

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Management Committee
September 8, 2020

The Management Committee of the Rhode Island Housing and Mortgage Finance Corporation (the “Corporation” or “RIHousing”) Board of Commissioners was held on Monday, September 8, 2020 at 3:00 p.m. The meeting was held via telephone conference call pursuant to Executive Order 20-46 (extended by Executive Order 20-75, and as may be further amended or extended).

Carol Ventura, Executive Director, introduced Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

Mr. Rotella stated that (i) the meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting and (ii) except for the Board of Commissioners and specific RIHousing staff, all callers will be muted during the meeting. Mr. Rotella announced that if during the meeting, anyone had technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Next, Nicole Clement, General Counsel provided additional guidance for the meeting. Ms. Clement stated that (i) pursuant to Executive Order 20-46 (as extended by Executive Order 20-75 as may be further amended or extended) the meeting was being held via teleconference; (ii) members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and (iii) in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Next, Ms. Clement stated that Committee Chairman Smiley would preside over the meeting and requested that any Commissioner or staff to state their name prior to speaking and to mute the phone when not speaking. She then invited Committee Chairman Smiley to call the meeting to order.

Committee Chairman Smiley called the meeting to order and asked Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff (in attendance).

Ms. Ventura then conducted a roll call of Commissioners and staff participating in the meeting. Commissioners participating via conference call were: Brett Smiley, Director of the Department of Administration; Chairman Nicolas P. Retsinas; and Sol Taubin, Designee for General Treasurer Seth Magaziner. Commissioner McAllister was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer; Deputy Executive Director; Lisa Primiano, Chief Operating Officer; Kara Lachapelle, Chief Financial Officer; Claribel Shavers, Director of Leased Housing and Rental Services; Leslie McKnight, Assistant Deputy Director of Loan Servicing; Christine Hunsinger, Assistant Deputy Director External Affairs, Policy & Research; Peter Pagonis, Director of Homeownership; Nicole Clement, General Counsel; Jessica Mowry, Assistant Director of Leased Housing and Rental Services; and Carl Rotella, Director of Information Technology.

A quorum being present, Committee Chairman Smiley introduced himself and officially called the meeting to order at approximately 3:05p.m.

The following matters were discussed by the Committee.

1. Approval of Minutes of the Management Committee Meeting Held on August 3, 2020

Committee Chairman Smiley asked for a motion and a second for the approval of the Management Committee minutes held on August 3, 2020. A motion was made by Commissioner Smiley and seconded by Chairman Retsinas.

Commissioner Designee Taubin abstained from the discussion or vote of this application as she was not a participant during the August 3, 2020 Management Committee meeting.

There being no discussion, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner Designee Taubin	Abstained

Ms. Clement stated that the following was adopted with two (2) votes in favor, one (1) abstention and zero (0) nay votes. Commissioner Designee Taubin abstained from the vote.

VOTED: That the minutes of the Management Committee Meeting held on August 3, 2020 hereby are approved.

2. Recommendation for Approval of Amendments to the RIHousing Administrative Plan

Committee Chairman Smiley introduced Claribel Shavers, Director of Leased Housing and Rental Services, who made this presentation.

Ms. Shavers stated Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) operates several federal housing programs, one of which is the Section 8 Housing Choice Voucher Program (the “HCV Program” or the “Program”). The HCV Program offers rental subsidies to help income-qualifying families, senior citizens and disabled individuals afford safe, healthy homes of their choosing. RIHousing serves as a Public Housing Authority (“PHA”) in those Rhode Island communities that do not have standalone municipal housing authorities. RIHousing’s operation of the HCV Program is governed by an Administrative Plan, as provided by federal regulation.

In connection with RIHousing’s ongoing efforts to reduce administrative burdens on Program participants and adopt best practices in the administration of the Program, staff performs periodic targeted reviews of the Administrative Plan. During the most recent such review, staff identified an opportunity to transition to a fully electronic process for purging the waitlist, which will ensure data integrity, preserve security, and reduce expense and administrative inefficiency.

Additionally, RIHousing wishes to implement a targeted funding opportunity offered by the U.S. Department of Housing and Urban Development (“HUD”) known as the Foster Youth Initiative.

Staff is proposing a change to the Administrative Plan to include the Foster Youth initiative among its targeted funding uses.

Proposed Administrative Plan changes are summarized in the table provided at Attachment B, which attachment is included as part of the September 8, 2020 Management Committee package. The full text of the changes is provided as Attachment C, which attachment is included as part of the September 8, 2020 Management Committee package. The amendments will become effective upon approval and adoption by the Board of Commissioners.

Staff recommends that the Management Committee recommend to the Board of Commissioners the approval to adopt the amendments to the Administrative Plan, substantially in the form presented at this meeting.

Following the presentation, Committee Chairman Smiley asked for a motion and a second to recommend to the Board of Commissioners the Approval of Amendments to the RI Housing Administrative Plan.

A motion was made by Chairman Retsinas and seconded by Commissioner Designee Taubin.

