

February 18, 2020 Board Meeting

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Board of Commissioners Meeting – February 18, 2020 9:00 A.M. – 12:00 P.M.

MaineHousing
353 Water Street
Augusta
Board Room

MEMBERS OF THE BOARD: Lincoln Merrill, Jr. (Chair), Donna Talarico (Secretary), Thomas Davis, Daniel Brennan, Laurence Gross, Henry Beck, Bonita Usher (Vice Chair), Kevin P. Joseph

AGENDA

ITEM	PRESENTER
9:00 Adopt Agenda (VOTE)	Lincoln Merrill
Approve minutes of January 21, 2020 meeting (VOTE)	All
Communications and Conflicts	All
Chair of the Board Updates	Lincoln Merrill
Director Updates	Dan Brennan
9:30 HEAP Introduction	Troy Fullmer
10:00 Audit Committee Update	Linda Grotton
10:15 QAP Partner Meeting Debrief	Mark Wiesendanger
Construction Costs	Mark Wiesendanger
<u>Department Reports:</u>	All
Asset Management	
Communications and Planning	
Development	
Energy and Housing Services	
Finance Monthly Report	
Financial & Budget Report	
Finance Delinquency Report & Charts	
Homeless Initiatives	
Homeownership	
Housing Choice Voucher	
Information Technology	
Adjourn (VOTE)	All
Building Committee Meeting to Follow	

*The next meeting of the Board is scheduled for March 17, 2020
at MaineHousing, 353 Water Street, Augusta, Maine*



Minutes of the Board of Commissioners Meeting January 21, 2020

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on January 21, 2020 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. Notice of the meeting was published on January 10, 2020 in Central Maine newspapers.

Chair Lincoln Merrill called the meeting to order at 9:00 a.m. The meeting convened with Commissioners Donna Talarico, Laurence Gross, State Treasurer Henry Beck, and Director Dan Brennan present. Commissioner Thomas Davis attended by telephone because he was traveling out of state. There were no other persons at his location. Commissioner Bonita Usher also attended by telephone because she was traveling. Her husband, Ron, was with her. Commissioner Kevin Joseph was absent. There was a quorum present.

PUBLIC ATTENDANCE

Guests and staff present for all or part of the meeting included: Linda Uhl, Chief Counsel; Peter Merrill, Deputy Director; Tom Cary, Treasurer; Denise Lord, Senior Director of Communications and Planning; Daniel Drost, Director of Energy and Housing Services; Kyme Ferenc, Manager of Housing Services; Troy Fullmer, Manager of HEAP & Weatherization Services; Craig Reynolds, Director of Homeownership; Mark Wiesendanger, Director of Development; Karen Lawlor, Executive Administrator; Cara Courchesne, Communications Coordinator; Lauren Bustard, Senior Director of Programs; Brenda Sylvester, Community Housing of Maine, Inc.; and Gerrylynn Ricker, Paralegal and Note taker.

ADOPT AGENDA

Commissioner Gross made a motion seconded by Commissioner Talarico to adopt the January 21, 2020 agenda. The vote carried unanimously.

APPROVE MINUTES OF DECEMBER 17, 2019 MEETING

State Treasurer Henry Beck made a motion seconded by Commissioner Gross to accept the December 17, 2019 minutes as written. The vote carried unanimously.

COMMUNICATIONS AND CONFLICTS

None

CHAIR OF THE BOARD UPDATES

None.

DIRECTOR UPDATES

Director Brennan reported issues, his activities and upcoming matters as follows:

- The winners of the senior housing bond and housing trust fund RFP's were announced earlier this month.
- Met with the Commissioners of the Department of Economic Development and the Department of Corrections.

- Attended the Maine Affordable Housing Coalition meeting. We co-chaired the meeting. The topic of discussion was costs of building affordable housing.
- Director Brennan discussed a recent HUD press release regarding homelessness in Maine.
- Met with several public housing authorities to discuss new Section 8 centralized waiting list.
- Attended a heat pump press conference with Governor Mills and Efficiency Maine Trust.
- Attended the ribbon cutting at Penobscot Elder Homes, on Indian Island in Old Town.
- We had several staff attend the NCSHA conference in Washington, D.C.
- Will attend the Associated General Contractors Economic Forum.
- Starting meetings about the QAP. Will meet with Nancy Smith from Smart Growth on Thursday and meet with the Maine Real Estate Managers Association on February 6th. We'll host a more-broad QAP meeting here at MaineHousing on February 11th.
- We are having an all staff day on February 4th at the Civic Center. Board members are welcome to attend.
- We have signed a contract with the Department of Health and Human Services with regard to one of the two Recovery house pilot programs and continue to work with DHHS on recovery residences.
- Director Brennan discussed a recent article in the Bangor Daily News regarding Rural Development.

ADOPT 2020 DOE WEATHERIZATION STATE PLAN

Chief Counsel Linda Uhl recapped the hearing that took place in December. There were no comments received in writing or at the public hearing.

Commissioner Gross made a motion seconded by State Treasurer Henry Beck to adopt MaineHousing's proposed Department of Energy Weatherization Assistance Program 2020 State Plan. The vote carried unanimously.

RESOURCE ALLOCATION

Director Brennan handed out a one page 2020 resource allocation highlight sheet. He reviewed the sources and uses with the Commissioners.

LEGISLATIVE UPDATE

Deputy Director Peter Merrill gave an update of the second session of the 129th state legislation. The second session is for whatever the Governor may want to put in, any bills carried over from the first session and whatever is deemed an emergency. There are several big issues we are following:

- The State Low Income Housing Tax Credit bill is in very good shape. It is a four year \$80 million dollar tax credit. There are two amendments being looked at – one would make it an eight year instead of four year which would be \$10 million every year instead of \$20 million every year. The second amendment is intended to make certain that people with disabilities are being served. Our hope is it will be taken up by the Appropriations Committee today.
- There is a bill to provide \$3 million for homeless shelters.
- There is a bill carried over from last session called Fair Chance Housing. The idea is to help persons with a criminal history get housing.
- A couple bills address a tax credit that the Legislature created a few years ago for people who make home improvements for people with disabilities, which was a great idea but has not been working.
- There is a proposal to create a study group to be led by MaineHousing to address Frequent Users System Engagement (FUSE). It is for long time stayers in a homeless shelter. The study group would figure out a way to get resources to them.
- There is an interesting concept for energy efficiency loans where the loan is tied to the

property and not the owner. The loan is enforced through the municipality.

- There are a couple of bills on tiny houses.

SENIOR HOUSING BOND 4% LIHTC PROGRAMS

Director of Development, Mark Wiesendanger, informed the Commissioners that the citizen voted \$14.5 million senior bond that was signed by the Governor last January required that we have four projects built in counties with less than 100,000 people. There was not a lot of interest by developers to build in counties with less than 100,000 people so we had to increase the amount of subsidy and offer project based vouchers. With the \$14.5 million we were able to fund six projects and there was a seventh project that we felt was worth doing so we put some of our own money into the program. The projects are located in Ellsworth, Belfast (two projects), Farmington, Scarborough (two projects), and Hartland. Mark told the Commissioners that we are looking at putting together an on-going 4% walk-in program. Four of the 9% non-winners will be funded quickly and if we get the state low income housing tax credit, others will be funded as well.

MAINE AFFORDABLE HOUSING COALITION MEETING AND QAP UPDATE

Director of Development, Mark Wiesendanger, reported to the Commissioners the outcome of the joint meeting held with the Maine Affordable Housing Coalition regarding costs. The meeting was very well attended.

DEPARTMENT REPORTS

No comments.

ADJOURN

Commissioner Gross made a motion seconded by State Treasurer Henry Beck to adjourn the meeting. The meeting was adjourned at 10:45 a.m. by unanimous vote of the Board.

Respectfully submitted,

Donna Talarico, Secretary



Asset Management Department Memorandum

To: MaineHousing Board of Commissioners
From: Robert Conroy – Director, Asset Management
Date: February 10, 2020
Subject: February Board Report - Asset Management

Section 23/8 Portfolio Discussions with HUD

MaineHousing has a small multifamily portfolio of 11 properties that are assisted under a program that is unique to Maine. The Section 23/8s receive rental assistance through the Public and Indian Housing (PIH) side of HUD and is applied to each of the 11 multifamily properties in a manner similar to the methodology applied to the Section 8 project-based assistance run by the Multifamily side of HUD. This occasionally poses issues when a sign-off is necessary from HUD for assignment of the contract or other matters that come up from time to time.

More recently HUD has appeared willing to move the 23/8 contracts into a conventional program and have been indicating that their preference would be to convert the 23/8 contracts into Project-Based Voucher (PBV) contracts. They have requested copies of 23/8 contracts and supporting documentation while they complete their internal review.

We expect that they will issue specific guidance to us soon so that we can discuss any potential changes with owners.

In the meantime, we are pleased that HUD is considering updates to the Section 23/8 portfolio.

Adieu to Alison Dyer

This Friday, February 14, we will be saying a fond farewell to longtime MaineHousing employee and current Asset Manager Alison Dyer. Alison will be taking a new position at the Department of Health and Human Services.

Alison has been a leader in the efforts of Asset Management and MaineHousing to develop LEAN systems and practices and has been instrumental in sharing this information with our outside partners.

We wish Alison much success in her new position and thank her for her pivotal role improving the Department through streamlining processes and procedures.

Communications & Planning Department Memorandum

To: Board of Commissioners

From: Denise Lord

Date: February 12, 2020

Subject: February Board Report

Maine Housing in the News

This month's news focused on the progress and ultimate passage and signing into law of the state affordable housing tax credit legislation. It is a significant accomplishment resulting from the work of many including legislators, the Governor, partners, advocates. Wednesday, February 12, 2020 Governor Mills signed the legislation in an event held in the Cabinet Room. Dan Brennan offered some remarks as did several legislators.

Strategic Plan Implementation/Innovation

The Recovery Residences pilot was launched on February 5th at an informational meeting with interested residences. Over 40 people attended to learn about the program and how to apply. The feedback from participants was very positive. Our contract with DHHS to administer the program is final.

We are finalizing our first award of a Community Solutions Grant. Biddeford is requesting our assistance in helping remediate lead and repair 2-4 unit buildings in two neighborhoods. Their objective is to retain rental affordability and offer owner-occupied rental ownership opportunities. There is a need for rental properties with 2-4 units in many communities and in response, our Homeownership Department is exploring a home loan option for owner occupied rentals.

Learning and Development

All Staff Day on February 4th was another successful professional development day. The morning was spent on an overview of the plans to transition to our new office building in May. Dan, Brennan, Jane Whitley and Sheila Nielsen provided an update on the outfitting of the building, reviewed the move plans and provided answers to staff questions. Small group breakouts followed with an opportunity for staff to ask more questions and share their concerns.

The afternoon included sessions on Recovery Residences, the Cost of Development, and Preventing and Ending Youth Homelessness. Our luncheon speakers were Misty Parker, Economic Development Director from Lewiston and Shawn Yardley, ED of Community Concepts who shared Lewiston's Tree Streets neighborhood revitalization plans.

Policy and Research Update

We submitted comments in response to a request by the U.S. Department of Housing and Urban Development and the White House Council on Eliminating Regulatory Burden to Affordable Housing.

The White House has issued an executive order to combat human trafficking and online child exploitation. Among other requirements, it establishes an internal working group from the Department of Health and Human Services and the Department of Housing and Urban Development to develop and incorporate practical strategies for State, local and tribal governments and other organizations to expand housing options for victims of human trafficking.

