Director of Rental Management or General Counsel, and that the Executive Director, Vice President of Multi-Family Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith.

Chairman Dirrane asked if there was any other old or new business for the Members' consideration. There was none.

Chairman Dirrane asked for a motion to adjourn the meeting at 3:05 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 3:05 p.m.

A true record.

Attest.

Colin M. McNiece
Secretary