Committee Chairman Smiley applauded the implementation of the funding for the Foster Youth initiative. He commended the inclusion and mentioned that efforts on the State level have also been implemented.

A discussion followed with the Committee asking for clarification on how applicants that do not have access to Wi-Fi will be notified of the purge. Ms. Shavers responded that all applicants in the system have registered email accounts. Every email in the system has been verified and staff is comfortable conducting the purge.

Chairman Retsinas asked if during the transition staff has undertaken steps to mitigate risks. Ms. Shavers confirmed that applicants have been utilizing the online system for the past three to four years and are familiar with the process. Every time there is a new a program or notification, the roll out has been done electronically. All notifications are posted on the Corporation's website and there is a tollfree number for residents to employ for support.

Commissioner Designee Taubin wanted to know what measures are in place in case an email address bounce back. Ms. Shavers confirmed that additional attempts will be made to resend the information. Robocalls are also utilized to share communication along with actively engaging the service providers to relay the information on the purge directly to the residents.

Nicole Clement, General Counsel, next conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner Designee Taubin	Aye

Ms. Clement then stated that the recommendation for Approval of Amendments to the RIHousing Administrative Plan was unanimously approved.

3. Recommendation for Approval of Delegation of Corporate Authority

Committee Chairman Smiley noted that Nicole Clement, General Counsel, would report on this request. Ms. Clement announced that this request is a housekeeping matter that staff periodically updates.

Ms. Clement said that this request is for authorization of designated officers and/or employees to act on behalf of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”), and to execute and deliver any contracts, documents or instruments, which may be entered into by RIHousing pursuant to the Rhode Island Housing and Mortgage Finance Corporation Act, Chapter 55 of Title 42 of the General Laws of Rhode Island (the “Act”).

The Board of Commissioners last updated RIHousing’s corporate signatory authority in 2017. Staff believes it is prudent and in the best interest of RIHousing to periodically update its corporate signatory authority to allow for any changes in staffing and reorganization of functions. This designation of officers and/or employees authorized to act on behalf of RIHousing shall supersede any previous designation.

After the presentation, Committee Chairman Smiley asked for a motion and a second to recommend to the Board of Commissioners approval of Delegation of Corporate Authority.

A motion was made by Commissioner Designee Taubin and seconded by Chairman Retsinas.

Committee Chairman Smiley then asked if anyone had any questions. Chairman Retsinas asked if the titles are consistent with the previous authority approved in 2017.

Ms. Clement confirmed that the only change in the titles was for the position of Deputy Executive Director, which is currently held by James Comer. Previously, the title of the position was Deputy Director and held by Ms. Ventura and Mr. Walsh.

There being no other discussion, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner Designee Taubin	Aye

Ms. Clement announced that the recommendation for approval of Delegation of Corporate Authority was unanimously approved.

4. Recommendation for Appointment of MERS Corporate Signing Officers

Committee Chairman Smiley introduced Leslie McKnight, Assistant Deputy Director of Loan Servicing, who presented this recommendation. Ms. McKnight noted that she is presenting on behalf of Peter Pagonis, Director of Homeownership.

Ms. McKnight said that this request is for the appointment of signing officers for Rhode Island Housing and Mortgage Finance Corporation's ("RIHousing") membership in the Mortgage Electronic Registration Systems, Inc. ("MERS") System.

MERS owns and operates an electronic registry, known as the "MERS System." Throughout the MERS System, MERS tracks the servicing rights and ownership of mortgages located throughout the country. To perform this tracking, MERS assigns a Mortgage Identification Number to each mortgage loan that is registered on the MERS System and requires MERS members to name MERS as the mortgagee on each mortgage loan that it originates.

RIHousing became a MERS member in 2016. As part of its membership, each year RIHousing obtains a corporate resolution from MERS through which certain RIHousing employees are designated as MERS Signing Officers and, as part of that designation, are granted limited authority to perform certain actions, such as executing mortgage discharges, on behalf of MERS. The MERS System Rules of Membership specify that MERS Signing Officers must be officers and/or employees of the MERS member.

Following the presentation, Committee Chairman Smiley asked for a motion and a second to recommend to the Board of Commissioners Approval of the Appointment of MERS Corporate Signing Officers.

A motion was made by Committee Chairman Smiley and seconded by Chairman Retsinas.

There being no questions, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner Designee Taubin	Aye

Ms. Clement announced that the recommendation for Appointment of MERS Corporate Signing Officers was unanimously approved.

At this point of the meeting, Committee Chairman Smiley informed the Committee that staff has respectfully requested the addition of a Single-Family Program and Portfolio discussion topic to be added to the agenda. Committee Chairman Smiley then asked for a motion and a second to add the Single-Family Program and Portfolio topic to the agenda for discussion purposed only.

A motion was duly made by Commissioner Designee Taubin and seconded by Chairman Retsinas.