Partner Meetings

- We attended the first year anniversary of the Safe House for Victims of Human Trafficking. MaineHousing supported the creation of the safe house by donating a home in foreclosure.
- We discussed access to public transportation issues with the Greater Portland Council of Governments.
- We met with Grow Smart Maine to discuss proximity to activities of daily living and walkability criteria in the QAP.
- I attended the Maine Council on Aging meeting to talk about housing trends, challenges, and opportunities.
- We met with Wabanaki Public Health to discuss recovery housing for Native Americans.



Development Department Memorandum

To: MaineHousing Board of Commissioners
From: Mark C. Wiesendanger, Director of Development
Date: February 18, 2020
Subject: Monthly Report

2021 Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP)

MaineHousing held the first of three discussions with external development partners regarding the next QAP on February 11. About 35 people representing most of our recent developer partners and different areas of the state, showed up for the first meeting. Additional meetings will be held at MaineHousing on February 25 and March 10 at 2:00. All interested parties are welcome.

Topics of note from the first meeting included:

- Total development cost (TDC) caps
- Energy efficiency incentives
- Management performance scoring
- Program timing
- Rural housing incentives

“Permanent” Walk-in 4% Program

We are currently circulating a draft of a new tax-exempt funding program for housing for both family and older adults throughout the state. We have evaluated the use of subsidy in our most recent program offerings to determine appropriate amounts for an ongoing offering that will encourage both rural and urban projects to the extent possible. We hope to fund many projects on the 9% waiting list, and that did not win funding through the 4% RFP, in addition to others whose applications have yet to be submitted to MaineHousing.

Energy & Housing Services Department Memorandum

To: MaineHousing Board of Commissioners
From: Daniel Drost, Director of Energy and Housing Services
Date: February 11, 2020
Subject: EHS Monthly Report – February 2020

**HOME ENERGY ASSISTANT PROGRAM (HEAP)
PRODUCTION STATISTICS THROUGH FEBRUARY 7, 2020 (Week 22)**

Number of Applications	PY 2020 (2/7/2020)	PY 2019 (1/24/2019)	% change
Applications Taken	35,879	37,782	-5%
Confirmed Eligible/Paid	22,795	24,809	-8.1%
Pending (in process)	10,363	7,938	+30.5%
Other (ineligible, denied, void, etc.)	2,721	5,035	-46%

HEAP RULE (CHAPTER 24) AND HEAP STATE PLAN FOR PY2021

Although it seems the HEAP PY2020 just began, it is already time to commence planning and Rule Making for PY2021 which will start on October 1, 2020. At the February 18, 2020 Board of Commissioners Meeting, Troy Fullmer, Manager of HEAP, will provide the Board with an overview of HEAP and a tentative timeline for the milestones for PY2021.

At present, EHS is in the process of gathering input about the program and possible recommendations for changes to HEAP from key partners and interested parties. On Wednesday, February 12, 2020, EHS staff will host the combined Community Action Agency Housing and Energy Councils to begin discussion regarding PY2021. These recommendations and those submitted by other interested parties will be compiled and shared with the attendees of the HEAP Working Group which will be held on Wednesday, February 19, 2020 at the Augusta Civic Center.

The HEAP Working Group provides an opportunity for interested parties to gather and discuss HEAP from a variety of perspectives. Traditionally, the HEAP Working Group has been comprised of participants from MaineHousing staff, Community Action Agency staff, HEAP vendors representing a variety of fuel types, MaineHousing Board of Commissioners, Efficiency Maine Trust, Maine Energy Marketers Association, Maine Equal Justice Partners, Office of the Public Advocate, Office of the Attorney General, Maine Department of Health and Human Services, the Public Utilities Commission and anyone interested in HEAP.

The Public Hearing for the HEAP Rule and State Plan is scheduled for May 18, 2020. It is hoped that the final Rule and Plan will be approved by the Board at their June 16, 2020 meeting. The taking of new applications for PY2021 is tentatively scheduled to commence on August 24, 2020.

CENTRAL HEATING IMPROVEMENT PROGRAM

MaineHousing's Central Heating Improvement Program (CHIP) provides primary heating system repair and replacement services to eligible households. A percentage of Maine's Home Energy Assistance Program (HEAP) funding is used to fund Weatherization and CHIP. In order to be eligible for CHIP, a household must have an eligible HEAP application within the preceding 12-month period and have a household income that does not exceed 200% of the Federal Poverty Level. CHIP is administered statewide by the Community Action Agency network and priority for CHIP services are given to households that have no heat. In addition to repairing and replacing heating systems, CHIP also funds annual cleaning, tuning and evaluation of primary heating systems to help ensure heating systems are safe and operating as efficiently as possible. During the period of January 1, 2019- November 30, 2019, \$4,752,885 of CHIP funding was invested and served 1,615 households.

HOME ACCESSIBILITY AND REPAIR PROGRAM

The Home Accessibility and Repair Program (HARP) provides grants to income eligible homeowners for professional home repairs and accessibility modifications. Community Action Agencies (CAAs) were issued contracts on January 17, 2020 are currently processing applications for the 2020 HARP program. MaineHousing has set aside \$4.5 million in funding for PY2020.

DOE WEATHERIZATION

MaineHousing submitted the annual Department of Energy (DOE) Weatherization State Plan on Monday, February 10, 2020. DOE will review and approve the plan before the April 1, 2020 program start date.

Finance Department Memorandum

To: Board of Commissioners
From: Darren R. Brown
Date: February 11, 2020
Subject: Monthly Report – Finance Department

ACCOUNTING AND FINANCIAL REPORTING:

- During the month of January, the Accounting & Financial Reporting (AFR) staff worked on the year-end closing process and completed numerous schedules and work papers in preparation for MaineHousing’s annual audits. A first draft of the December 31, 2019 financial statements was also completed. Baker Newman & Noyes, the agency’s external auditors, began the final phase of the financial statements audit on February 3rd. An audit team will be working on this audit through the end of March.

This year’s audit approach is similar to prior years. The auditors will first perform an audit of the financial statements and then work on the federal compliance (OMB A-133) audit. Both audits are expected to be completed along the same timeline as previous years. The financial statements audit will be completed by the end of March and the A-133 audit should be completed by the end of June.

- The AFR staff also worked with several departments throughout January to assist them with verifying and reconciling funds and compiling various data required for year-end program reporting. In addition, staff assisted with compiling and reviewing information for the State OPEGA reporting requirements associated with procurements and contributions. MaineHousing is required to report to the State all procurements exceeding \$10,000 where competitive procurement was waived or not required as well as all contributions greater than \$1,000.

LOAN ADMINISTRATION:

- The Loan Administration Department also spent a significant portion of January working on year-end closing activities for 2019 and completed various year-end reporting requirements. The Loan Administration Department is an integral part of the year-end audit process and is required to prepare numerous confirmations and schedules for our auditors. Many of MaineHousing’s multi-family borrowers are also undergoing year-end audits and Loan Administration staff prepared responses to a large number of borrower audit confirmation requests.
- Two of Loan Administration’s managers attended the National Council of State Housing Agencies (NCSHA) HFA Institute in Washington, DC on January 15, 2020 – January 17, 2020. The Federal Housing Administration (FHA) and United States Department of Agriculture (USDA) shared their agencies visions for 2020.

FHA will be performing a comprehensive review of the regulatory barriers that impact production in their portfolio. They will also be releasing changes in the upcoming months to their program requirements regarding Down Payment Assistance. In addition, in response to an emerging market, FHA published new Condominium Rules that remove certain barriers to affordable homeownership.

USDA State agencies will be migrating from a local reporting structure to a fully centralized structure with one national office consisting of four centralized regions responsible for the oversight and reporting. Maine was part of the first wave of migration. USDA will be streamlining their foreclosure and loss claim processes. They are eliminating the 9-month Real Estate Owned marketing requirements. They have also implemented new rules requiring claims for losses to be filed within 60-days of a foreclosure sale along with changes to their property preservation and maintenance requirements.

Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: February 11, 2020

Subject: Monthly Financial and Budget Report

The following are preliminary financial and budget results for the year ended December 31, 2019. The year-end closing procedures and audit have not been completed. A final report with more detailed analyses will be provided and reviewed with the Board of Commissioner's after the audit has been completed.

FINANCIAL RESULTS

Attached are preliminary Balance Sheets and Statements of Revenues, Expenses, and Changes in Net Assets for the year ended December 31, 2019.

MaineHousing's programs are accounted for in Fund Groups, based on funding sources. For financial reporting purposes, each Fund Group is a separate and stand-alone entity. There are seven Fund Groups and the individual Balance Sheets and Statements of Revenues, Expenses and Changes in Net Assets for each are presented in columns on the attachments (pages 1 and 2). The following is a summary of MaineHousing's total combined financial position and operating results for the current year and a brief explanation for the changes between the current and prior year net operating results.

Total combined assets are approximately \$1.9 billion and total combined liabilities approximate \$1.5 billion. Total net assets amount to approximately \$367.6 million. Total combined revenues approximate \$260.8 million and total expenses amount to approximately \$236.2 million, which results in a net operating income of \$24.6 million for 2019. For the year ended December 31, 2018, net operating income was approximately \$12.9 million. Net operating income is \$11.7 million higher in 2019 due primarily to the activities and operating results of the Mortgage Purchase Fund (MPP), MaineHousing's largest Fund Group, and an increase in the fair value of non-mortgage investments.

The MPP's 2019 net operating income is \$12.7 million compared to net operating income of \$6.4 million in 2018. MPP's net operating income increase of \$6.3 million is due solely to the recognition of a paper gain associated with adjusting the carrying values of non-mortgage investments. A paper gain of \$4.5 million was recognized in 2019, which represents an increase of \$7.2 million compared with the paper loss of \$2.7 million recorded in 2018. The change associated with the recording of paper gains and losses is attributed to interest rate changes during the year.

The recording of paper gains and losses is required for accounting purposes. However, because MaineHousing does not actively buy and sell related investments, actual gains and losses will not occur and these amounts are ignored by the rating agencies, bond analysts and management when assessing profitability.

Excluding the paper gains and losses, MPP's adjusted net operating income is \$8.2 million for 2019 compared to \$9.1 million for 2018. The decrease is due largely to lower net interest income. Net interest income is lower in 2019 due to higher outstanding bond obligations, which generated higher interest expense, and lower average yields from mortgage receivables. Additionally, MPP's allocated operating costs increased primarily as a result of the annual pension liability adjustment. This adjustment is required for accounting purposes only and reflects an increase of \$0.7 million.

The HOME Fund has higher net operating income in 2019. MaineHousing's portion of the real estate transfer taxes and shelter operating subsidy received from the State are accounted for in this Fund Group, which has \$7.7 million of net operating income at the end of 2019. This is an increase of \$5.3 million compared to net operating income of \$2.4 million at the end of 2018. The increase is due to higher income from real estate transfer taxes.

BUDGET RESULTS

Also attached are the preliminary budget variance results for the year ended December 31, 2019. These results are summarized and presented on the attachments described below. Additional analysis and variance explanations will be provided once the audit has been completed and the final budget results are available.

OPERATING REVENUES AND EXPENSES BUDGET

MaineHousing has two primary business segments, which consist of mortgage lending activities and the administration of federal and other programs. All operating and program administrative costs are paid by either the net interest income from mortgage lending activities, which is the difference between interest income earned from mortgage and non-mortgage investment assets and the interest paid on bonds, or fee income received for the administration of federal and other programs.

The Operating Revenues and Expenses Budget, **Attachment A**, presents the revenues available to pay operating and program administrative expenses. It also presents the aggregate operating and program administrative expenses. Total budgeted revenues for 2019 are \$82.2 million and total expenses are budgeted at \$72.2 million. Total actual revenues as of December 31, 2019 amount to \$80.4 million, while total expenses amount to \$71.2 million. Operating revenues exceeded expenses by \$9.2 million for the year.

In total, revenues were below budget by \$1.8 million or 2%. Interest from mortgages was \$1.6 million under budget because the single family loan portfolio increased at a level below budget projections and at a lower than projected average interest rate. Interest income from non-mortgage investments was below budget by \$0.3 million due to lower than projected short-term interest rates over the course of the year.

In total, expenses were below budget by \$0.9 million or 1% due to lower operating and other program administration expenses. The operating and other program administration expenses (the first two expense lines) are detailed on **Attachment B** and summarized below:

OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES

MaineHousing's overhead and operational costs for the year as well as other program administrative expenses, which are costs that are specifically and exclusively related to a particular program, are itemized on **Attachment B**.

Operating expenses were budgeted at approximately \$18.5 million for 2019. Total actual expenses amounted to approximately \$18 million and were under budget by \$0.5 million or 3%. Operating expenses were under budget due primarily to the following:

Total salaries and benefits (first five line items) were below budget by a combined amount of approximately \$126,000, as full-time equivalent (FTE) positions were under budget by approximately two due to position turnovers and vacancies throughout the year.

Expenses for staff education, trainings, and conferences (lines 11 and 12) were \$123,000 under budget. Position turnovers and extended vacancies with some positions impacted training and conference attendances and actual activities in these areas were not at the level originally planned and budgeted.

Expenses for annual computer system maintenance and support agreements (line 23) were under by \$50,000. Amounts budgeted for the multifamily database, MERAC, Hancock Weatherization and QuickReports systems were either not needed or needed to the level budgeted.

Depreciation expense (line 24), which is based on capital expenditures and the timing of placing capital assets into service, was under budget by \$86,000. There were a number of items included in the capital budget that were either not acquired, acquired at the amount budgeted, or placed into service as originally estimated (refer to Capital Budget section below).

Expenses for professional services (line 33) were \$52,000 under budget. Amounts for outsourcing certain program monitoring and other consultant work and temporary employment services were not needed to the extent originally anticipated. Printing expenses (line 7) were over budget by \$29,000 as a result of higher than projected costs for the annual report, new logo, and program announcements and brochures for certain energy and housing programs.

Other program administrative expenses were budgeted at \$8.9 million for 2019. Total actual expenses amounted to \$8.3 million and were under budget by \$0.5 million or 6% due primarily to the following:

Single family loan defaults and foreclosure activity was below budget estimates and lower related costs (first 3 lines) is the primary reason for the overall underage in this section.

There were unbudgeted legal expenses for restructuring several Standby Purchase Agreements (SPA) and remarking Interest Rate Swap agreements, which generated an overage on line 11. These restructurings will lower future remarketing and liquidity facilities costs associated with variable rate bonds. The budget overage on line 11 was offset by lower bond issuance costs (line 5). These costs were under budget because two bond series were combined and issued together.

CAPITAL BUDGET

The Capital Budget, **Attachment C**, presents items that provide an economic benefit to MaineHousing over a period of time. Items are recorded as assets and expensed over their estimated useful life. The total authorized capital budget for 2019 was approximately \$14.1 million and actual expenditures were \$10.4 million.

Most of the capital expenditures were for renovation work on the new office building and the acquisition of equipment, workstations, and other furnishings for the new building. Capital expenditures for the new office building did not occur in accordance with the budget timeline estimates. Building renovation expenditures were below budget by \$2.8 million and expenditures for equipment and

furnishings were below budget by a combined amount of approximately \$0.7 million. These amounts will be expended and reflected in the 2020 Capital Budget.

The new phone system and several software items were not acquire in 2019 as originally planned. Unused amounts for the phone system and certain computer software and office equipment items were carried forward and included in the 2020 Capital Budget.

MEMBERSHIPS, DUES AND SPONSORSHIPS

In accordance with MaineHousing's Contributions Policy, all payments for memberships, dues and sponsorship are required to be reported to the Commissioners each month as part of the budget variance reports. **Attachment D** presents an itemized listing of the membership, dues, and sponsorship expenses as of December 31, 2019.

MAINE STATE HOUSING AUTHORITY
BALANCE SHEETS
DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Memorandum Only Combined Totals		Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
	2018	2019							
ASSETS:									
Cash, principally time deposits	1,380	37,413	19,229	1	12,789	13	5,381	0	0
Investments	399,306	344,790	277,003	8,080	27,576	24,784	0	2,078	5,269
Accounts receivable - Federal	5,552	5,124	0	0	0	0	5,124	0	0
Assets held for sale	3,659	3,675	0	0	0	3,675	0	0	0
Accrued interest and other assets	10,680	10,527	8,013	6	66	1,615	788	1	38
Mortgage notes receivable, net	1,388,158	1,441,841	1,402,723	0	6,451	23,734	0	0	8,933
Other notes receivable, net	288	249	0	0	239	0	0	10	0
Land, equipment and improvements, net	3,222	13,408	22	0	13,386	0	0	0	0
Other real estate owned	421	1,192	1,169	0	23	0	0	0	0
Accumulated decrease in fair value of hedging derivatives	4,619	10,860	10,860	0	0	0	0	0	0
Deferred pension expense	616	610	326	2	56	0	0	226	0
Deferred amount on debt refundings	4,394	3,728	3,728	0	0	0	0	0	0
Total Assets	1,822,295	1,873,417	1,723,073	8,089	60,586	53,821	11,293	2,315	14,240
LIABILITIES AND NET ASSETS:									
Accrued interest payable	5,527	5,624	5,580	0	0	0	0	0	44
Accounts payable - Federal	451	473	0	0	0	0	473	0	0
Accounts payable & accrued liabilities	6,485	8,567	460	3	4,202	1,935	1,967	0	0
Unearned income	3,989	7,130	0	0	0	0	485	6,645	0
Net pension liability	2,283	2,282	1,222	7	209	0	0	844	0
Deferred pension credit	1,016	867	464	3	79	0	0	321	0
Derivative instrument - interest rate swaps	4,619	10,860	10,860	0	0	0	0	0	0
Interfund	0	0	2,534	13	(426)	(1,423)	3,898	(4,598)	2
Mortgage bonds and notes payable, net	1,454,910	1,470,000	1,423,694	0	20,200	0	0	0	26,106
Deferred grant income	0	0	0	0	0	0	0	0	0
Deferred loan origination points	32	26	26	0	0	0	0	0	0
Total Liabilities	1,479,312	1,505,829	1,444,840	26	24,264	512	6,823	3,212	26,152
NET ASSETS:									
Restricted Net Assets	308,108	331,266	278,233	8,063	0	53,309	4,470	(897)	(11,912)
Unrestricted Net Assets	34,875	36,322	0	0	36,322	0	0	0	0
Total Net Assets	342,983	367,588	278,233	8,063	36,322	53,309	4,470	(897)	(11,912)
Total Liabilities and Net Assets	1,822,295	1,873,417	1,723,073	8,089	60,586	53,821	11,293	2,315	14,240

MAINE STATE HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	<u>Memorandum Only Combined Totals</u>		<u>Mortgage Purchase Fund Group</u>	<u>Bondholder Reserve Fund</u>	<u>General Fund</u>	<u>HOME Fund</u>	<u>Federal Programs Fund</u>	<u>Other Funds</u>	<u>Maine Energy Housing & Economic Recovery Funds</u>
	<u>2018</u>	<u>2019</u>							
REVENUES:									
Interest from mortgages and notes	59,806	61,871	61,286	0	486	60	0	0	39
Income from investments	7,833	9,040	7,929	172	333	447	13	50	96
Net increase (decrease) in the fair value of investments	(2,709)	4,558	4,490	0	68	0	0	0	0
Fee income	8,660	9,608	774	0	908	0	7,494	432	0
Other revenue	439	330	193	0	108	0	29	0	0
Grant income	52,106	51,077	0	0	0	2,512	46,057	2,508	0
Income from State	16,955	23,070	0	0	0	18,754	0	0	4,316
Federal rent subsidy income	98,117	100,983	0	0	0	0	100,983	0	0
Gain on bond redemption	178	228	228	0	0	0	0	0	0
Total Revenues	241,385	260,765	74,900	172	1,903	21,773	154,576	2,990	4,451
EXPENSES:									
Operating expenses	15,813	17,806	0	0	17,806	0	0	0	0
Other program administrative expenses	6,835	6,603	6,089	0	22	0	229	261	2
Mortgage servicing fees	1,604	1,648	1,625	0	23	0	0	0	0
Provision for losses on loans	67	69	50	0	11	8	0	0	0
Losses on foreclosed real estate	200	0	0	0	0	0	0	0	0
Interest expense	42,687	45,995	45,016	0	0	0	0	0	979
Grant expense	63,361	62,509	0	0	0	14,072	45,820	2,508	109
Federal rent subsidy expense	97,868	101,530	0	0	0	0	101,530	0	0
Loss on bond redemption	0	0	0	0	0	0	0	0	0
Excess arbitrage	0	0	0	0	0	0	0	0	0
Allocated operating costs	0	0	9,452	55	(16,232)	0	6,439	286	0
Total Expenses	228,435	236,160	62,232	55	1,630	14,080	154,018	3,055	1,090
Net Operating Income (Loss)	12,950	24,605	12,668	117	273	7,693	558	(65)	3,361
Transfers between funds, net	0	0	1,000	0	1,174	(1,000)	(1,174)	0	0
Change in net assets	12,950	24,605	13,668	117	1,447	6,693	(616)	(65)	3,361
Net assets at beginning of year	330,033	342,983	264,565	7,946	34,875	46,616	5,086	(832)	(15,273)
Net assets at end of year	342,983	367,588	278,233	8,063	36,322	53,309	4,470	(897)	(11,912)

**MAINE STATE HOUSING AUTHORITY
OPERATING REVENUES AND EXPENSES BUDGET VARIANCE REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

(IN THOUSANDS OF DOLLARS)

	Mortgage Lending Activities Actual	Federal & Other Program Administration Actual	Total Combined Actual	Total Annual Budget	Total Under/(Over)	% Variance
REVENUES:						
Interest from mortgages and notes	61,772	0	61,772	63,356	1,584	3%
Income from investments	8,434	63	8,497	8,807	310	4%
Fee income	1,682	7,926	9,608	9,818	210	2%
Other revenue	529	29	558	218	(340)	(156%)
Total Revenues	72,417	8,018	80,435	82,199	1,764	2%
EXPENSES:						
Operating expenses	11,339	6,610	17,949	18,449	500	3%
Other program administrative expenses	7,820	492	8,312	8,853	541	6%
Interest expense	45,016	0	45,016	44,900	(116)	0%
Total Expenses	64,175	7,102	71,277	72,202	925	1%
Excess Revenues Over Expenses	8,242	916	9,158	9,997	839	8%