Nicole Clement, General Counsel, next conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner Designee Taubin	Aye

Ms. Clement announced that the recommendation for the addition of the Single-Family Program and Portfolio discussion was unanimously approved.

Discussion:

a. Single-Family Program and Portfolio Update

Ms. Ventura announced that Leslie McKnight, Deputy Assistant Director of Loan Servicing, and Peter Pagonis, Director of Homeownership, would provide an overview on the Corporation's single-family program and portfolio.

Mr. Pagonis opened the conversation by reporting on the activities in Homeownership. He said that Rhode Island is in a very tight housing market that has put upward pressure on home prices. The demand for homes has far outpaced the supply available.

Sales data released on August 17 by the Rhode Island Association of Realtors show that the median price of single-family homes sold in July rose to \$331,825, an 11.5 percent gain from July of 2019. Sales data released earlier in the week from the National Association of Realtors pointed to an 18.2 percent national drop in July's total inventory from the previous 12 months. By comparison, Rhode Island experienced a 35.7 percent decline among condos, single-family and multifamily homes.

Continuing, Mr. Pagonis said that currently, there exists about 2.5 months of supply left on the home market. When inventory levels fall to less than six months, sellers have more control over price and terms, often resulting in a more significant rise in housing prices, also known as a seller's market.

Mr. Pagonis next mentioned that RIIHousing is on track with production projections. The Corporation is primed to reach its first mortgage origination target of 1,700 loans. Mr. Pagonis anticipates that the final total will be close to the 1,726 first mortgages closed in 2019. Presently 93.6% of closed mortgages are originated through the Corporation's Participating Lender channel and 6.4% through the Loan Center. The average loan amount has grown from \$196,105 in 2017 to \$243,361 in YTD 2020, which is an increase of 24% in less than three (3) years.

Finally, Mr. Pagonis said that to keep pace with the escalating home prices, staff will roll out the 10kDPA program next week. The new program will provide \$10,000 for a borrower's down payment in the form of a zero (0) percent loan. This program replaces the recently retired Spring 7500 program. Mr. Pagonis also explained that the new program will be funded with MRB proceeds.

Mr. Pagonis then welcomed questions from the Committee. No questions were presented.

Ms. Ventura then introduced Leslie McKnight, Deputy Assistant Director of Loan Servicing, who gave an update on the single-family portfolio.

Ms. McKnight began by informing the Committee that in August the Corporation experienced 106 delinquent accounts for a total of 1789 delinquencies. Of the 1789 delinquent accounts, 1148 are in forbearance. That equates to 14.18% of the portfolio. In the 30 days plus category, of 1059 borrowers, 825 loans are in forbearance. However, the good news is that calls for assistance have decreased by 50%. In August, staff initiated 114 additional forbearance requests and cured 311 delinquencies.

Ms. McKnight was pleased to report that FHA insured loans are processing claims within a week of receipt of those claims. Ms. McKnight also announced that the moratorium for evictions and foreclosures has been extended through December 2020.

Following the presentation, McKnight said she would be pleased to answer questions. Chairman Retsinas asked if Loan Servicing is experiencing any early payment defaults. Ms. McKnight responded that there are a few, however, most borrowers are asking for forbearance.

Committee Chairman Smiley noted that Ms. McKnight said that staff is seeing some requests and wanted to know how many. Ms. McKnight replied that the number is not significant. RIHousing typically processes 100 early payments per year and less in forbearance. Ms. McKnight explained that the Corporation has measures and options in place to offer customers while they are experiencing notice of furlough or unemployment.

The Committee then asked about the portfolio's performance compared to 2008-2009 crisis. Ms. McKnight mentioned that the overall delinquency rate is higher; however, the Corporation has better solutions and alternatives for borrowers than in 2008 or 2009. The expectation for a vaccine for COVID-19 and knowing that the pandemic is not a multi-year situation where eventually borrowers will return to work helps the circumstances.

Ms. Ventura remarked that RIHousing's present portfolio is different than in 2008. The portfolio is in much better condition with HFA insured loans and Ginnie Mae loans that the risk factor is much lower. RIHousing also has additional programs and assistance opportunities to offer the borrower. Additionally, Ms. McKnight noted that Ginnie Mae utilizes FHA emergency claims that make the Corporation whole, totally mitigating the risk. Staff has employed loan modifications to assist customers along with having Hardest Hit Funds (HHF) to disperse. Ms. McKnight emphasized that staff encourages its borrowers to apply for the HHF funds and 36% of the applicants are RIHousing borrowers.

There were no votes taken regarding this item.

There being no further business to discuss, Committee Chairman Smiley asked for a motion to adjourn the meeting. A motion was duly made by Chairman Retsinas and seconded by Commissioner Designee Taubin to adjourn the meeting.

Ms. Clement then conducted a roll call vote of the Commissioners in response to a vote for adjournment. The Commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner Designee Taubin	Aye

Ms. Clement announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 3:38 pm.

Respectfully submitted,

Carol Ventura, Secretary and Executive Director