**MAINE STATE HOUSING AUTHORITY
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

ATTACHMENT B

	Total Budget	Total Actual	\$ Variance Under(Over)	% Variance Under(Over)
Operating Expenses				
1. Salaries	9,975,522	9,894,378	81,144	1%
2. Payroll Taxes	727,792	726,002	1,790	0%
3. Retirement	964,556	933,019	31,537	3%
4. Medical and Life Insurance	2,654,279	2,640,917	13,362	1%
5. Other Fringe Benefits	12,000	13,575	(1,575)	(13%)
6. Office Supplies	60,165	38,738	21,427	36%
7. Printing	87,300	116,595	(29,295)	(34%)
8. Membership and Dues	57,852	49,647	8,205	14%
9. Subscriptions	18,024	18,773	(749)	(4%)
10. Sponsorships	16,500	11,500	5,000	30%
11. Staff Educ/Train/Conf	203,693	125,208	78,485	39%
12. Travel/Meals - Staff Educ/Train/Conf	162,898	118,353	44,545	27%
13. Partner/Client Train/Meetings	144,480	143,881	599	0%
14. Travel/Meals - Partner/Client Training	116,285	120,839	(4,554)	(4%)
15. Staff Events	20,500	23,706	(3,206)	(16%)
16. Meals - Staff Events	23,730	19,872	3,858	16%
17. Leased Vehicles	131,000	126,353	4,647	4%
18. Computer Supplies	85,500	63,542	21,958	26%
19. Computer licenses - SAAS	139,817	123,607	16,210	12%
20. Building Rent & Utilities	847,520	848,574	(1,054)	0%
21. Rent-Other	34,530	31,639	2,891	8%
22. Repairs and Maintenance	82,245	71,051	11,194	14%
23. Computer Maintenance	657,580	607,262	50,318	8%
24. Depreciation	320,000	233,841	86,159	27%
25. Telephone	68,800	63,490	5,310	8%
26. Employment Advertising	3,600	3,144	456	13%
27. Postage and Shipping	91,610	94,075	(2,465)	(3%)
28. Insurance	98,649	89,480	9,169	9%
29. Recording Fees	600	1,920	(1,320)	(220%)
30. Payroll Services	26,440	25,192	1,248	5%
31. Audit Services	142,800	141,000	1,800	1%
32. Property Expenses - New Office Building	82,600	91,121	(8,521)	(10%)
33. Professional Services	390,473	338,733	51,740	13%
Total Operating Expenses	18,449,340	17,949,027	500,313	3%
Other Program Administrative Expenses				
1. Loan foreclosure expenses	500,000	307,122	192,878	39%
2. REO expenses	60,000	46,046	13,954	23%
3. Provision for losses on loans & REOs	250,000	61,041	188,959	76%
4. Mortgage Servicing fees	1,690,000	1,647,914	42,086	2%
5. Loan Origination expenses	3,050,000	3,035,311	14,689	0%
6. Bond Issuance Costs	750,000	629,388	120,612	16%
7. Trustee/Bank fees	152,400	166,475	(14,075)	(9%)
8. Program advertising/printing	150,160	158,315	(8,155)	(5%)
9. Bond and mortgagee insurance	13,500	16,900	(3,400)	(25%)
10. Variable rate bond remarket/liquidity facilities	1,070,780	1,051,802	18,978	2%
11. Cash flow/arbitrage/swap consultants/legal	514,000	616,046	(102,046)	(20%)
12. Homebuyer education	95,000	91,050	3,950	4%
13. Program administrator fees	512,696	460,691	52,005	10%
14. Section 8 security deposits/landlord incentives	45,000	23,946	21,054	47%
Total Other Program Administration Expenses	8,853,536	8,312,047	541,489	6%

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019**

ATTACHMENT C

Description	Total Budget	Total Actual	\$ Variance Under(Over)	% Variance Under(Over)
Computer Hardware:				
New Office Building - network switches	1,500	20,137	(18,637)	
Phone system replacement - hardware	30,000	0	30,000	
Laptop replacements (32)	45,440	29,006	16,434	
Printer replacements (2)	3,000	0	3,000	
New Office Building - network servers	0	35,490	(35,490)	
Total computer hardware	79,940	84,633	(4,693)	106%
Computer Software:				
Mobile device management software	5,000	0	5,000	
Phone system replacement - software/licensing	100,000	0	100,000	
Faxing software	5,000	0	5,000	
Single Family loan servicing system modifications	10,000	0	10,000	
Single Family lender & loan tracking systems modifications	10,000	2,910	7,090	
Section 8 HCV Elite system modifications	6,000	0	6,000	
Hancock/LIHEAP system implementation	50,000	8,000	42,000	
Hancock/LIHEAP system - payment software	5,000	0	5,000	
EHS program tracking database	50,000	59,439	(9,439)	
Website Redesign	0	8,906	(8,906)	
Total computer software	241,000	79,255	161,745	33%
Office Equipment:				
Desktop scanners (10)	11,000	0	11,000	
Edison Drive - AV Equipment Sound Masking	0	137,400	(137,400)	
Edison Drive - workstations & furniture	1,600,000	778,483	821,517	
Edison Drive - security & life safety equipment	97,000	65,626	31,374	
Total office equipment	1,708,000	981,508	726,492	57%
Office Building & Land: - Acquisition/Rehab				
	12,053,902	9,274,408	2,779,494	77%
Total				
	14,082,842	10,419,805	3,663,037	74%

**MAINE STATE HOUSING AUTHORITY
MEMBERSHIPS, DUES, AND SPONSORSHIPS
FOR THE YEAR ENDED DECEMBER 31, 2019**

ATTACHMENT D

Description	Amount
Memberships and Dues	
Kennebec Valley Human Resource Association - employee annual membership	150
Maine Real Estate & Development Association - annual membership	1,200
Maine Bankers Association - annual affiliate membership	950
Kennebec Valley Board of Realtors - annual affiliate membership	171
Maine Association of Mortgage Professionals - annual membership	375
National Leased Housing Association - annual membership	600
Maine Real Estate Management Association - annual membership	100
Information Systems Audit and Control Association - employee annual membership	210
Institute of Internal Auditors - employee annual membership	165
Association of Certified Fraud Examiners - (2) employee annual membership	420
American Payroll Association - employee annual membership	254
National Association for State Community Services Programs - annual membership	1,302
National Energy Assistance Directors' Association - annual membership	6,341
National Affordable Housing Management Association - affiliate membership	1,075
Council of State Community Development Agencies - annual membership	1,500
International Code Council - annual membership	135
Construction Specifications Institute - employee annual membership	325
Association of Government Accountants - (8) employee annual memberships	880
Maine Public Relations Council - employee annual membership	90
Project Management Institute - employee annual membership	154
Society for Human Resource Management - employee annual membership	189
Notary Public - (2) employee renewal fee	100
Maine Society of CPAs - employee annual membership	250
Maine State Treasurer - employee annual CPA license renewal	55
National Council of State Housing Agencies - annual membership	26,702
Maine Indoor Air Quality Council - annual membership	500
Board of Overseers of the Bar - (4) employee annual registration	1,060
American Bar Association - (1) employee annual membership	200
Maine State Bar Association - (4) employee annual memberships	1,075
Maine Department of Environmental Protection - employee annual license renewal	200
Maine Association of Public Housing Directors	1,000
Mortgage Bankers Association - annual affiliate membership	1,350
Association for Public Policy Analysis and Management - (2) employee memberships	160
Maine State Treasurer - employee radiation control license renewal	100
American Association of Planners - employee membership	99
Maine Building Officials and Inspectors Association - (6) employee membership	210
Total	<u>\$ 49,647</u>
Sponsorships	
Northern New England Community Action - training conference sponsor	\$ 1,500
Maine Resident Service Coordinator Association - annual sponsor	3,500
MREMA - conference sponsor	2,000
New England Resident Service Coordinator - conference sponsor	3,000
Growsmart Maine - summit sponsorship	1,500
Total	<u>\$ 11,500</u>



Finance Department Memorandum

To: Board of Commissioners
From: Darren Brown
Date: February 6, 2020
Subject: Monthly Delinquencies Report

MULTI-FAMILY DELINQUENCIES

The Multi-Family portfolio totals \$634 million with 1,084 loans as of January 31, 2020. There are four loans that are 60 days or greater delinquent, as shown in *Exhibit 1*. The delinquency rate is 0.53%. The Multi-Family delinquency rate is benchmarked against MaineHousing's historical rates, as shown in *Exhibit 2*.

HOME IMPROVEMENT DELINQUENCIES

The Home Improvement portfolio has 56 loans totaling \$139,959 as of January 31, 2020. The over 60-day delinquency rate is 2.78% and represents two loans in the amount of \$3,890. The delinquency rate has been reduced by four loans totaling \$12,419. Delinquency rates for each participating lender are shown in *Exhibit 3*. Historical rates for the Home Improvement portfolio are shown in *Exhibit 4*.

SINGLE-FAMILY DELINQUENCIES

The Single-Family portfolio totals \$967 million with 10,904 loans as of December 31, 2019. The over 60-day delinquencies increased from 2.37% to 2.46% and the in-foreclosures decreased from 0.94% to 0.83%. The over 60-day delinquencies amount to \$24 million, with approximately \$8 million representing accounts in foreclosure. The over 60 day and in-foreclosure historic rates are shown in *Exhibit 6*. MaineHousing's overall delinquency rate by loan dollars is 2.46%; and the overall delinquency rate by loan count is 2.90%. As reflected in *Exhibit 7*, the overall delinquency rate and the in-foreclosure rate by loan count are below the rates for all Maine loans.

Servicer Delinquencies – As of December 31, 2019, Salem Five has the highest overall delinquency rate of 11.74%, with an in-foreclosure rate of 0.00%. The relatively small size of their portfolio is the primary reason for the higher delinquency rate. Delinquencies for our largest servicer, Mortgage Servicing Solutions, increased from 2.67% to 2.79%, while the in-foreclosure rate decreased from 0.98% to 0.81%. Camden National Bank has the lowest rate of delinquencies at 0.73%. Delinquency rates for each servicer are shown in *Exhibit 5*.

Delinquencies by Insurance Type – In December 2019, FHA insured loans has the highest delinquency rate by total insurance type of 3.45%, with in-foreclosures at 1.12%. When compared to the total loan portfolio, RD insured loans has the highest delinquency rate of 1.40%, with in-foreclosures at 0.51%. Delinquencies by insurance type and the portfolio as a whole are shown in *Exhibit 8*.

FHA insured loans comprise 18% of the Single-Family portfolio and 24% of delinquencies, while RD insured loans comprise 57% of the portfolio and represent 57% of all delinquent loans. The current composition of the Single-Family portfolio by insurance type, along with the percentage of delinquencies by insurance type, is shown in *Exhibit 9*.

Foreclosure Prevention Activities – *Exhibit 10* summarizes our foreclosure prevention activities, as well as the number of completed foreclosures. As of December 2019, we have assisted 983 borrowers with various foreclosure prevention options. The volume of borrowers needing assistance in these areas has decreased significantly in 2019 due to historically low delinquency rates and concerted efforts to offer foreclosure prevention options in the early stages of delinquency.

Multi-Family Delinquent Loans

MAINE STATE HOUSING AUTHORITY
MULTI-FAMILY DELINQUENCIES
1/31/2020

Section 8 BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION	DELINQUENT		
					DATE	1 MONTH	2 MONTHS	3+ MONTHS
GREENTREE APARTMENTS	5,491.90	11/01/19	AUGUSTA	GREENTREE ASSOCIATES II LP	08/24/09	0.00	844,908.00	0.00
GREENTREE APARTMENTS	6,474.46	11/01/19	AUGUSTA	GREENTREE ASSOCIATES II LP	08/24/09	0.00	1,137,792.00	0.00
GREENTREE APARTMENTS	1,614.64	11/01/19	AUGUSTA	GREENTREE ASSOCIATES II LP	08/24/09	0.00	298,088.00	0.00
GREENTREE APARTMENTS	5,803.03	11/01/19	AUGUSTA	GREENTREE ASSOCIATES II LP	08/26/09	0.00	1,078,043.00	0.00
						<u>0.00</u>	<u>3,358,831.00</u>	<u>0.00</u>

Rental Housing BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION	DELINQUENT		
					DATE	1 MONTH	2 MONTHS	3+ MONTHS
NONE						0.00	0.00	0.00
						<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

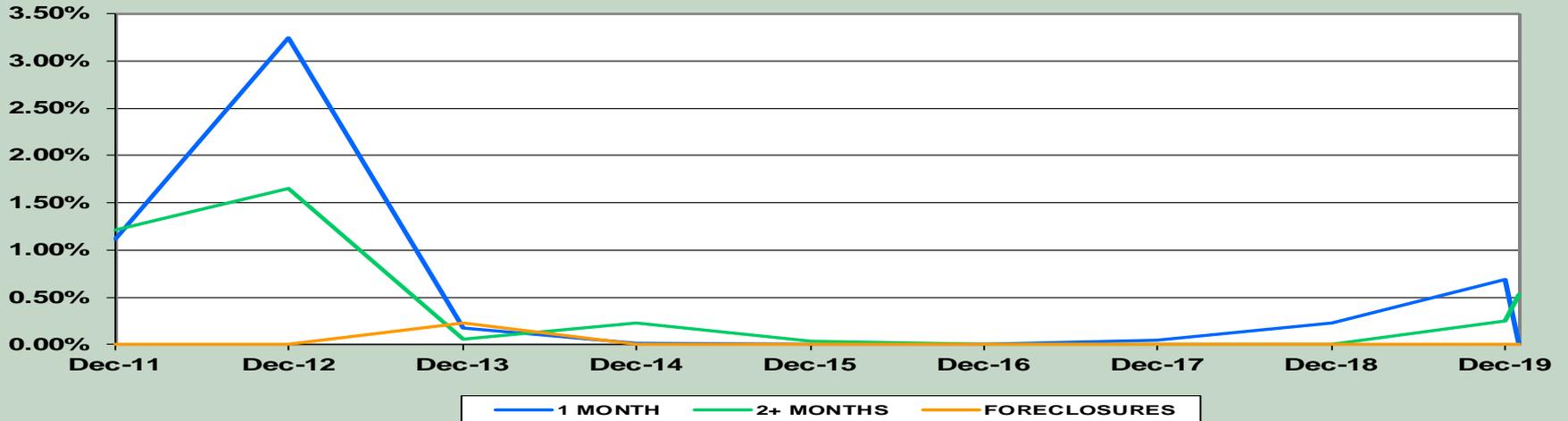
Supportive Housing & Other BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION	DELINQUENT		
					DATE	1 MONTH	2 MONTHS	3+ MONTHS
NONE						0.00	0.00	0.00
						<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
						<u>0.00</u>	<u>3,358,831.00</u>	<u>0.00</u>

Grand Total
 % of Portfolio Delq 60+ days 0.53%
 Total Number of Loans 1,084



Multi-Family Delinquency & Foreclosure Trends

MULTI-FAMILY DELINQUENCY AND FORECLOSURE RATES



	OUTSTANDING PRINCIPAL		1 MONTH		2+ MONTHS		FORECLOSURES	
	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Jan-20	\$ 634,498,276	0.00%	\$ -	0.00%	\$ 3,358,831	0.53%	\$ -	0.00%
Dec-19	\$ 635,961,774	0.69%	\$ 4,379,009	0.25%	\$ 1,620,600	0.00%	\$ -	0.00%
Dec-18	\$ 630,936,475	0.23%	\$ 1,473,376	0.00%	\$ 20,600	0.00%	\$ -	0.00%
Dec-17	\$ 608,939,257	0.05%	\$ 319,836	0.01%	\$ 60,624	0.00%	\$ -	0.00%
Dec-16	\$ 579,916,852	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-15	\$ 573,932,384	0.00%	\$ -	0.03%	\$ 185,320	0.00%	\$ -	0.00%
Dec-14	\$ 513,937,525	0.02%	\$ 77,568	0.23%	\$ 1,169,620	0.00%	\$ -	0.00%
Dec-13	\$ 506,871,177	0.18%	\$ 896,386	0.06%	\$ 297,366	0.23%	\$ 1,166,866	0.00%
Dec-12	\$ 487,638,082	3.24%	\$ 15,815,491	0.00%	\$ 8,056,115	0.00%	\$ -	0.00%
Dec-11	\$ 486,421,972	1.12%	\$ 5,436,378	0.00%	\$ 5,875,983	0.00%	\$ -	0.00%



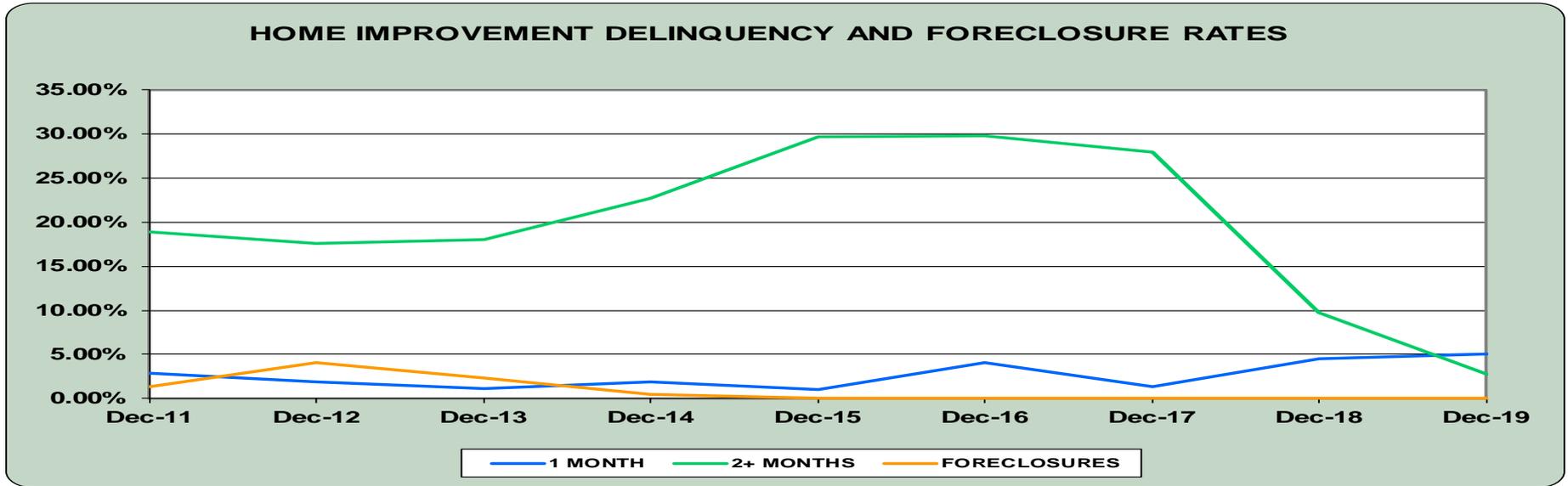
Home Improvement Delinquent Loans

Maine State Housing Authority Home Improvement Delinquencies by Lender 1/31/2020

LENDER	% of Portfolio Delq 60+ Days	OUTSTANDING PRINCIPAL	DELINQUENT		
			----- 1 MONTH	2 MONTHS	----- 3+ MONTHS
ACAP	0.00%	5,151.69	0.00	0.00	0.00
CCI	0.00%	20,943.53	6,024.41	0.00	0.00
CED	0.00%	1,050.10	0.00	0.00	0.00
KVCAP	41.25%	6,935.83	1,102.04	2,860.96	0.00
PCAP	0.00%	6,881.37	0.00	0.00	0.00
WCCSA	0.00%	4,309.93	0.00	0.00	0.00
WHCAP	100.00%	1,028.62	0.00	1,028.62	0.00
YCCAC	0.00%	663.25	0.00	0.00	0.00
BATH SAVINGS	0.00%	25,879.09	0.00	0.00	0.00
CAMDEN NATIONAL	0.00%	18,293.03	0.00	0.00	0.00
KENNEBUNK SAVINGS	0.00%	9,011.10	0.00	0.00	0.00
NORTHEAST BANK	0.00%	8,620.28	0.00	0.00	0.00
NORWAY SAVINGS	0.00%	6,582.17	0.00	0.00	0.00
SKOWHEGAN SAVINGS	0.00%	20,136.25	0.00	0.00	0.00
THE FIRST	0.00%	4,472.75	0.00	0.00	0.00
TOTAL	2.78%	139,958.99	7,126.45	3,889.58	0.00
Total Number of Loans	56				



Home Improvement Delinquency & Foreclosure Trends



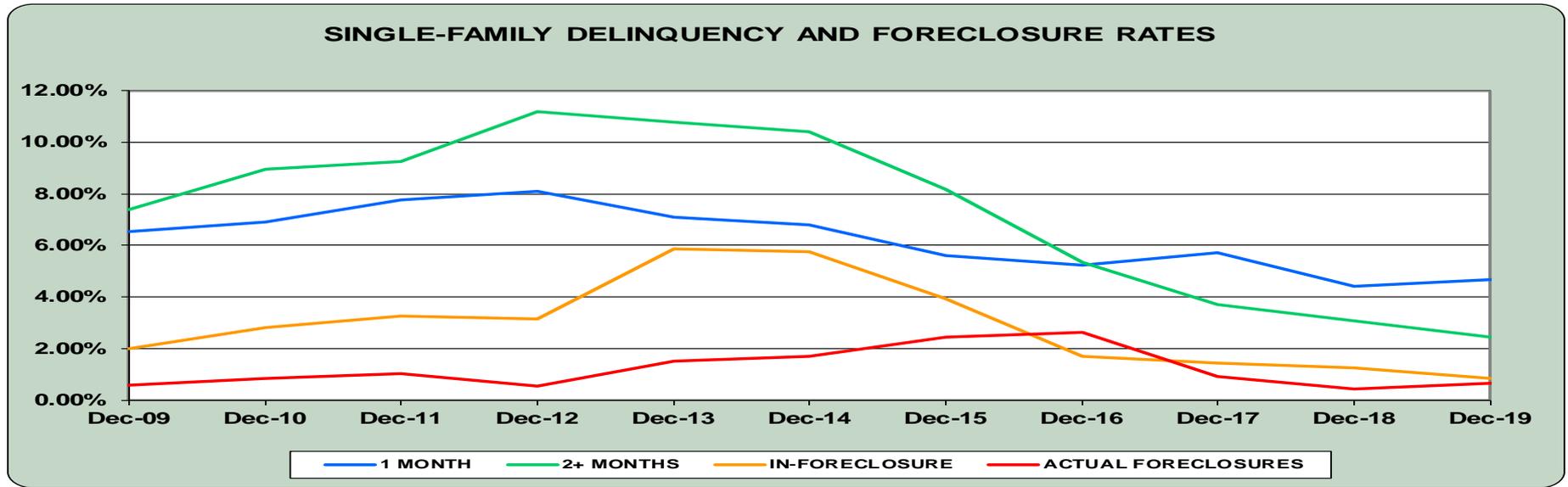
	OUTSTANDING		1 MONTH		2+ MONTHS		FORECLOSURES	
	PRINCIPAL	DOLLARS	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Jan-20	\$ 139,959	\$ 7,126	\$ 7,126	5.09%	\$ 3,890	2.78%	\$ -	0.00%
Dec-19	\$ 156,955	\$ 7,089	\$ 7,089	4.52%	\$ 15,363	9.79%	\$ -	0.00%
Dec-18	\$ 301,364	\$ 3,941	\$ 3,941	1.31%	\$ 84,317	27.98%	\$ -	0.00%
Dec-17	\$ 515,603	\$ 20,749	\$ 20,749	4.02%	\$ 153,526	29.78%	\$ -	0.00%
Dec-16	\$ 795,184	\$ 7,930	\$ 7,930	1.00%	\$ 236,299	29.72%	\$ -	0.00%
Dec-15	\$ 1,062,015	\$ 20,041	\$ 20,041	1.89%	\$ 240,688	22.66%	\$ 5,160	0.49%
Dec-14	\$ 1,412,221	\$ 15,722	\$ 15,722	1.11%	\$ 254,707	18.04%	\$ 32,897	2.33%
Dec-13	\$ 2,066,062	\$ 38,101	\$ 38,101	1.84%	\$ 364,218	17.63%	\$ 84,283	4.08%
Dec-12	\$ 2,803,309	\$ 79,925	\$ 79,925	2.85%	\$ 529,227	18.88%	\$ 38,727	1.38%
Dec-11	\$ 3,766,637	\$ 102,824	\$ 102,824	2.73%	\$ 576,053	15.29%	\$ -	0.00%

Single-Family Delinquent Loans

Maine State Housing Authority Single-Family Delinquencies by Servicer 12/31/2019

SERVICER	% OF PORTFOLIO	% of Portfolio Delq 60 + days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS	IN- FORECLOSURE
MORTGAGE SERVICING SOLUTIONS	67.55%	2.79%	653,348,028.06	33,548,559.23	8,806,984.36	4,119,568.02	5,299,782.14
BANGOR SAVINGS BANK	16.39%	1.03%	158,493,598.48	5,771,238.71	131,848.21	238,683.87	1,264,241.69
CAMDEN NATIONAL BANK UK	9.13%	0.73%	88,313,878.69	3,378,530.74	208,398.55	129,449.35	308,489.92
MACHIAS SAVINGS BANK	5.74%	3.66%	55,537,120.39	1,913,376.24	759,105.30	494,329.58	778,146.39
BANK OF AMERICA NA	1.10%	10.69%	10,646,452.70	740,711.33	433,750.66	317,209.79	386,852.24
SALEM FIVE MORTGAGE CORP	0.09%	11.74%	832,302.68	46,998.82	0.00	97,707.09	0.00
TOTAL	100.00%	2.46%	967,171,381.00	45,399,415.07	10,340,087.08	5,396,947.70	8,037,512.38

Single-Family Delinquency & Foreclosure Trends

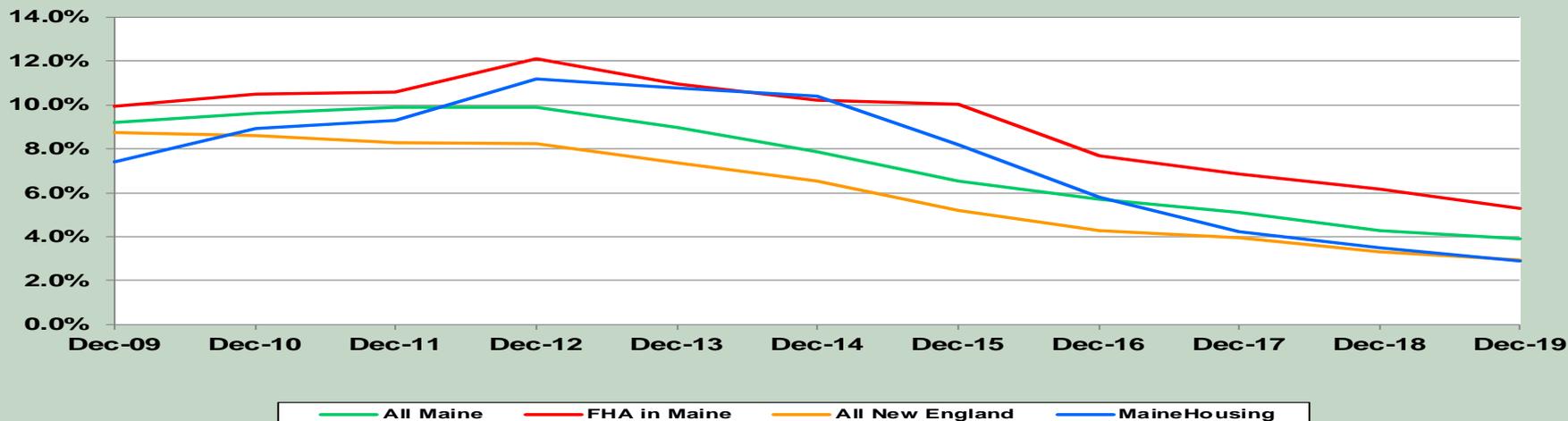


	OUTSTANDING PRINCIPAL		1 MONTH		2+ MONTHS		IN-FORECLOSURE		ACTUAL FORECLOSURES	
	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Dec-19	\$ 967,171,381	4.69%	\$ 45,399,415	2.46%	\$ 23,774,547	0.83%	\$ 8,037,512	0.66%	\$ 6,357,994	0.66%
Dec-18	\$ 916,608,577	4.42%	\$ 40,526,473	3.07%	\$ 28,155,105	1.27%	\$ 11,647,401	0.44%	\$ 4,056,247	0.44%
Dec-17	\$ 844,497,676	5.74%	\$ 48,457,930	3.72%	\$ 31,454,643	1.43%	\$ 12,099,518	0.93%	\$ 7,847,858	0.93%
Dec-16	\$ 799,557,471	5.23%	\$ 41,780,468	5.34%	\$ 42,682,410	1.70%	\$ 13,625,991	2.64%	\$ 21,142,137	2.64%
Dec-15	\$ 790,409,905	5.61%	\$ 44,303,365	8.18%	\$ 64,656,769	3.93%	\$ 31,066,182	2.43%	\$ 20,797,314	2.43%
Dec-14	\$ 810,139,060	6.81%	\$ 55,171,703	10.42%	\$ 84,385,397	5.77%	\$ 46,711,687	1.72%	\$ 13,904,155	1.72%
Dec-13	\$ 849,385,825	7.11%	\$ 60,378,599	10.77%	\$ 91,501,809	5.86%	\$ 49,783,071	1.53%	\$ 12,980,502	1.53%
Dec-12	\$ 899,788,247	8.09%	\$ 72,815,090	11.20%	\$ 100,738,963	3.14%	\$ 28,237,109	0.55%	\$ 4,987,749	0.55%
Dec-11	\$ 980,359,797	7.75%	\$ 75,979,115	9.28%	\$ 90,934,130	3.25%	\$ 31,846,771	1.02%	\$ 9,975,164	1.02%
Dec-10	\$ 962,495,378	6.89%	\$ 66,355,253	8.95%	\$ 86,097,209	2.81%	\$ 27,008,649	0.86%	\$ 8,252,719	0.86%



Single-Family Delinquency Comparison Trends

MAINEHOUSING, FHA, ALL STATE & ALL NEW ENGLAND DELINQUENCY RATE COMPARISON



MAINEHOUSING LOAN COUNT COMPARISON

	<u>Loan Count</u>	<u>2 Months</u>	<u>3+ Months</u>	<u>In-Foreclosure</u>	<u>Totals</u>
All State*	116,557	0.74%	1.15%	2.04%	3.93%
FHA for State*	19,177	1.42%	1.46%	2.40%	5.28%
All New England*	1,629,362	0.78%	1.06%	1.10%	2.94%
MaineHousing**	10,904	1.32%	0.71%	0.87%	2.90%

*This information is obtained from MBA's National Delinquency Survey for the third quarter of 2019.

**MaineHousing's overall delinquency rate based on loan dollars is 2.46%, whereas rates in this exhibit are based on loan count.



Single-Family Delinquencies by Mortgage Insurer

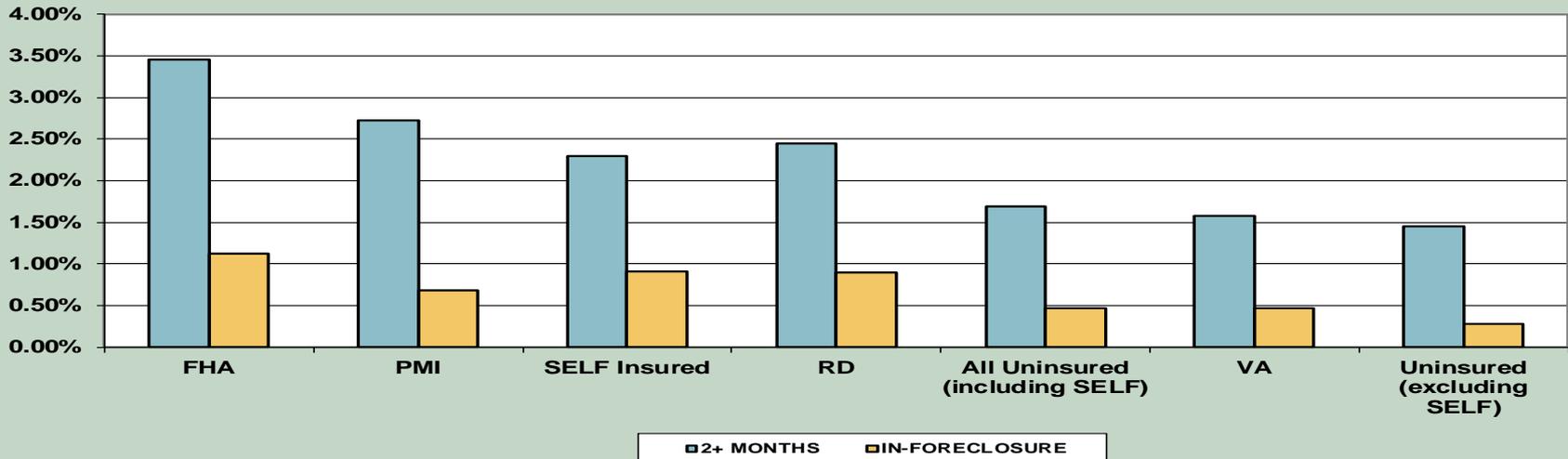
As A Percent of Total Insurance Type
12/31/2019

TYPE	2+ MONTHS	IN-FORECLOSURE
FHA	3.45%	1.12%
PMI	2.72%	0.69%
SELF Insured	2.30%	0.91%
RD	2.44%	0.89%
All Uninsured (including SELF)	1.69%	0.46%
VA	1.58%	0.47%
Uninsured (excluding SELF)	1.45%	0.28%

As A Percent of Total Loan Portfolio
12/31/2019

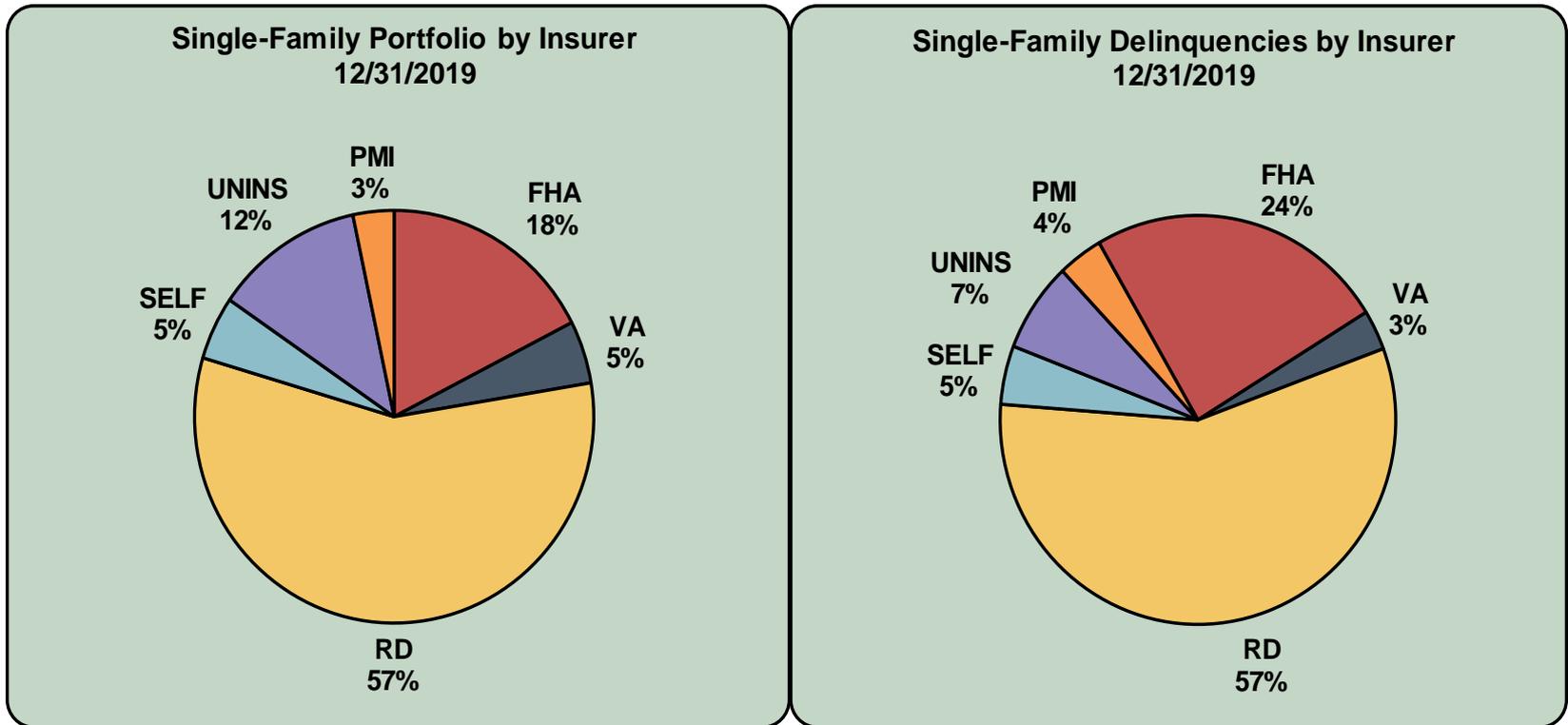
TYPE	2+ MONTHS	IN-FORECLOSURE
RD	1.40%	0.51%
FHA	0.60%	0.20%
All Uninsured (including SELF)	0.29%	0.08%
Uninsured (excluding SELF)	0.18%	0.03%
SELF Insured	0.11%	0.03%
PMI	0.09%	0.02%
VA	0.08%	0.02%

SINGLE-FAMILY DELINQUENCY RATES BY INSURER TYPE

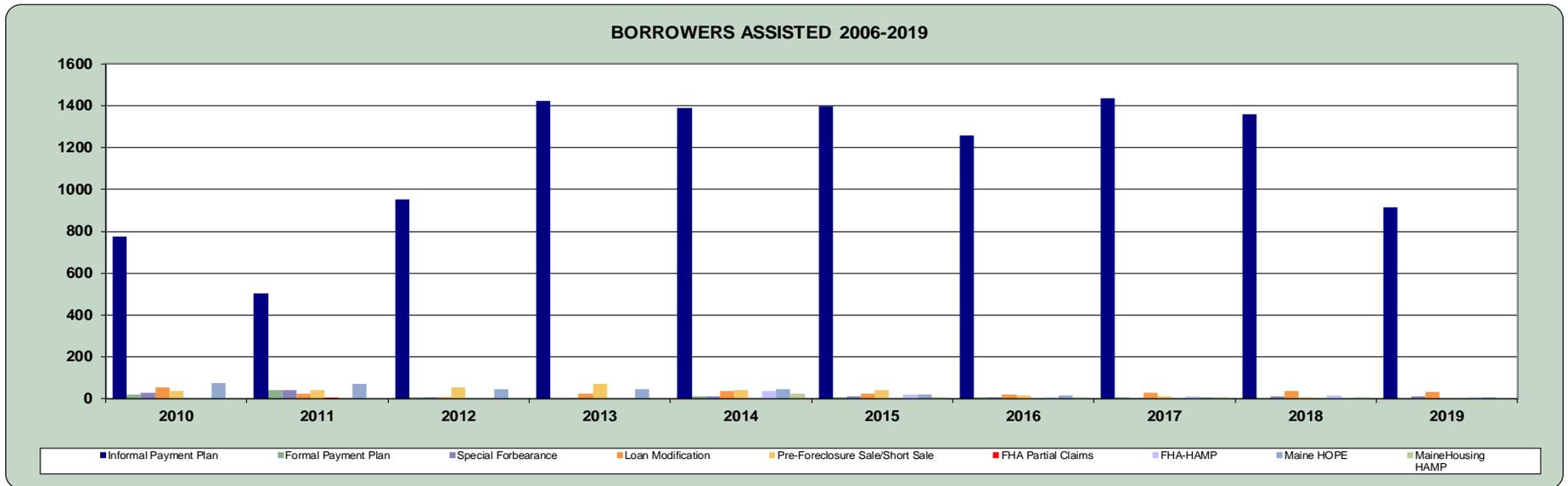


Single-Family Delinquencies by Mortgage Insurer

The following charts show the composition of MaineHousing loans by mortgage insurer. Self insured loans are mainly mobile homes. Uninsured loans are those not needing mortgage insurance (i.e. for loans under 80% property value). The following charts are in dollar amounts.



Single-Family Foreclosure Prevention Activities



Number of Borrowers Approved for Assistance

	Informal Payment Plan	Formal Payment Plan	Special Forbearance	Loan Modification	Pre-Foreclosure Sale/Short Sale	FHA Partial Claims	FHA-HAMP	Maine HOPE	MaineHousing HAMP	Total Workouts
Dec-19	914	3	12	32	4		10	8	0	983
Dec-18	1361	4	12	39	8		15	3	6	1448
Dec-17	1437	8	4	31	14		14	8	7	1523
Dec-16	1259	6	8	19	15		10	16	9	1342
Dec-15	1397	8	11	26	40		21	22	10	1535
Dec-14	1388	12	13	38	44		38	48	24	1605
Dec-13	1424	4	5	24	73			46		1576
Dec-12	952	9	9	9	56			47		1082
Dec-11	505	42	43	25	43	2		71		731
Dec-10	774	22	31	54	38	0		76		995

Actual Foreclosures

	Number of Foreclosures	Number of Loans in Portfolio	Percentage of Portfolio
Dec-19	86	10,904	0.79%
Dec-18	57	10,673	0.53%
Dec-17	97	10,332	0.94%
Dec-16	258	10,097	2.56%
Dec-15	233	10,258	2.27%
Dec-14	162	10,526	1.54%
Dec-13	146	10,952	1.33%
Dec-12	60	11,571	0.52%
Dec-11	115	12,311	0.93%
Dec-10	96	12,320	0.78%



Homeless Initiatives Memorandum

To: Board of Commissioners
From: Laurie Murray
Date: February 10, 2020
Subject: Homeless Initiatives Report

2019 Emergency Shelter and Housing Assistance Program (ESHAP)

The Homeless Initiatives Department recently released the 4th quarter shelter payments, which completes the 2019 program year. Payments were made from the Emergency Solutions Grant (ESG), State Home Funds, and State Shelter Operating Subsidy (SOS) Funds. Payments for the 4th quarter encompassed shares for Operations, Stabilization, and Performance. Following is a breakdown of the payments:

Source of Funds	Operations Share	Stabilization Share	Performance Share	Total
ESG	9,276	9,276		18,552
State Home	606,958	286,657		893,615
State SOS		320,301	610,574	930,875
TOTAL	\$616,234	\$616,234	\$610,574	\$1,843,042

The Operating share contributes to shelter operating costs and the Stabilization share is disbursed to eligible shelters for Rapid Re-housing, Housing First, and Housing Stabilization services. Both the Operating and Stabilization shares are released quarterly.

The Performance Share provides funding to shelters that achieve specific performance measures that focus efforts on helping clients achieve permanent housing and remain in permanent housing. This share is released twice a year with the 2nd and 4th quarter payments.

In 2019 we provided funding to 36 shelters for a total of \$6,151,020, consisting of:

- State SOS: \$2,500,000
- State Home: \$2,400,000
- ESG: \$1,251,020
- **TOTAL \$6,151,020**

For program year 2020, we are increasing our State Home contribution to \$3,000,000. We anticipate our State SOS and ESG funds will be the same as 2019. This will bring our 2020 program total to \$6,751,020.

To: MaineHousing Board of Commissioners
From: Craig Reynolds, Director of Homeownership
Date: February 7, 2020
Subject: Monthly Report – Homeownership Department

PRODUCTION UPDATE

Purchases & Reservations Past/Current Comparison	January 2019		January 2020		
	#	\$ Volume	#	\$ Volume	% Change # (2020 vs. 2019)
Purchases (YTD)	76	\$9.3M	85	\$11.7M	11.8%
Reservations in Pipeline	186	\$24.7M	200	\$27.6M	7.5%

Monthly Reservations by Program Option		
Total Loans Reserved in January	#	\$
2 points	0	\$0M
0 points	3	\$0.3M
0 points with Advantage	76	\$10.8M
Totals	80	\$11.1M

PROGRAM HIGHLIGHTS

Loan Production & Market Status

Homeownership is pleased to report the momentum witnessed in Q4 of 2019 has carried over to create a strong start to 2020, with both loan purchases and reservations running ahead of last year at this time by significant amounts as shown in the Production Update above.

All forecasts predict another year of robust real estate sales in Maine and across the country buoyed by a growing economy and continued low mortgage interest rates. Possible restraints to activity may be a continued modest rise in home prices which will impact affordability for many would be homebuyers, as will a shortage in the inventory of homes for sale that has characterized the last several years.

MaineHousing’s First Home Loan program is well positioned for another successful year with its current interest rate holding below market at 3.25%, and the popular Advantage down payment and closing cost assistance benefit continuing to be \$3,500. Efforts are also underway to streamline and expand other program options in the coming months.

MAMP Meeting Showcases MaineHousing

Partner Education & Outreach Officer, Lisa McKenna and Consumer Education Coordinator, Matthew Drost attended the monthly meeting of the Maine Association of Mortgage Professionals (MAMP) held at the Portland Country Club in Falmouth. Invited to the meeting as the featured speaker, Lisa presented a brief overview of the First Home Loan program while highlighting its many benefits including below market interest rates and the Advantage down payment and closing cost option which offers \$3,500 with no repayment requirement to eligible borrowers. Also discussed were the many improvements made to the program in recent years to make it more attractive to consumers and more user friendly for lenders. Lisa reported that comments on the First Home Loan program from the approximately 50 lenders in attendance were very positive, and included a testimonial from one whose very grateful client had used our Mobile Home Replacement Initiative to acquire a new home and described it as a life changing event for them.

New Lender Partner Training

Mortgage Lending Officer, Michelle White conducted a webinar for loan originators as the first in a series of initial trainings for Leader1 staff, a new lender joining our partner network. Michelle reported that Leader1 loan originators voiced their enthusiasm to participate in all of the First Home Loan (FHL) program options. Additional trainings have been scheduled, and Leader1 is expected to become an active FHL lender in February.

Lender Online Training Module Launched

Data & Mortgage Specialist, David Raynes was instrumental in the development and recent launch of a new training module for Lender Online Administrators and authorized users. Lender Online (LOL) is the reservation system used by the First Home Loan (FHL) network of lenders to enter and submit their loans in process to MaineHousing. Each lender is required to designate at least one LOL Administrator who is responsible for monitoring their staff's use of the system and who determine the level of access rights granted to them on an individual basis. Development of the training module was one of the first such uses of the innovative Bridge learning portal system that will see extensive use within the agency. This application will eliminate the time consuming task of scheduling multiple presentations and tracking the hit or miss attendance that characterizes most conventional online training webinars. It will provide the over 80 LOL Administrators and their authorized users within our lender network with the convenience of stop and start while taking the training, and will streamline the tracking of the training's use and simplify the monitoring of course completion by MaineHousing staff

Facilitation Training

Consumer Education Coordinator, Matthew Drost attended facilitation training focused on public event engagement strategies including facilitation techniques designed to address challenging scenarios by successfully encouraging and moving dialogue forward. The training held in Augusta, was presented by Public Engagement Partners and hosted by Maine Downtown Center.

Lender Partner Training

Mortgage Lending Officer, Kristin Ross conducted a webinar training for 10 loan closing and delivery staff members with lender partner Academy Mortgage Co. An increase in loan activity has resulted in the need for additional back office support to be trained.

Maine Real Estate Development Association Conference

Consumer Education Coordinator, Matthew Drost attended the Maine Real Estate Development Association Annual Forecast Conference in Portland. The presentations at the conference confirmed that 2019 was characterized by rising home values particularly in southern Maine, greater Portland and coastal areas where the inventory of homes for sale did not meet the market demand. Presenters forecasted the national economic outlook and most local single-family and multi-family markets as being stable in 2020, with almost no signs of recession in the near future.



Housing Choice Vouchers Department Memorandum

To: MaineHousing Board of Commissioners

From: Allison Gallagher - Director of HCV Programs

Date: February 18, 2020

Subject: Monthly Report – Housing Choice Voucher Program

Program Updates:

New Project Based Voucher (PBV) Contract was signed for Hammond Street in Bangor. A four unit/1 bedroom supportive housing project with a priority for chronically homeless individuals.

HCV Managers and Sheila attended a demo for “Go Section8” new software that MAPHD is looking at to replace the current Centralized Waitlist software. PHA Directors will be exploring this at future MAPHD meetings.

Inspections Update: January 2020

Abatements: 5

STEP Abatements: 0

24 hour fails: 0

No Shows: 18

Initials: 98 (51 passed the first time, 30 passed with comment, 17 failed, 21 cancelled with 6 of them being because the LL did not want to make the repairs) – 45 re-inspections

STEP inspections: 10 initials, 11 annuals, 21 re-inspections

Average number of days to schedule initials: 4

Average number of days to schedule homeless initials: 4

Annuals: 329 (104 passed the first time, 54 within the 30 day fail period and 25 were inspected three or more times before they passed inspection). 146 failed

Mileage: 17,326

Landlord Repair Program: \$18,888.00

Ed Stevens (HCV inspector) and Nicole Lord (AM inspector) teamed up to conduct shelter inspections for the Homeless initiatives department.

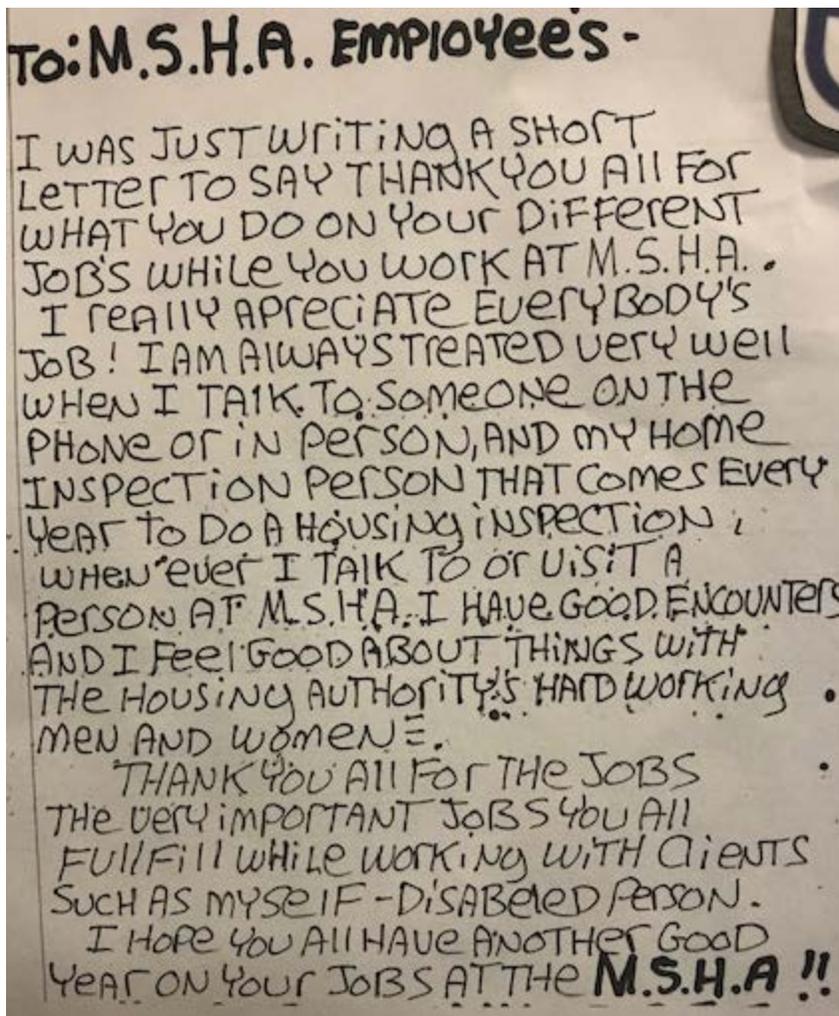
Barbara Brann (HCV Inspections Manager) and Michele Ellis (Asset Operations Analyst) compared units and will be coordinating inspections for any properties where there are 4 or more units in common. This will allow Asset Management to use inspections conducted by HCV inspectors for their inspection requirements and HCV will do the same with any inspections conducted by the AM inspectors.

Professional Development/Staff News:

Jamie represented MaineHousing at the January MAPHD meeting. Jamie and Alison Dyer from AM provided the group with a LEAN overview.

Jamie, Melissa and Beth attended a PIH Information Center (PIC) training offered by MAPHD. PIC is the software we use to communicate all housing data to HUD and is used with the Voucher Management System (VMS) to determine HAP and Admin funding levels each year.

Kudos to MaineHousing staff:





STEP-Fed HOME/COC

-Jan-Feb 2020 HAP
\$214, 400/\$62,317

-Families Served 139/69

-Remaining funding
\$880,116/\$43,442



HCV-Federal/HUD

-Jan-Feb 2020 HAP
\$4,515,846

-Served 3675 families

-Remaining funding
\$25,595,871

Temporary Assistance for Asylum Seekers

-Funding: \$172,303

-August-Jan 2020 \$144,735

-Remaining Funding: \$27,568

-Encumbrances Sept 2020 \$153,332

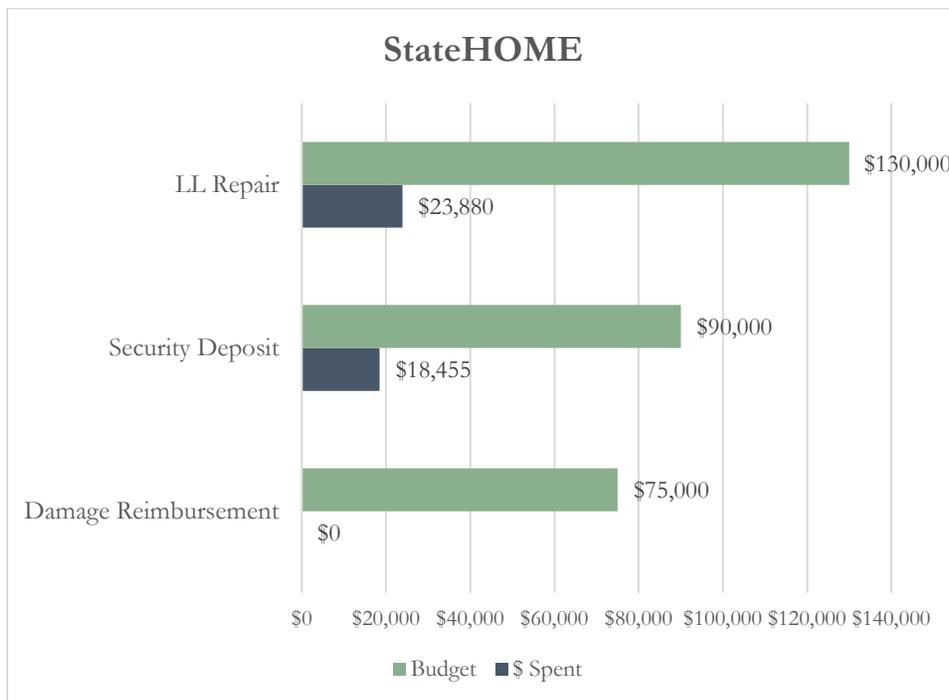
HCV

2019 Accomplishments:

- SEMAP High Performer
- 70% lease up rate (PHA average 45%)
- Leased 314 new families (HCV)
- Leased 113 new families in STEP
- Expanded BFF program to 7 CAA's
- 2 FSS participants exited due to zero HAP
- Added Housing Navigator position
- Conducted 1156 Initial HCV and STEP inspections
- Conducted 4404 Annual HCV and STEP inspections
- Inspectors traveled 192,723 miles from Madawaska to Camden

2020 Goals:

- Increase units leased by 150 units
- Decrease exits from housing
- Housing Navigator
- Damage Reimbursement Program
- Continue to offer LL repair Program
- Continue to offer Security Deposit assistance
- Convert 23-8 portfolio to PBV contracts
- Partner with Asset Management to consolidate inspections
- Expand BYF program
- Using LEAN principles explore a task based approach to program delivery



Information Technology Department Memorandum

To: Board of Commissioners

From: Sheila Nielsen, Director of IT

Date: February 10, 2020

Subject: Monthly Report

The IT Department has been working on the following efforts during the last month.

- Exchange (Email) Server upgrade in progress
- Edison Drive Building Initiatives:
 - Finalized and executed contract for new Edison Drive phone system, Ring Central. Ring Central project manager has been assigned, MaineHousing implementation team members have been identified.
 - Data center fire suppression, HVAC and network/server racks have been installed. Work continues to finalize components needed to seal the room so fire certification can be completed.
 - Significant progress made on sound emitters (aka “white noise”) installation
 - Orders places with Firstlight (primary internet) and Spectrum (backup internet) for fiber connectivity to the building
 - Completed Edison Drive All Staff Day presentation with Jane
 - Actively working with ten different vendors focused on IT scope for Edison Drive